
Greater Manchester Chamber of Commerce
(A company limited by guarantee)

Directors' Report and Financial Statements

For the year ended 31 March 2019

Greater Manchester Chamber of Commerce
(A company limited by guarantee)

Company Information

Directors	P Cusack - Chairman J A Boardman - President R Phillips - Vice President E E Holt - Vice President C A Memmott - Chief Executive Rt Hon Baroness B J Hughes W Jones M Pike B Wilkinson S Burne (resigned 4 October 2018) C Mancier (appointed 22 February 2019)
Company secretary	M Mason
Registered number	5245944
Registered office	Elliot House 151 Deansgate Manchester M3 3WD
Independent auditors	Hurst Accountants Limited Chartered Accountants & Statutory Auditors Lancashire Gate 21 Tiviot Dale Stockport Cheshire SK1 1TD

Greater Manchester Chamber of Commerce
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Greater Manchester Chamber of Commerce
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Directors' report
For the year ended 31 March 2019

The directors present their report and the financial statements for the year ended 31 March 2019.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Greater Manchester Chamber of Commerce
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Directors' report (continued)
For the year ended 31 March 2019

Principal activities

The Chamber is a company limited by guarantee and its main activities are those of a business representation body that represents the collective interests of business in Greater Manchester, provides high quality business services to our members and is active and influential in the city regions' civic life, communities, education, arts and culture.

Directors' Review of the Year

The Chamber has reported an Operating Deficit of £79k (2018 £123k). After deducting the cost of financing the defined benefit pension scheme closed in 2009, the Deficit for the financial year is £151k (2018 £2,011k).

In the 7 years since the demerger in November 2012 and the re-establishment of an independent business, the Chamber has made profits from its normal activities of £1.2m. Exceptional non-trading costs relating to the demerger from the previous Joint Venture Company of £0.5m, £0.4m write down in the value of inherited assets and cash contributions to the aforementioned closed pension scheme of £0.7m, have resulted in a £1.6m reduction in reserves. Since 2012 the closed pension liability has increased by £1.8m to its current level of £3.0m, despite the £0.7m payments made by the Chamber during that period.

In this time, the Chamber has invested £836k in fixed assets to improve efficiency, increase the range and quality of services to our members and invest in new income streams needed to drive the growth and future sustainability of the organisation. In the final quarter of 2018-19, the Chamber made an investment of £270k in the new conference centre which was to be partly funded by a £210k loan from Santander. A delay in completion of the loan documentation meant the Chamber had to fund the build, adversely impacting year end cash. This loan was received by the Chamber in mid-April therefore significantly improving the cash position post year end.

Capital and reserves are £797k (2018 £911k). After charging the liability on the closed pension scheme, calculated under FRS102 of £2,991k (2018 £2,785k), this becomes a deficit of £2,194k (2018 £1,874k).

Net current liabilities at the year end are £463k (2018: £86k). However, included within current liabilities is deferred income of £1m (2018: £1m) in relation to membership fees and other income received in advance of the period to which they relate, hence the release of these liabilities will not result in a cash outflow.

The directors' are confident that the organisation has the right structure and management in place and is well positioned to achieve the planned return to profitability in 2019-2020 with an emphasis on close management of cashflow. The directors therefore consider it appropriate to prepare the accounts on a going concern basis as per note 2.2 to the accounts.

Greater Manchester Chamber of Commerce
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Directors' report (continued)
For the year ended 31 March 2019

Review of Operations

GMCC won the 2018/19 Excellence in International Trade award at the British Chambers of Commerce Awards. This recognised the excellent breadth of services in this critical aspect of the Chamber's service. The award builds on the success of winning Chamber of the Year in 2017/18. GMCC's nomination for member business of the year, Northcoders, also won the national award.

Following the IIP Gold award in September 2017 the company achieved "One to Watch" accreditation in The Sunday Times' Best Companies to Work For award. This recognises the quality of workforce engagement with high level performance in relation to employee attitude to the company, their team, personal growth and the opportunities provided to "give something back" to the wider community.

There was an improvement in the company's gender pay gap with the difference between men's and women's median earnings being 18.9% (20% 17/18) which compares to the UK pay gap of 17.9%. There are no gender based differences in pay for equivalent roles within the organisation. Along with the policy of equal pay the organisation is striving to achieve parity between men and women in executive management and supervisory positions.

GMCC actively supports the Greater Manchester Environmental Plan to achieve carbon neutrality by 2038. At the GM Green Summit in March, the Chamber launched its pledge to become the greenest British Chamber of Commerce by both action and influence by the end of the 5-year plan period.

The number of members grew 3.4% to 4,804 and GMCC remains the largest British Chamber of Commerce with nearly 500 more members than the next biggest. Retention rose to 89% and membership subscriptions as well as profitability improved. Key service measures were strong – 85% would recommend membership, 96% of members surveyed would rate service as outstanding.

Excellent overall performance from International Trade Services. GMCC is the 3rd biggest provider of export documentation in the British Chamber Network and continues to significantly broaden the range of export services available.

Chamber Space the meeting, events and conference service is now an established brand in the city's rapidly growing market. The £270k investment in a new Conference Centre which opened in March 2019 extends the offer to current and new clients and provides the additional capacity required to maintain the high growth rate. Chamber Space was launched in mid-2015 and turnover rose to £884k in 2018/19 with £1.5m planned for 2021-2022. A diverse and extensive range of 180 external events was delivered to 10,000 delegates across the city region.

The Chamber continues to offer new commercial skills services in a volatile market as well as delivering a complementary range of publicly funded contracts to address skills shortages. Commerce House in Bolton is now firmly established as a flagship centre for social enterprises in Greater Manchester and plays a pivotal role in embedding social value in the Chamber's mission.

Driven by a marketing and campaign function that uses insights and analytics, business knowledge, research and intelligence to identify key markets, GMCC will continue to further develop its offer to members; provide value-led commercial services; remain the recognised voice of business in Greater Manchester and use new channels to engage with more people.

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Directors' report (continued)
For the year ended 31 March 2019

Directors

The directors who served during the year were:

P Cusack - Chairman
J A Boardman - President
R Phillips - Vice President
E E Holt - Vice President
C A Memmott - Chief Executive
Rt Hon Baroness B J Hughes
W Jones
M Pike
B Wilkinson
S Burne (resigned 4 October 2018)
C Mancier (appointed 22 February 2019)

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

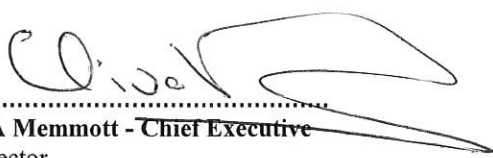
Auditors

The auditors, Hurst Accountants Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.


.....
C A Memmott - Chief Executive
Director

Date:

6/9/19.

Greater Manchester Chamber of Commerce
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Independent Auditors' Report to the Members of Greater Manchester Chamber of Commerce

Opinion

We have audited the financial statements of Greater Manchester Chamber of Commerce (the 'Company') for the year ended 31 March 2019, which comprise the Statement of comprehensive income, the Balance sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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Independent Auditors' Report to the Members of Greater Manchester Chamber of Commerce (continued)

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Greater Manchester Chamber of Commerce
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Independent Auditors' Report to the Members of Greater Manchester Chamber of Commerce (continued)


Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.


Mike Jackson (senior statutory auditor)
for and on behalf of
Hurst Accountants Limited
Chartered Accountants
Statutory Auditors
Lancashire Gate
21 Tiviot Dale
Stockport
Cheshire
SK1 1TD
Date: 23 September 2019

Greater Manchester Chamber of Commerce
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Statement of comprehensive income
For the year ended 31 March 2019

	Note	2019 £	2018 £
Income		4,230,122	4,087,387
Direct costs		(3,667,186)	(3,548,389)
Gross surplus		562,936	538,998
Administrative expenses		(601,003)	(499,546)
Exceptional administrative expenses	4	(41,000)	(162,500)
Operating deficit		(79,067)	(123,048)
Interest receivable and similar income		1,522	2,456
Interest payable and similar charges		(73,000)	(80,000)
Deficit before tax		(150,545)	(200,592)
Deficit for the financial year		(150,545)	(200,592)
Other comprehensive (loss)/income for the year			
Actuarial (losses)/gains on defined benefit pension scheme		(169,000)	115,000
Other comprehensive (loss)/income for the year		(169,000)	115,000
Total comprehensive loss for the year		(319,545)	(85,592)

The notes on pages 10 to 24 form part of these financial statements.


Greater Manchester Chamber of Commerce
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Registered number: 5245944

Balance sheet
As at 31 March 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	5	76,784	67,632
Tangible assets	6	970,983	715,886
Investments	7	213,000	213,000
		<u>1,260,767</u>	<u>996,518</u>
Current assets			
Debtors: amounts falling due within one year	8	1,259,216	1,229,657
Cash at bank and in hand	9	127,949	585,119
		<u>1,387,165</u>	<u>1,814,776</u>
Creditors: amounts falling due within one year	10	(1,850,463)	(1,900,279)
Net current liabilities		<u>(463,298)</u>	<u>(85,503)</u>
Net assets		<u><u>797,469</u></u>	<u><u>911,015</u></u>
Capital and reserves			
Defined pension scheme liability		2,991,000	2,785,000
Capital and reserves			
Revaluation reserve		213,000	213,000
Income and expenditure account		(2,406,531)	(2,086,985)
		<u>(2,193,531)</u>	<u>(1,873,985)</u>
Capital, Reserves and Long term liabilities		<u><u>797,469</u></u>	<u><u>911,015</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


.....
C A Memmott - Chief Executive
Director

Date: 6/9/19

The notes on pages 10 to 24 form part of these financial statements.

Greater Manchester Chamber of Commerce
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Notes to the financial statements
For the year ended 31 March 2019

1. General information

Greater Manchester Chamber of Commerce is a private company limited by guarantee incorporated in England and Wales. The address of the registered office and principal place of business is Elliot House, 151 Deansgate, Manchester, M3 3WD. The company's registered number is 5245944.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The Chamber's underlying financial performance and cash flow remain strong, with reserves excluding pension liability of £797k (2018: £911k) and a positive bank balance of £128k (2018: £585k). Net current liabilities are £463k (2018: £86k). However, included within current liabilities is deferred income of £1m (2018: £1m) principally in relation to membership fees received in advance of the period to which they relate, hence the release of these liabilities will not result in a cash outflow for the company. The balance sheet deficit is £2.2m (2018: £1.9m).

Having completed the triennial valuation as at 31 March 2018, there is a new plan, agreed with the Scheme Trustees, to repay the pension scheme deficit. The agreed annual payments are included in the Chamber's ongoing cash-flow forecast. On the basis of those forecasts, having subjected them to reasonable sensitivities, the directors are confident that the company has adequate resources to satisfy its liabilities as they fall due for a period of at least 12 months from the date of signing of these financial statements and hence continues to apply the going concern basis in the preparation of these financial statements.

Greater Manchester Chamber of Commerce
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Notes to the financial statements
For the year ended 31 March 2019

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

2.4 Revenue

Membership Services

- Membership income is recognised over the membership period (normally 12 months). One twelfth of the membership fee is released to the Statement of comprehensive income in each month of membership.
- In the event of non payment, all revenue accrued to date is removed from the accounts in the month that it is concluded that payment will not be received.

Export Documentation

- Revenue is recognised in the month when the documentation is prepared and invoiced to the customer.
 - Direct costs associated with each document are charged to the Statement of comprehensive income in the same month as income is recognised.
- These costs cover both costs incurred and costs to complete.

Room Rental and Events

- Revenue is recognised in the month when the rooms and associated services are occupied by the customer.
 - Direct costs associated with each booking are charged to the Statement of comprehensive income in the same month as income is recognised.
- These costs cover both costs incurred and costs to complete.

Publicly Funded Contracts

- Revenue is recognised over the period of the contract in line with the level of activity associated with its delivery.
- Direct costs associated with the contract delivery are written off to the Statement of comprehensive income in the month in which they arise.

2.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Other intangible fixed assets	-	7	years
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Notes to the financial statements
For the year ended 31 March 2019

2. Accounting policies (continued)

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on the following basis:.

Freehold property	- Straight line over 5 years to residual value
Long-term leasehold property	- Over the life of the lease
Computer equipment	- Straight line over 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.7 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Statement of comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less any accumulated provision for impairment.

2.9 Debtors

Short term debtors are measured at transaction price, less any provision for impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

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Notes to the financial statements
For the year ended 31 March 2019

2. Accounting policies (continued)

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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Notes to the financial statements
For the year ended 31 March 2019

2. Accounting policies (continued)

2.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

2.14 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term to the first market rent review or over the lease term.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 April 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

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Notes to the financial statements
For the year ended 31 March 2019

2. Accounting policies (continued)

2.15 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

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Notes to the financial statements
For the year ended 31 March 2019

2. Accounting policies (continued)

2.16 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance sheet date.

2.17 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.18 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

2.19 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

3. Employees

The average monthly number of employees, including directors, during the year was 52 (2018 - 54).

4. Exceptional items

	2019 £	2018 £
(Gain)/Loss on revaluation of freehold property	(60,000)	162,500
Chimney repairs	35,000	-
Pension scheme- past service costs	66,000	-
	<u>41,000</u>	<u>162,500</u>

On 30 October 2017 a professional valuation of the freehold property was carried out by PR Gibbs & Co Ltd reducing the property valuation by £162,500 from £522,500 to £360,000.

On 18 March 2019 another professional valuation of the freehold property was carried out by Lamb & Swift, at the request of Santander in respect of obtaining bank loan funding, and has increased the property valuation by £60,000. The historical cost of the investment property as at 31 March 2019 was £650,000.

The chimney at Elliott House was undergoing repair work before the year end. This has resulted in an additional service charge of £35,000 in relation to this work.

The change in the assumptions of the defined benefit pension scheme, due to new external legislation, has resulted in a one-off charge of £66,000 for past service costs.

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5. Intangible assets

	Other intangible fixed assets £
Cost	
At 1 April 2018	77,792
Additions	21,603
At 31 March 2019	<u>99,395</u>
Amortisation	
At 1 April 2018	10,160
Charge for the year	12,451
At 31 March 2019	<u>22,611</u>
Net book value	
At 31 March 2019	<u><u>76,784</u></u>
<i>At 31 March 2018</i>	<u><u>67,632</u></u>

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6. Tangible fixed assets

	Freehold property £	Long-term leasehold property £	Computer equipment £	Total £
Cost or valuation				
At 1 April 2018	360,000	265,613	395,497	1,021,110
Additions	2,212	270,900	14,916	288,028
Disposals	-	-	(1,416)	(1,416)
Revaluations	60,000	-	-	60,000
At 31 March 2019	<u>422,212</u>	<u>536,513</u>	<u>408,997</u>	<u>1,367,722</u>
Depreciation				
At 1 April 2018	-	70,393	234,831	305,224
Charge for the year on owned assets	77	27,945	63,729	91,751
Disposals	-	-	(236)	(236)
At 31 March 2019	<u>77</u>	<u>98,338</u>	<u>298,324</u>	<u>396,739</u>
Net book value				
At 31 March 2019	<u><u>422,135</u></u>	<u><u>438,175</u></u>	<u><u>110,673</u></u>	<u><u>970,983</u></u>
At 31 March 2018	<u><u>360,000</u></u>	<u><u>195,220</u></u>	<u><u>160,666</u></u>	<u><u>715,886</u></u>

A professional valuation of the freehold property was carried out by PR Gibbs & Co Ltd on 30 October 2017, reducing the property valuation by £162,500 from £522,500 to £360,000.

On 18 March 2019 another professional valuation of the freehold property was carried out by Lamb & Swift at the request of Santander in respect of obtaining bank loan funding, and has increased the property valuation by £60,000. The historical cost of the investment property as at 31 March 2019 was £650,000, see note 4.

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7. Fixed asset investments

	Investments in subsidiary £
Cost or valuation	
At 1 April 2018	213,000
At 31 March 2019	213,000

8. Debtors

	2019 £	2018 £
Trade debtors	977,605	<i>1,029,618</i>
Other debtors	7,423	<i>2,564</i>
Prepayments and accrued income	274,188	<i>197,475</i>
	1,259,216	<i>1,229,657</i>

9. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	127,949	<i>585,119</i>
Less: bank overdrafts	(4,571)	<i>(22,615)</i>
	123,378	<i>562,504</i>

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10. Creditors: Amounts falling due within one year

	2019 £	2018 £
Bank overdrafts	4,571	22,615
Trade creditors	328,934	193,284
Amounts owed to group undertakings	215,000	215,000
Other taxation and social security	95,502	179,094
Other creditors	18,330	16,312
Accruals	177,755	232,965
Deferred income	1,010,371	1,041,009
	<u>1,850,463</u>	<u>1,900,279</u>

11. Company limited by guarantee

The Company is incorporated under the Companies Act 1985 as a company limited by guarantee and not having share capital. In the event of winding up each member undertakes to contribute such an amount as may be required (not exceeding £2) to the Company's assets if it should be wound up while he/she is a member, or within one year after he/she ceases to be a member and of the costs, charges and expenses for winding up and for the adjustment of the rights of the contributions among themselves.

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Notes to the financial statements
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12. Pension commitments

The Company operates a defined benefit pension scheme.

The pension cost and provision for the year ended 31 March 2019 are based on the advice of a professionally qualified actuary. The most recent formal valuation is dated 31 March 2015.

The Greater Manchester Chamber and Chamberlink Staff Pension Scheme consists of one sponsoring employer being Greater Manchester Chamber of Commerce. Under an approved withdrawal arrangement following the reorganisation of Chamberlink Limited and Skills and Work Solutions Limited, Chamberlink Limited ceased to be a participating employer in the scheme from August 2009. In July 2009 Skills Solutions Limited formally became the guarantor for the Chamberlink Limited liabilities to the Scheme. The results below show the Greater Manchester Chamber of Commerce figures only.

The plan is a final salary pension arrangement where members receive benefits based on their final salary. The plan ceased all future service benefit accruals with effect from 31 March 2009 so all member benefits are now paid up. The assets of the scheme are held separately from those of the company, being invested with an independent investment manager. The plan also provides benefit to spouses and dependants in the event of a member's death before or after retirement.

Pension contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The company expects to pay contributions of £130,000 (2018: £126,000) to the plan during the next accounting period. A full actuarial valuation was carried out at 1 April 2015.

Reconciliation of present value of plan liabilities:

	2019 £	2018 £
Reconciliation of present value of plan liabilities		
At the beginning of the year	5,668,000	5,630,000
Current service cost	18,000	16,000
Interest income	150,000	157,000
Past service cost	66,000	-
Actuarial losses/(gains)	253,000	(75,000)
Benefits paid	(47,000)	(44,000)
Administration expenses paid	(18,000)	(16,000)
At the end of the year	6,090,000	5,668,000

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12. Pension commitments (continued)

Reconciliation of present value of plan assets:

	2019 £	2018 £
At the beginning of the year	2,883,000	2,710,000
Interest income	77,000	77,000
Actuarial gains	84,000	40,000
Contributions	120,000	116,000
Benefits paid	(47,000)	(44,000)
Administration expenses paid	(18,000)	(16,000)
At the end of the year	3,099,000	2,883,000

Composition of plan assets:

	2019 £	2018 £
Equities	2,075,000	2,017,000
Bonds	805,000	721,000
Cash	125,000	111,000
Diversified Growth Fund	94,000	34,000
Total plan assets	3,099,000	2,883,000

	2019 £	2018 £
Fair value of plan assets	3,099,000	2,883,000
Present value of plan liabilities	(6,090,000)	(5,668,000)
Net pension scheme liability	(2,991,000)	(2,785,000)

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12. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

	2019	<i>2018</i>
	£	<i>£</i>
Interest on obligation	(150,000)	<i>(157,000)</i>
Interest income on plan assets	77,000	<i>77,000</i>
Past service cost	(66,000)	<i>-</i>
Administration expenses paid	(18,000)	<i>(16,000)</i>
Total	(157,000)	<i>(96,000)</i>

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2019	<i>2018</i>
	%	<i>%</i>
Discount rate	2.60	<i>2.65</i>
Inflation assumption - RPI	3.35	<i>3.25</i>
Inflation assumption - CPI	2.35	<i>2.25</i>
Rate of increase in pensions payments, split:		
- Inflation (RPI) linked up to 5% pa	3.20	<i>3.15</i>
- Inflation (RPI) linked up to 2.5% pa	2.15	<i>2.10</i>
Mortality rates		
- for a male aged 65 now	21.5 years	<i>20.9 years</i>
- at 65 for a male aged 45 now	21.9 years	<i>21.4 years</i>
- for a female aged 65 now	23.4 years	<i>22.8 years</i>
- at 65 for a female member aged 45 now	24 years	<i>23.4 years</i>

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13. Guarantees and commitments

The company has operating lease commitments totalling £4,146,487 (2018: £3,101,098) at the balance sheet date.

14. Post balance sheet events

On 25 April 2019, the company became party to a fixed charge over the Freehold Property in order to secure a bank loan.