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# Financial Statements

December 31, 2006

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## **Statement of the General Council's responsibilities**

Company law requires the General Council to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the NBCC and of the surplus or deficit for that period.

In preparing those financial statements, the General Council is required to:

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

The General Council is responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the NBCC and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the NBCC and to prevent and detect fraud and other irregularities.

Financial statements are published on the website of the NBCC in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the website of the NBCC is the responsibility of the General Council. The responsibility of the General Council also extends to the ongoing integrity of the financial statements contained therein.

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## **Report of the Independent Auditors TO THE MEMBERS OF THE NETHERLANDS BRITISH CHAMBER OF COMMERCE**

We have audited the financial Statements of The Netherlands British Chamber of Commerce (NBCC) for the year ended December 31, 2006 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities.

### *Respective responsibilities of the General Council and auditors*

The General Council's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of the General Council's responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985, and whether the information given in the General Council's report is consistent with those financial statements. We also report to you if, in our opinion, the NBCC has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding General Council members' remuneration and other transactions is not disclosed.

We read the General Council's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely on the report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

### *Basis of audit opinion*

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the General Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the NBCC's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### *Adverse Opinion on Financial Statements*

As more fully explained in note 13 to the financial statements, the NBCC has not complied with the requirements of Financial Reporting Standard 17 "Retirement Benefits" ("FRS 17") with respect to the NBCC's defined benefit pension scheme, as the General Council considers that the costs involved in obtaining the information cannot be justified. In our opinion, the NBCC's accounting policy with respect to the pension scheme should comply with the requirements of FRS17. If the NBCC's accounting policy had complied with these requirements, the financial statements would reflect at fair value the assets and liabilities arising from the pension scheme,

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the changes in these fair values and other disclosures relating to the scheme as required by FRS17.

In view of the effect of the failure of the NBCC to comply with the requirements of FRS17, as referred to above, in our opinion the financial statements do not give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the NBCC's affairs as at December 31, 2006 and of its surplus for the year then ended.

In all other aspects, in our opinion the financial statements have been properly prepared in accordance with the Companies Act 1985.

Notwithstanding our adverse opinion on the financial statements, in our opinion the information given in the General Council's Report is consistent with the financial statements.

**BDO Stoy Hayward LLP**

*Chartered Accountants and Registered Auditors*

London, June 8, 2007

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## Income and expenditure statement

for the year ending December 31

	Notes	2006 £	2005 £
<b>INCOME</b>	2		
Membership fees		46,385	51,959
Services and activities		<u>354,701</u>	<u>249,435</u>
		401,086	301,394
<b>EXPENDITURE</b>			
Staff costs	3	166,383	140,997
Office accommodation		37,972	33,302
Depreciation	6	3,106	3,086
Other costs	4	38,736	29,678
Services and activities		<u>133,529</u>	<u>102,025</u>
		<u>(379,726)</u>	<u>(309,088)</u>
<b>Surplus/(deficit) of income over expenditure before and after taxation</b>		<u><b>21,360</b></u>	<u><b>(7,694)</b></u>

All amounts relate to continuing activities

## Statement of total recognised gains and losses

for the year ending December 31

	Notes	2006 £	2005 £
Result on ordinary activities after taxation		21,360	(7,694)
Currency translation differences	1	<u>(4,992)</u>	<u>(4,717)</u>
Total recognised gains and losses for the financial year		<u><u>16,368</u></u>	<u><u>(12,411)</u></u>

The notes on pages 20 to 24 form part of these financial statements

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## Balance Sheet

As at December 31

	Notes	2006 £	2005 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	6	4,139	7,027
<b>CURRENT ASSETS</b>			
Debtors	7	106,432	72,767
Cash at bank and in hand		<u>156,246</u>	<u>127,497</u>
		262,678	200,264
<b>CREDITORS</b>			
Amounts falling due within one year	8	<u>(193,534)</u>	<u>(150,376)</u>
<b>NET CURRENT ASSETS</b>		<u>69,144</u>	<u>49,888</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>73,283</b></u>	<u><b>56,915</b></u>
<b>MEMBERS' FUNDS</b>	9	<u><b>73,283</b></u>	<u><b>56,915</b></u>

These financial statements have been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies and the Financial Reporting Standard for Smaller Entities (effective January 2005).

These financial statements were approved by the General Council on June 8, 2007

On behalf of the General Council

Henk Lafèbre, Chairman

Alan M. Jones, Hon. Secretary

The notes on pages 20 to 24 form part of these financial statements

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## Cash flow statement

for the year ending December 31

	notes	2006 £	2005 £
<b>Net cash movement from operating activities</b>	11	34,061	(21,829)
<b>Capital expenditure</b>	6		
Payments to acquire tangible fixed assets		(320)	(4,844)
<b>Movement in cash</b>	12	<b>33,741</b>	<b>(26,673)</b>

The notes on pages 20 to 24 form part of these financial statements

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## Notes (forming part of the financial statements)

### 1. ACCOUNTING POLICIES

#### *Constitution*

The NBCC is an incorporated company limited by guarantee having a licence to omit the word 'Limited'.

#### *Basis of preparation*

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Small Entities.

As an undertaking not trading for profit, the General Council have used the reference income and expenditure statement rather than profit and loss account as permitted by Section 262 of the Companies Act 1985 and adapted the headings in the income and expenditure account accordingly.

#### *Fixed assets and depreciation*

Depreciation is provided to write off the cost of tangible fixed assets by equal instalments over the estimated useful economic lives as follows:

Office furniture and fittings	5 years
Computer Equipment	3 years

#### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of transaction. Assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date. Gains or losses on translation are accounted for in Members' Funds.

#### *Leased assets*

Rentals in respect of operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

#### *Pension costs*

The NBCC operates a retirement and death benefits scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the NBCC. Contributions to the scheme are charged to the Income and Expenditure account so as to spread the cost of pensions over employees' working lives with the NBCC. The contributions are determined by a qualified actuary on the basis of triennial valuations using the aggregate method of valuation.

#### *Membership fees*

The annual membership fees are due in advance from the first day of the month of joining. Each new and renewal fee is credited to income in 12 equal monthly instalments, the first one in the month of joining or renewing.

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**NOTES** (continued)**2. ANALYSIS OF INCOME**

	2006		2005
	£		£
<u>Membership fees</u>			
United Kingdom	17,465	19,424	
The Netherlands	<u>28,920</u>	<u>32,535</u>	
	46,385		51,959
<u>Services and activities</u>			
United Kingdom	62,864	83,664	
The Netherlands	<u>291,837</u>	<u>165,771</u>	
	354,701		249,435
	<u><b>401,086</b></u>		<u><b>301,394</b></u>

**3. STAFF NUMBERS AND COSTS**

	2006		2005
	£		£
<u>Employee costs</u>			
Wages and salaries	138,796	118,697	
Sickness Benefit	-	(2,251)	
Social security costs	15,810	13,660	
Other staff costs	<u>11,777</u>	<u>10,891</u>	
	<u><b>166,383</b></u>		<u><b>140,997</b></u>

The average number of employees during the year was 6 (2005: 6)

**4. OTHER COSTS**

This item includes the auditors' remuneration of £ 5,900 (2005: £ 6,525) and £nil (2005: £nil) for services to the pension fund. Operating lease rentals amounted to £ 1,847 (2005: £1,950)

**5. GENERAL COUNCIL MEMBERS' EMOLUMENTS**

In respect of the year ended December 31, 2006 none of the members of the General Council received any remuneration (2005: £nil).

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**Notes (continued)**

**6. TANGIBLE FIXED ASSETS**

	Office furniture, fittings and computer equipment
	£
<i>Cost</i>	
January 1, 2006	13,715
Elimination assets fully written off	(1,877)
Additions	<u>320</u>
December 31, 2006	<b>12,158</b>
<i>Depreciation</i>	
January 1, 2006	6,688
Elimination depreciation assets fully written off	(1,877)
Charge for the year	3,106
Other movements	<u>102</u>
December 31, 2006	<b>8,019</b>
<i>Net book value</i>	
December 31, 2006	<u><b>4,139</b></u>
December 31, 2005	<u><b>7,027</b></u>

**7. DEBTORS, amounts falling due within one year**

	2006	2005
	£	£
Trade debtors	81,538	53,294
Other debtors	-	6,634
Prepayments and accrued income	<u>24,894</u>	<u>12,839</u>
	<u>106,432</u>	<u>72,767</u>

**8. CREDITORS, amounts falling due within one year**

	2006	2005
	£	£
Trade creditors	39,373	59,773
Other creditors	-	22,763
Taxation and social security	14,727	4,464
Accruals, deferred income and other amounts payable	<u>139,434</u>	<u>63,375</u>
	<u>193,534</u>	<u>150,376</u>

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**Notes (continued)**

**9. RECONCILIATION OF MOVEMENTS IN MEMBERS' FUNDS**

	2006	2005
	£	£
Result for the financial year	21,360	(7,694)
Currency translation differences	(4,992)	(4,717)
Opening members' funds	<u>56,915</u>	<u>69,326</u>
Closing members' funds	<u>73,283</u>	<u>56,915</u>

**10. LEASING COMMITMENTS**

The NBCC has commitments for yearly payments under building and other rental agreements as follows:

		Yearly rental payments
		£
Expiring within	2-5 years	<u>31,270</u>

**11. RECONCILIATION OF OPERATING RESULT TO NET CASH MOVEMENT FROM OPERATING ACTIVITIES**

	2006	2005
	£	£
Operating surplus/(deficit)	21,360	(7,694)
Depreciation charge and other movements	3,208	3,252
Increase in debtors	(33,665)	(26,378)
Increase in creditors	<u>43,158</u>	<u>8,991</u>
Net cash inflow from operating activities	<u>34,061</u>	<u>(21,829)</u>

**12. ANALYSIS OF NET FUNDS**

At January 1 2006		At December 31 2006	
opening balance £	cashflow £	exchange movement £	closing balance £
127,497	33,741	(4,992)	156,246

**13. RETIREMENT AND DEATH BENEFITS SCHEME**

The most recent actuarial valuation of the retirement and death benefits scheme for staff employed in Britain was at January 1, 2005 and showed that the value placed on the scheme's assets was £172,900 and that the actuarial value of those assets represented 149% of the benefits that had accrued to members, after allowing for expected future increases in pensions.

As at the valuation date there were no active members in the scheme.

An actuarial valuation is conducted every three years. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments, the rate of increase in pensions, the number of withdrawals and replacements and the control period.

It was assumed that the investment returns would be 6.5% per annum and that increases to payments in pensions would average 4% per annum.

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The pension charge for the year amounted to £nil (2005: £nil). There were no outstanding contributions at December 31, 2006 (2005 £nil).

FRS17 disclosures

The NBCC is required to comply with FRS 17 for the year ended December 31, 2006. However, in the opinion of the General Council, the expense involved in obtaining the information to enable the disclosures and accounting input to be made cannot be justified. Therefore the information required by FRS 17 has not been disclosed in the financial statements.

## 10-Year Income and Expenditure Statements Summary

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>Income</b>										
Membership fees	46,385	51,959	55,631	63,113	60,153	70,523	78,497	81,982	88,162	101,685
Services and activities	354,701	249,435	240,858	184,169	171,384	183,039	251,954	291,997	236,340	193,425
Government contracts				13,226	17,017	18,678	32,853	87,956	121,736	130,858
Donations							58,000			
	<i>401,086</i>	<i>301,394</i>	<i>296,489</i>	<i>260,508</i>	<i>248,554</i>	<i>272,240</i>	<i>421,304</i>	<i>461,935</i>	<i>446,238</i>	<i>425,968</i>
<b>Expenditure</b>										
Staff costs	166,383	140,997	115,137	123,096	97,116	108,979	226,171	245,608	228,999	222,795
Office accommodation	37,972	33,302	28,139	25,513	31,461	21,294	56,730	53,107	50,546	50,218
Depreciation	3,106	3,086	2,225	838	5,136	4,275	5,272	5,722	5,658	5,582
Other costs	38,736	29,678	37,304	36,648	44,481	64,728	60,090	64,034	63,250	66,647
Services and activities	133,529	102,025	94,798	59,246	64,426	66,767	87,988	135,913	94,623	76,158
Re-organisation costs							18,745			
	<i>379,726</i>	<i>309,088</i>	<i>277,603</i>	<i>245,341</i>	<i>242,620</i>	<i>266,043</i>	<i>454,996</i>	<i>504,384</i>	<i>443,076</i>	<i>421,400</i>
<b>Operating result on continuing operations</b>	<i>21,360</i>	<i>(7,694)</i>	<i>18,886</i>	<i>15,167</i>	<i>5,934</i>	<i>6,197</i>	<i>(33,692)</i>	<i>(42,449)</i>	<i>3,162</i>	<i>4,568</i>

This page does not form part of the financial statements