

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018
FOR
THE NORTH EAST OF ENGLAND PROCESS
INDUSTRY CLUSTER LTD**

**THE NORTH EAST OF ENGLAND PROCESS
INDUSTRY CLUSTER LTD**

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Profit and Loss Account	7
Balance Sheet	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10
Detailed Income and Expenditure Account	13

**THE NORTH EAST OF ENGLAND PROCESS
INDUSTRY CLUSTER LTD**

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2018**

DIRECTORS: Dr S D Higgins
Mr S Bagshaw
Mr M Kenrick
Mr M R Inskip
Mr P A Aldridge

SECRETARY: Mr M Porton

REGISTERED OFFICE: Sandgate House
102 Quayside
Newcastle upon Tyne
NE1 3DX

REGISTERED NUMBER: 04612141 (England and Wales)

SENIOR STATUTORY AUDITOR: Michael Moran BA FCA

AUDITORS: Robson Laidler Accountants Limited
Statutory Auditor
Fernwood House
Fernwood Road
Jesmond
Newcastle upon Tyne
Tyne and Wear
NE2 1TJ

BANKERS: Lloyds Bank
PO Box 45
45 Fawcett Street
Sunderland
Tyne and Wear
SR1 1SE

THE NORTH EAST OF ENGLAND PROCESS INDUSTRY CLUSTER LTD

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report with the financial statements of the company for the year ended 31 March 2018.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of representing the companies and supply chain in the speciality industry of chemicals and pharmaceuticals in the North East, providing a centre of exchange of information. As a cluster NEPIC provides a conduit for the industry to collaborate, identify issues and work together to address them.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2017 to the date of this report.

Dr S D Higgins
Mr S Bagshaw
Mr M Kenrick
Mr M R Inskip

Other changes in directors holding office are as follows:

Mr I Swales - resigned 29 March 2018
Mr I D Wright - appointed 5 July 2017

Mr P A Aldridge was appointed as a director after 31 March 2018 but prior to the date of this report.

Dr R J A Smith and Mr I D Wright ceased to be directors after 31 March 2018 but prior to the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**THE NORTH EAST OF ENGLAND PROCESS
INDUSTRY CLUSTER LTD**

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2018**

AUDITORS

The auditors, Robson Laidler Accountants Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

.....
Mr M Porton - Secretary

Date:

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE NORTH EAST OF ENGLAND PROCESS
INDUSTRY CLUSTER LTD**

Opinion

We have audited the financial statements of The North East of England Process Industry Cluster Ltd (the 'company') for the year ended 31 March 2018 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, 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 2018 and of its deficit 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 UK, including the FRC'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 in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, 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. 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE NORTH EAST OF ENGLAND PROCESS
INDUSTRY CLUSTER LTD**

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 Report of the Directors.

We have nothing to report in respect of the following matters where 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' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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 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.

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 a Report of the Auditors 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 Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE NORTH EAST OF ENGLAND PROCESS
INDUSTRY CLUSTER LTD**

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 a Report of the Auditors 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.

Michael Moran BA FCA (Senior Statutory Auditor)
for and on behalf of Robson Laidler Accountants Limited
Statutory Auditor
Fernwood House
Fernwood Road
Jesmond
Newcastle upon Tyne
Tyne and Wear
NE2 1TJ

Date:

**THE NORTH EAST OF ENGLAND PROCESS
INDUSTRY CLUSTER LTD**

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	2018 £	2017 £
TURNOVER		823,724	902,485
Cost of sales		<u>180,065</u>	<u>209,864</u>
GROSS SURPLUS		643,659	692,621
Administrative expenses		<u>827,749</u>	<u>748,798</u>
		(184,090)	(56,177)
Other operating income		<u>3,000</u>	<u>56,913</u>
OPERATING (DEFICIT)/SURPLUS		(181,090)	736
Interest receivable and similar income		<u>1,305</u>	<u>-</u>
(DEFICIT)/SURPLUS BEFORE TAXATION		(179,785)	736
Tax on (deficit)/surplus		<u>(157)</u>	<u>(320)</u>
(DEFICIT)/SURPLUS FOR THE FINANCIAL YEAR		(179,628)	1,056
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(179,628)</u>	<u>1,056</u>

The notes form part of these financial statements

**THE NORTH EAST OF ENGLAND PROCESS
INDUSTRY CLUSTER LTD (REGISTERED NUMBER: 04612141)**

**BALANCE SHEET
31 MARCH 2018**

	Notes	2018		2017	
		£	£	£	£
FIXED ASSETS					
Tangible assets	5		8,546		9,845
CURRENT ASSETS					
Debtors	6	265,971		357,292	
Cash at bank and in hand		196,807		271,412	
		462,778		628,704	
CREDITORS					
Amounts falling due within one year	7	389,386		376,983	
NET CURRENT ASSETS			73,392		251,721
TOTAL ASSETS LESS CURRENT LIABILITIES			81,938		261,566
RESERVES					
Income and expenditure account			81,938		261,566
			81,938		261,566

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on and were signed on its behalf by:

.....
Mr P A Aldridge - Director

**THE NORTH EAST OF ENGLAND PROCESS
INDUSTRY CLUSTER LTD**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Retained earnings £	Total equity £
Balance at 1 April 2016	260,510	260,510
Changes in equity		
Total comprehensive income	1,056	1,056
Balance at 31 March 2017	<u>261,566</u>	<u>261,566</u>
Changes in equity		
Total comprehensive income	(179,628)	(179,628)
Balance at 31 March 2018	<u><u>81,938</u></u>	<u><u>81,938</u></u>

The notes form part of these financial statements

**THE NORTH EAST OF ENGLAND PROCESS
INDUSTRY CLUSTER LTD**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

1. STATUTORY INFORMATION

The North East of England Process Industry Cluster Ltd is a private company, limited by guarantee, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements. If, in the future, such estimates and assumptions, which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and judgements will be modified as appropriate in the year in which the circumstances change.

The financial statements are presented in Sterling (£) and rounded to the nearest £1.

The company has applied the following accounting policies:

Turnover

Income is recognised on an accruals basis over the life of the projects undertaken by the company, together with grants receivable from various sources. Income from membership fees is recognised over the period of the membership. Turnover in respect of events is recognised when the event occurs.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Office equipment	- 20% on cost
Fixtures and fittings	- 20% on cost

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**THE NORTH EAST OF ENGLAND PROCESS
INDUSTRY CLUSTER LTD**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018**

3. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Government grants

Government grants in respect of capital expenditure are treated as deferred credits, a proportion of which is transferred to revenue annually over the life of the asset. Government grants in respect of revenue expenditure are credited to the profit and loss account in the year in which they are receivable in order to match the income against the corresponding expenditure to which the grant relates.

Short term debtors and creditors

Debtors and creditors with no interest rate which are receivable or payable within one year are recorded at transaction price. Any loss arising from impairment are recognised immediately in profit and loss.

Cash and cash equivalents

Cash and cash equivalents comprises cash in hand and current balances with banks and other institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

4. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 14 (2017 - 12).

**THE NORTH EAST OF ENGLAND PROCESS
INDUSTRY CLUSTER LTD**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018**

5. TANGIBLE FIXED ASSETS

	Plant and machinery etc £
COST	
At 1 April 2017	109,812
Additions	3,946
	<hr/>
At 31 March 2018	113,758
	<hr/>
DEPRECIATION	
At 1 April 2017	99,967
Charge for year	5,245
	<hr/>
At 31 March 2018	105,212
	<hr/>
NET BOOK VALUE	
At 31 March 2018	8,546
	<hr/> <hr/>
At 31 March 2017	9,845
	<hr/> <hr/>

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade debtors	77,494	263,147
Deferred tax asset	12,801	12,644
Prepayments and accrued income	175,676	81,501
	<hr/>	<hr/>
	265,971	357,292
	<hr/> <hr/>	<hr/> <hr/>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Payments on account	308,555	269,875
Trade creditors	10,295	18,237
Social security and other taxes	46,905	48,231
Amounts owed to related parties	23,115	31,835
Accruals and deferred income	516	8,805
	<hr/>	<hr/>
	389,386	376,983
	<hr/> <hr/>	<hr/> <hr/>

8. COMPANY LIMITED BY GUARANTEE

The company is limited by guarantee in that every member of the company undertakes to contribute such amount not exceeding £1 in the event of the company being wound up whilst they are members.

**THE NORTH EAST OF ENGLAND PROCESS
INDUSTRY CLUSTER LTD**

**DETAILED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2018**

	2018		2017	
	£	£	£	£
Income		823,724		902,485
Cost of sales				
Direct project and function costs		180,065		209,864
GROSS SURPLUS		643,659		692,621
Other income				
Dividend income	-		53,913	
NI allowance received	3,000		3,000	
Bank interest receivable	1,305		-	
		4,305		56,913
		647,964		749,534
Expenditure				
Insurance	5,224		5,641	
Directors' salaries	136,802		107,149	
Directors' fees	8,905		8,158	
Directors' social security	16,813		13,082	
Directors' pension contributions	17,716		32,582	
Wages	428,002		361,208	
Social security	45,484		39,148	
Pensions	38,397		28,680	
Hire of equipment	3,710		2,060	
Telephone	3,791		7,247	
Printing , postage and stationery	11,125		6,753	
Design and marketing	12,675		32,967	
Accommodation and services	46,498		52,858	
Sundry expenses	3,076		1,345	
Legal and professional fees	38,718		39,981	
Auditors' remuneration	4,500		4,500	
		821,436		743,359
		(173,472)		6,175
Finance costs				
Bank charges		1,067		1,151
		(174,539)		5,024
Depreciation				
Fixtures and fittings		5,246		4,288
NET (DEFICIT)/SURPLUS		(179,785)		736

This page does not form part of the statutory financial statements