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FORM AR27

Trade Union and Labour Relations (Consolidation) Act 1992

ANNUAL RETURN FOR AN EMPLOYERS' ASSOCIATION

Name of Employers' Association:

Year ended:

List No:

Head or Main Office:



Website address (if available)

Has the address changed during the year to which the return relates? Yes No (Tick as appropriate)

General Secretary:

Contact name for queries regarding the completion of this return:

Telephone Number:

e-mail:

PLEASE FOLLOW THE GUIDANCE NOTES IN THE COMPLETION OF THIS RETURN.
Any difficulties or problems in the completion of this return should be directed to the Certification Office as below or by telephone to: 020 7210 3734

The address to which returns and other documents should be sent are:

For Employers' Associations based in England and Wales:
Certification Office for Trade Unions and Employers' Associations
22nd Floor, Euston Tower, 286 Euston Road, London NW1 3JJ

For Employers' Associations based in Scotland:
Certification Office for Trade Unions and Employers' Associations
Melrose House, 69a George Street, Edinburgh EH2 2JG

RETURN OF MEMBERS

(see note 9)

NUMBER OF MEMBERS AT THE END OF THE YEAR				
Great Britain	Northern Ireland	Irish Republic	Elsewhere Abroad (including Channel Islands)	TOTALS
9278	262	0	0	9540

OFFICERS IN POST

(see note 10)

Please attach as an annexe to this form a complete list of all officers in post at the end of the year to which this form relates, with the title of each persons office.

Please see enclosed financial accounts

CHANGE OF OFFICERS

Please complete the following to record any changes of officers during the twelve months covered by this return. . Please see enclosed financial accounts

Title of Office	Name of Officer ceasing to hold office	Name of Officer Appointed	Date of Change

REVENUE ACCOUNT/GENERAL FUND

(see notes 11 to 16)

. Please see enclosed financial accounts

Previous Year		£	£
	INCOME		
	From Members Subscriptions, levies, etc		
	Investment income Interest and dividends (gross) Bank interest (gross) Other (specify)		
	Other income Rents received Insurance commission Consultancy fees Publications/Seminars Miscellaneous receipts (specify)		
	TOTAL INCOME		
	EXPENDITURE		
	Administrative expenses Remuneration and expenses of staff Occupancy costs Printing, Stationery, Post Telephones Legal and Professional fees Miscellaneous (specify)		
	Other charges Bank charges Depreciation Sums written off Affiliation fees Donations Conference and meeting fees Expenses Miscellaneous (specify)		
	Taxation		
	TOTAL EXPENDITURE		
	Surplus/Deficit for year		
	Amount of fund at beginning of year		
	Amount of fund at end of year		

ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND

(see notes 17 to 18)

. Please see enclosed financial accounts

ACCOUNT 2		Fund Account	
Name of account:		£	£
Income	From members		
	Investment income		
	Other income (specify)		
	Total Income		
Expenditure	Administrative expenses		
	Other expenditure (specify)		
	Total Expenditure		
Surplus (Deficit) for the year			
Amount of fund at beginning of year			
Amount of fund at the end of year (as Balance Sheet)			

ACCOUNT 3		Fund Account	
Name of account:		£	£
Income	From members		
	Investment income		
	Other income (specify)		
	Total Income		
Expenditure	Administrative expenses		
	Other expenditure (specify)		
	Total Expenditure		
Surplus (Deficit) for the year			
Amount of fund at beginning of year			
Amount of fund at the end of year (as Balance Sheet)			

ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND

(see notes 17 to 18) . Please see enclosed financial accounts

ACCOUNT 4		Fund Account	
Name of account:		£	£
Income	From members Investment income Other income (specify)		
	Total Income		
Expenditure	Administrative expenses Other expenditure (specify)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

ACCOUNT 5		Fund Account	
Name of account:		£	£
Income	From members Investment income Other income (specify)		
	Total Income		
Expenditure	Administrative expenses Other expenditure (specify)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND

(see notes 17 to 18) . Please see enclosed financial accounts

ACCOUNT 6		Fund Account	
Name of account:		£	£
Income	From members		
	Investment income		
	Other income (specify)		
	Total Income		
Expenditure	Administrative expenses		
	Other expenditure (specify)		
	Total Expenditure		
	Surplus (Deficit) for the year		
Amount of fund at beginning of year			
Amount of fund at the end of year (as Balance Sheet)			

ACCOUNT 7		Fund Account	
Name of account:		£	£
Income	From members		
	Investment income		
	Other income (specify)		
Total Income			
Expenditure	Administrative expenses		
	Other expenditure (specify)		
	Total Expenditure		
Surplus (Deficit) for the year			
Amount of fund at beginning of year			
Amount of fund at the end of year (as Balance Sheet)			

FIXED ASSETS ACCOUNT

(see note 21) . Please see enclosed financial accounts

	Land & Buildings	Fixtures & Fittings	Motor Vehicles & Equipment	Total
	£	£	£	£
COST OR VALUATION				
At start of period				
Additions during period				
Less: Disposals during period				
Less: DEPRECIATION:				
Total to end of period				
BOOK AMOUNT at end of period				
Freehold				
Leasehold (50 or more years unexpired)				
Leasehold (less than 50 years unexpired)				
AS BALANCE SHEET				

ANALYSIS OF INVESTMENTS

(see note 22) . Please see enclosed financial accounts

		Other Funds £
QUOTED	British Government & British Government Guaranteed Securities	
	British Municipal and County Securities	
	Other quoted securities (to be specified)	
	TOTAL QUOTED (as Balance Sheet)	
	*Market Value of Quoted Investments	
UNQUOTED	British Government Securities	
	British Municipal and County Securities	
	Mortgages	
	Other unquoted securities (to be specified)	
	TOTAL QUOTED (as Balance Sheet)	
	*Market Value of Unquoted Investments	

* Market value of investments to be stated where these are different from the figures quoted in the balance sheet

ANALYSIS OF INVESTMENT INCOME (CONTROLLING INTERESTS)

(see notes 23 to 25) . Please see enclosed financial accounts

Does the association, or any constituent part of the association, have a controlling interest in any limited company?		YES	NO
If YES name the relevant companies:			
COMPANY NAME	COMPANY REGISTRATION NUMBER (if not registered in England & Wales, state where registered)		
INCORPORATED EMPLOYERS' ASSOCIATIONS			
Are the shares which are controlled by the association registered in the association's name		YES	NO
If NO, please state the names of the persons in whom the shares controlled by the association are registered.			
COMPANY NAME	NAMES OF SHAREHOLDERS		
UNINCORPORATED EMPLOYERS ASSOCIATIONS			
Are the shares which are controlled by the association registered in the names of the association's trustees?		YES	NO
If NO, state the names of the persons in whom the shares controlled by the association are registered.			
COMPANY NAME	NAMES OF SHAREHOLDERS		

SUMMARY SHEET

(see notes 26 to 35)

	All funds except Political Funds £	Political Funds £	Total Funds £
INCOME			
From Members	4,093		4,093
From Investments	139		139
Other Income (including increases by revaluation of assets)	0		0
Total Income	4,232		4,232
EXPENDITURE (including decreases by revaluation of assets)	4,466		4,445 4,466
Total Expenditure			
Funds at beginning of year (including reserves)	3,778		3,778
Funds at end of year (including reserves)	3,544		3,544
ASSETS			
Fixed Assets			6,874
Investment Assets			6
Other Assets			1,812
		Total Assets	8,692
LIABILITIES			
		Total Liabilities	5,147
NET ASSETS (Total Assets less Total Liabilities)			3,545

NOTES TO THE ACCOUNTS

(see note 36)

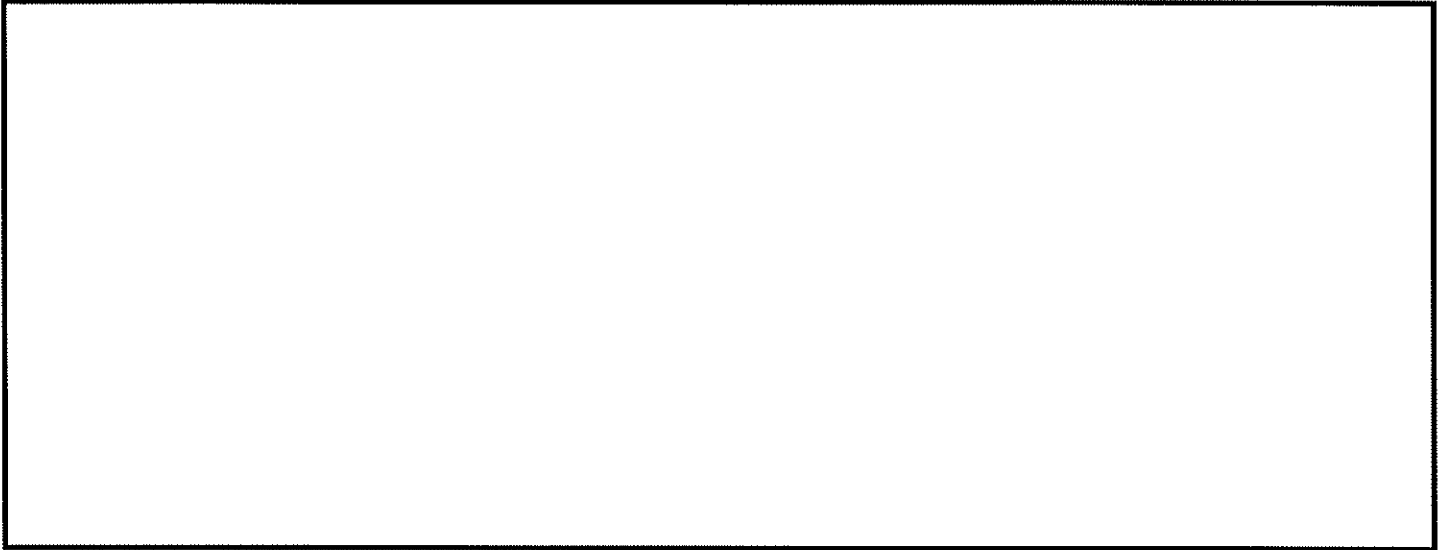
All notes to the accounts must be entered on or attached to this part of the return.

Please see enclosed financial accounts

ACCOUNTING POLICIES

(see notes 37 and 38)

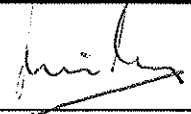
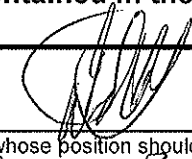
Please see enclosed financial accounts



SIGNATURES TO THE ANNUAL RETURN

(see notes 39 and 40)

including the accounts and balance sheet contained in the return.

<p>Secretary's Signature: <u></u> Name: Nazir Haji <u>CHIEF EXECUTIVE OFFICER</u> Date: 1st June 2013</p>	<p>Chairman's Signature: <u></u> (or other official whose position should be stated) Name: Brian Berry <u>CHIEF OPERATING OFFICER</u> Date:</p>
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CHECK LIST

(see note 41)

(please tick as appropriate)

IS THE RETURN OF OFFICERS ATTACHED? (see Page 3)	YES		NO	
HAS THE RETURN OF CHANGE OF OFFICERS BEEN COMPLETED? (see Page 3)	YES		NO	
HAS THE RETURN BEEN SIGNED? (see Note 38)	YES		NO	
HAS THE AUDITOR'S REPORT BEEN COMPLETED (see Note 39)	YES		NO	
IS A RULE BOOK ENCLOSED? (see Note 40)	YES		NO	
HAS THE SUMMARY SHEET BEEN COMPLETED (see Notes 6 and 25 to 34)	YES		NO	

AUDITOR'S REPORT

(see notes 42 to 47)

made in accordance with section 36 of the Trade Union and Labour Relations (Consolidation) Act 1992.

1. In the opinion of the auditors or auditor do the accounts they have audited and which are contained in this return give a true and fair view of the matters to which they relate?
(See section 36(1) and (2) of the 1992 Act and notes 43 and 44)

YES/~~NO~~
If "No" please explain below.

2. Have the auditors or auditor carried out such investigations in the preparation of their audit report as will enable them to form an opinion as to:
 - (a) whether the trade union has kept proper accounting records in accordance with section 28 of the 1992 Act;
 - (b) whether it has maintained a satisfactory system of control over its transactions in accordance with the requirements of that section; and
 - (c) whether the accounts to which the report relates agree with the accounting records?(See section 36(3) of the 1992 Act, set out in note 43)

YES/~~NO~~
If "No" please explain below.

3. Are the auditors or auditor of the opinion that the union has complied with section 28 of the 1992 Act and has:
 - (a) kept proper accounting records with respect to its transactions and its assets and liabilities; and
 - (b) established and maintained a satisfactory system of control of its accounting records, its cash holding and all its receipts and remittances.(See section 36(4) of the 1992 Act set out in note 43)

YES/~~NO~~
If "No" please explain below.

4. Please set out a copy of the report made by the auditors or auditor to the union on the accounts to which this AR27 relates. The report is to set out the basis upon which the audit has been conducted and/or such other statement as the auditor considers appropriate. Such a statement may be provided as a separate document.
(See note 45)

AUDITOR'S REPORT (continued)

SEE ATTACHED ACCOUNTS

Signature(s) of auditor or auditors:



Name(s):

HAYMACTYRE

Profession(s) or Calling(s):

STATUTORY AUDITORS

Address(es):

FAIRFAX HOUSE
15 FULLWOOD PLACE
LONDON WC1V 6AY

Date:

3/9/13

Contact name and telephone number:

SIMON WILKES
0207 969 5500

N.B. When notes to the accounts are referred to in the auditor's report a copy of those notes must accompany this return.

EVERY EMPLOYERS' ASSOCIATION IS REQUIRED BY LAW TO COMPLETE THIS RETURN. THE REFUSAL OR WILFUL NEGLECT TO PERFORM THIS DUTY IS A CRIMINAL OFFENCE.

THERE IS NO LEGAL REQUIREMENT FOR THIS RETURN TO BE "APPROVED" BY THE GOVERNING BODY OF THE ASSOCIATION BEFORE SUBMISSION TO THE CERTIFICATION OFFICE

GUIDANCE ON COMPLETION

GENERAL

1. Unless the Employers' Association has been authorised to make its annual return to another date, this return must be made to 31 December and sent to the Certification Officer as soon as possible, **and at any event before 1 June**.
2. The accounts must, in accordance with the Act, give a true and fair view of the matters to which they relate.
3. The accounts and balance sheet in the annual return of an association working through branches (i.e. not a federation of autonomous bodies) should include the transactions, assets and liabilities of all the branches.
4. Any negative values should be clearly indicated by placing the entry in brackets.
5. Where the space in any account of analysis is insufficient a separate sheet of paper should be attached to the appropriate page to provide the additional space.
6. The summary sheet on page 11 **must** be completed.
7. A copy of the rules in force at the end of the year to which this return relates must be submitted with this form even if the rules have not been altered since the previous rule book was submitted. This is a statutory requirement and the Certification Officer has no authority to waive it.
8. Please print this form single-sided only. Do not staple the pages.

GUIDANCE ON COMPLETION OF RETURN OF MEMBERS/OFFICERS (PAGE 2)

Return of members:

9. The figure required is for **all members**, including members who do not pay contributions.

Officers:

10. The Act defines officer as including any member of the governing body of the association and any trustee of any fund applicable for the purposes of the association.

GUIDANCE ON COMPLETION OF THE REVENUE ACCOUNT/GENERAL FUND (PAGE 3)

11. Interest, Dividends and any other income, including Capital Gains on the sale of investments should be shown gross, and the relevant tax included in "Taxation". The basis of the taxation charge should be shown as a note to the accounts (see page 12).
12. "Remuneration of Staff" should include salaries and wages, holiday pay, redundancy pay, ex-gratia payments, national insurance ordinary and graduated contributions, superannuation contributions, and any other payments to staff.

Registered number: 00368163

FEDERATION OF MASTER BUILDERS LIMITED

**DIRECTORS' REPORT
AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2012



FEDERATION OF MASTER BUILDERS LIMITED
(A company limited by guarantee)

CONTENTS

	Page
Report of the National Council	1 - 3
Independent auditors' report	4 - 5
Consolidated profit and loss account	6
Consolidated balance sheet	7
Company balance sheet	8
Consolidated cash flow statement	9
Notes to the financial statements	10 - 19

FEDERATION OF MASTER BUILDERS LIMITED

(A company limited by guarantee)

REPORT OF THE NATIONAL COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2012

The members of the National Council present their report and the financial statements for the year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The Federation of Master Builders is a company limited by guarantee and has no share capital. The principal activity continues to be that of an employers' association in the construction industry. The Federation owns 100% of the share capital of four subsidiary companies, whose function is to offer ancillary services to members of the Federation.

BUSINESS REVIEW

The combined results for the year of the Federation and its subsidiaries are presented in the Consolidated Profit and Loss Account. The group achieved a net loss before tax of £267,177 (2011: £52,141).

The Directors expect trading conditions to remain difficult as a direct result of the prevailing economic conditions. It is however hoped that as a result of various initiatives being undertaken in 2012 and 2013, membership numbers will stabilise. Careful cost and cash management will continue and it is expected that the cash position will not deteriorate significantly in 2013.

The Group loss was mainly due to severance payments to outgoing senior staff which were exceptional items not expected to recur in 2013.

RISKS

As a result of the economic conditions and their effects on the construction industry, membership numbers continue to fall. If the economic conditions continue to affect the construction industry, membership will continue to fall and a further review of costs will become necessary.

FINANCIAL INSTRUMENTS

The Federation finances operations through bank balances, plus debtors and creditors. Cash flow is regularly monitored.

FIXED ASSETS

Details of the fixed assets of both the company and of the group are in note 6 to the financial statements.

RESULTS

The loss for the year, after taxation, amounted to £265,784 (2011 - £24,676).

FEDERATION OF MASTER BUILDERS LIMITED
(A company limited by guarantee)

**REPORT OF THE NATIONAL COUNCIL
FOR THE YEAR ENDED 31 DECEMBER 2012**

DIRECTORS

The directors who served during the year were:

L A Allen (resigned 26 February 2013)	A Murrell
J Barton	R Pennycook
D Bentley	M J Quickfall
R Billingham (resigned 30 November 2012)	H W G Rackham (resigned 14 March 2013)
D G Bostock	K Smith (resigned 21 January 2013)
W T D Croft	G Snow
K G R Farnham	R F Storer
J M Gilmour	B J Sutherland
P D Harris (resigned 23 April 2012)	P Sample
G J Lewis	B G Tierney MBE
G H Lister	G Webb (resigned 29 November 2012)
A McArdle	J Weightman
J McKechnie	R Gutteridge (appointed 23 April 2012)
G Mellor	K A Ireland (appointed 23 April 2012)
S Mulligan	G Urwin (appointed 15 March 2013)
T Drayton (appointed 15 March 2013)	

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 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FEDERATION OF MASTER BUILDERS LIMITED
(A company limited by guarantee)

**REPORT OF THE NATIONAL COUNCIL
FOR THE YEAR ENDED 31 DECEMBER 2012**

PROVISION 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 that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information.

AUDITORS

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

This report was approved by the board on 3 June 2013 and signed on its behalf.



N A Haji
Secretary

FEDERATION OF MASTER BUILDERS LIMITED
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FEDERATION OF MASTER BUILDERS LIMITED

We have audited the financial statements of Federation of Master Builders Limited for the year ended 31 December 2012, set out on pages 6 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2012 and of the group's 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

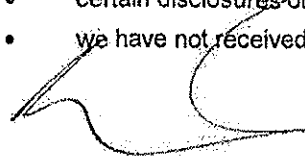
FEDERATION OF MASTER BUILDERS LIMITED
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FEDERATION OF MASTER BUILDERS LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Simon Wilks (Senior statutory auditor)

for and on behalf of
haysmacintyre

Statutory Auditors

Fairfax House
15 Fulwood Place
London
WC1V 6AY

3 June 2013

FEDERATION OF MASTER BUILDERS LIMITED
(A company limited by guarantee)

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 £	2011 £
TURNOVER	1,2	5,350,548	5,013,396
Cost of sales		(1,250,220)	(1,000,877)
GROSS PROFIT		4,100,328	4,012,519
Administrative expenses		(4,326,236)	(4,202,384)
Exceptional administrative expenses		(179,966)	-
Total administrative expenses		(4,506,202)	(4,202,384)
OPERATING LOSS	3	(405,874)	(189,865)
Income from other fixed asset investments		119,727	123,950
Interest receivable and similar income		18,970	13,774
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(267,177)	(52,141)
Tax on loss on ordinary activities	5	1,393	27,465
LOSS FOR THE FINANCIAL YEAR	11	(265,784)	(24,676)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and Loss Account.

The notes on pages 10 to 19 form part of these financial statements.

FEDERATION OF MASTER BUILDERS LIMITED
(A company limited by guarantee)
REGISTERED NUMBER: 00368163

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2012

	Note	2012		2011	
		£	£	£	£
FIXED ASSETS					
Tangible assets	6		6,874,143		4,077,872
CURRENT ASSETS					
Debtors	8	832,801		418,660	
Cash at bank and in hand		1,152,241		1,473,908	
		<u>1,985,042</u>		<u>1,892,568</u>	
CREDITORS: amounts falling due within one year	9	<u>(5,264,006)</u>		<u>(2,109,477)</u>	
NET CURRENT LIABILITIES			<u>(3,278,964)</u>		<u>(216,909)</u>
NET ASSETS			<u>3,595,179</u>		<u>3,860,963</u>
CAPITAL AND RESERVES					
Revaluation reserve	11		509,090		509,090
Profit and loss account	11		3,086,089		3,351,873
			<u>3,595,179</u>		<u>3,860,963</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by 3 June 2013.

D G Bostock
Director



J M Gilmour
Director



The notes on pages 10 to 19 form part of these financial statements.

FEDERATION OF MASTER BUILDERS LIMITED

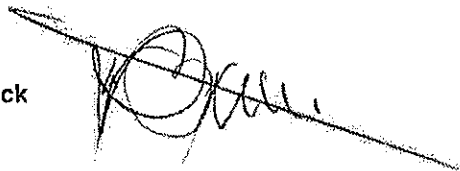
(A company limited by guarantee)
 REGISTERED NUMBER: 00368163

COMPANY BALANCE SHEET
 AS AT 31 DECEMBER 2012

	Note	2012		2011	
		£	£	£	£
FIXED ASSETS					
Tangible assets	6		6,874,143 ✓		4,077,872
Investments	7		6,104 ✓		6,104
			<u>6,880,247</u>		<u>4,083,976</u>
CURRENT ASSETS					
Debtors	8	760,316		354,289	
Cash at bank and in hand		1,051,191		1,436,219	
		<u>1,811,507</u> ✓		<u>1,790,508</u>	
CREDITORS: amounts falling due within one year	9		<u>(5,147,327)</u>		<u>(2,096,169)</u>
NET CURRENT LIABILITIES			<u>(3,335,820)</u>		<u>(305,661)</u>
NET ASSETS			<u>3,544,427</u>		<u>3,778,315</u>
CAPITAL AND RESERVES					
Revaluation reserve	11		509,090		509,090
Profit and loss account	11		3,035,337		3,269,225
			<u>3,544,427</u>		<u>3,778,315</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by 3 June 2013.

D G Bostock
 Director



J M Gilmour
 Director



The notes on pages 10 to 19 form part of these financial statements.

FEDERATION OF MASTER BUILDERS LIMITED
(A company limited by guarantee)

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 £	2011 £
Net cash flow from operating activities	12	(562,155)	(85,475)
Returns on investments and servicing of finance	13	138,697	137,724
Taxation	13	29,114	29
Capital expenditure and financial investment	13	(3,421,923)	(29,581)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(3,816,267)	22,697
Financing	13	3,494,600	-
(DECREASE)/INCREASE IN CASH IN THE YEAR		(321,667)	22,697

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2012**

	2012 £	2011 £
(Decrease)/Increase in cash in the year	(321,667)	22,697
Cash inflow from increase in debt and lease financing	(3,494,600)	-
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	(3,816,267)	22,697
Other non-cash changes	(5,400)	-
MOVEMENT IN NET FUNDS IN THE YEAR	(3,821,667)	22,697
Net funds at 1 January 2012	1,473,908	1,451,211
NET (DEBT)/FUNDS AT 31 DECEMBER 2012	(2,347,759)	1,473,908

The notes on pages 10 to 19 form part of these financial statements.

FEDERATION OF MASTER BUILDERS LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings and in accordance with applicable accounting standards.

1.2 Basis of consolidation

The financial statements consolidate the accounts of Federation of Master Builders Limited and all of its subsidiary undertakings ('subsidiaries').

The company has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Profit and loss account.

The profit and loss account for the year dealt with in the accounts of the company was a loss after tax of £233,888 (2011 - profit £16,129).

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	-	2% of cost
Equipment and Vehicles	-	15-33 1/3% straight line

Land is not depreciated and comprises 50% of the valuation shown.

1.5 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

FEDERATION OF MASTER BUILDERS LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES (continued)

1.6 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.7 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. TURNOVER

An analysis of turnover by class of business is as follows:

	2012 £	2011 £
Subscription Income	4,115,603	4,146,747
Sales of Goods	22,857	12,271
Sales of Services	165,472	162,048
Seminar Income	1,046,616	692,330
	<u>5,350,548</u>	<u>5,013,396</u>

All turnover arose within the United Kingdom.

FEDERATION OF MASTER BUILDERS LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

3. OPERATING LOSS

The operating loss is stated after charging:

	2012 £	2011 £
Depreciation of tangible fixed assets:		
- owned by the group	85,652	126,347
Auditors' remuneration	17,200	17,200
	<u>102,852</u>	<u>143,547</u>

During the year, no director received any emoluments (2011 - £NIL).

4. STAFF COSTS

Staff costs were as follows:

	2012 £	2011 £
Wages and salaries	1,819,117	1,961,672
Social security costs	209,634	202,593
Other pension costs	163,657	184,679
	<u>2,192,408</u>	<u>2,348,944</u>

The average monthly number of employees, excluding the directors, during the year was as follows:

	2012 No.	2011 No.
	52	57
	<u>52</u>	<u>57</u>

5. TAXATION

	2012 £	2011 £
Analysis of tax credit in the year		
Current tax (see note below)		
Adjustments in respect of prior periods	-	(28,500)
	<u>-</u>	<u>(28,500)</u>
Deferred tax (see note 10)		
Origination and reversal of timing differences	(1,393)	1,035
	<u>(1,393)</u>	<u>1,035</u>
Tax on loss on ordinary activities	<u>(1,393)</u>	<u>(27,465)</u>

FEDERATION OF MASTER BUILDERS LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

5. TAXATION (continued)

Factors affecting tax credit for the year

The tax assessed for the year is higher than (2011 - higher than) the standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%). The differences are explained below:

	2012 £	2011 £
Loss on ordinary activities before tax	(267,177)	(52,141)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%)	(65,458)	(13,817)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,130	4,259
Depreciation for year in excess of capital allowances	13,399	6,216
Adjustments to tax charge in respect of prior periods	-	(28,500)
Unutilised tax losses	51,322	2,307
Timing differences relating to pension charges	(1,393)	1,035
Current tax charge/(credit) for the year (see note above)	-	(28,500)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

FEDERATION OF MASTER BUILDERS LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

6. TANGIBLE FIXED ASSETS

Group and Company	Land and Buildings £	Equipment and vehicles £	Total £
Cost or valuation			
At 1 January 2012	4,358,668	1,592,978	5,951,646
Additions	2,870,765	11,158	2,881,923
At 31 December 2012	<u>7,229,433</u>	<u>1,604,136</u>	<u>8,833,569</u>
Depreciation			
At 1 January 2012	376,885	1,496,889	1,873,774
Charge for the year	48,546	37,106	85,652
At 31 December 2012	<u>425,431</u>	<u>1,533,995</u>	<u>1,959,426</u>
Net book value			
At 31 December 2012	<u>6,804,002</u>	<u>70,141</u>	<u>6,874,143</u>
At 31 December 2011	<u>3,981,783</u>	<u>96,089</u>	<u>4,077,872</u>

Cost or valuation at 31 December 2012 is as follows:

Group and Company	Land and buildings £
At cost	4,059,433
At valuation	
June 1999	1,200,000
April 2005	1,970,000
	<u>7,229,433</u>

Cost or valuation at 31 December 2012 is as follows:

Company	Land and buildings
At cost	4,059,433
At valuation:	
Valuation June 1999	1,200,000
Valuation April 2005	1,970,000
	<u>7,229,433</u>

FEDERATION OF MASTER BUILDERS LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

6. TANGIBLE FIXED ASSETS (continued)

In accordance with the exemption afforded to Not for Profit organisations by Financial Reporting Standard 15 Tangible Fixed Assets, National Council decided that the benefits of undertaking the five-yearly full valuation of all properties at 31 December 2004 were outweighed by the costs of performing the valuation. Hence, a full valuation of all properties was not undertaken as at 31 December 2004, although the Federation's largest property was revalued in April 2005.

7. FIXED ASSET INVESTMENTS

Company Cost or valuation	Investments in subsidiary companies £
At 1 January 2012 and 31 December 2012	6,104
Net book value	
At 31 December 2012	6,104
At 31 December 2011	6,104

Details of the principal subsidiaries can be found in note 16.

8. DEBTORS

	<u>Group</u>		<u>Company</u>	
	2012 £	2011 £	2012 £	2011 £
Trade debtors	105,311	112,559	67,543	63,365
Amounts owed by group undertakings	-	-	92,842	76,181
Other debtors	526,407	79,034	460,468	50,676
Prepayments and accrued income	194,712	222,089	133,092	159,089
Deferred tax asset (see note 10)	6,371	4,978	6,371	4,978
	<u>832,801</u>	<u>418,660</u>	<u>760,316</u>	<u>354,289</u>

FEDERATION OF MASTER BUILDERS LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

9. CREDITORS:
Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	2012 £	2011 £	2012 £	2011 £
Bank loans and overdrafts	2,500,000	-	2,500,000	-
Other loans	1,000,000	-	1,000,000	-
Trade creditors	184,692	192,234	181,447	181,507
Subscriptions in advance	1,032,709	1,073,301	941,225	964,496
Amounts owed to group undertakings	-	-	142,071	341,949
Corporation tax	613	-	613	-
Social security and other taxes	50,704	190,135	50,704	190,135
Other creditors	111,489	150,355	88,150	123,555
Accruals and deferred income	383,799	503,452	243,117	294,527
	<u>5,264,006</u>	<u>2,109,477</u>	<u>5,147,327</u>	<u>2,096,169</u>

The company obtained a bridging loan of £2,500,000 to enable it to purchase a new head office pending the sale of the existing head office. The lender has a first charge over both properties and a floating charge over all other assets. The loan will be repaid from the sale of the existing head office.

A further loan of £1,000,000 has been obtained for working capital purposes and the lender has a second charge over the Federation's existing head office.

Although both loans are technically repayable within one year neither are likely to be repayable on those terms.

10. DEFERRED TAX ASSET

	<u>Group</u>		<u>Company</u>	
	2012 £	2011 £	2012 £	2011 £
At beginning of year	4,978	6,013	4,978	6,013
Released during/(charge for) the year	1,393	(1,035)	1,393	(1,035)
At end of year	<u>6,371</u>	<u>4,978</u>	<u>6,371</u>	<u>4,978</u>

The deferred tax asset is made up as follows:

	<u>Group</u>		<u>Company</u>	
	2012 £	2011 £	2012 £	2011 £
Origination of timing differences	<u>6,371</u>	<u>4,978</u>	<u>6,371</u>	<u>4,978</u>

FEDERATION OF MASTER BUILDERS LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

11. RESERVES

	Revaluation reserve £	Profit and loss account £
Group		
At 1 January 2012	509,090	3,351,873
Loss for the year		(265,784)
	<u>509,090</u>	<u>3,086,089</u>
Company		
At 1 January 2012	509,090	3,269,225
Loss for the year		(233,888)
	<u>509,090</u>	<u>3,035,337</u>

12. NET CASH FLOW FROM OPERATING ACTIVITIES

	2012 £	2011 £
Operating loss	(405,874)	(189,865)
Depreciation of tangible fixed assets	85,652	126,347
Decrease/(increase) in debtors	120,550	(31,247)
(Decrease)/increase in creditors	(362,483)	9,290
Net cash outflow from operating activities	<u>(562,155)</u>	<u>(85,475)</u>

13. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	18,970	13,774
Rent receivable	119,727	123,950
Net cash inflow from returns on investments and servicing of finance	<u>138,697</u>	<u>137,724</u>
Taxation		
Corporation tax repaid/(paid)	<u>29,114</u>	<u>29</u>

FEDERATION OF MASTER BUILDERS LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

13. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2012 £	2011 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(3,421,923)	(29,581)
	<u>2012</u> £	<u>2011</u> £
Financing		
Other new loans	3,494,600	-

14. ANALYSIS OF CHANGES IN NET (DEBT) / FUNDS

	1 January 2012 £	Cash flow £	Other non-cash changes £	31 December 2012 £
Cash at bank and in hand	1,473,908	(321,667)	-	1,152,241
Debt:				
Debts due within one year	-	(3,494,600)	(5,400)	(3,500,000)
Net funds / (debt)	<u>1,473,908</u>	<u>(3,816,267)</u>	<u>(5,400)</u>	<u>(2,347,759)</u>

15. RELATED PARTY TRANSACTIONS

HBC Building Management Limited charged the company £7,175 (2011: £10,000) for the services of Mr D Bostock, a director of the company in his role as National President and were approved by the Managing Board.

Headingley Developments Limited charged the group £39,000 (2011: £47,484) for consultancy work performed by Mr G Lister, a director of the company. The work was in respect of the Cross Industry Apprenticeship Task Force project and the costs were reimbursed in full by the Construction Industry Training Board.



FEDERATION OF MASTER BUILDERS LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

16. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
National Register of Warranted Builders (FMB) Limited	England and Wales	100	Trading
FMB Training Services Limited	England and Wales	100	Trading
Build Assure Limited	England and Wales	100	Dormant
Building Industry Certification Scheme Limited	England and Wales	100	Dormant
Construction Industry Services Limited	England and Wales	100	Dormant
Trade Debt Recovery Services Limited	England and Wales	100	Dormant