

Form AR27

Trade Union and Labour relations (Consolidation) Act 1992

Employers' Association's details

Name of Employers' Association:

Federation of Master Builders Limited

Year ended:

31 December 2018

List number:

128E

Head or Main Office:

David Croft House
25 Ely Place
London
EC1N 6TD

Has the address changed during the year to which the return relates?

Yes

No

X

(Tick as appropriate)

Website address (if available)

www.fmb.org.uk

General Secretary:

Crossley Secretaries Limited

Contact name for queries regarding the completion of this return:

Katie May Clarke

Telephone Number:

01634 840066

E-mail:

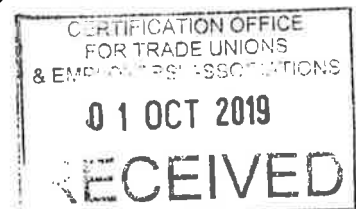
finance@fmb.org.uk

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: 0330 109 3602.

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, Lower Ground Floor, Fleetbank House, 2-6 Salisbury Square, London, EC4Y 8JX.

-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
7759	293			8052

Change of officers

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

Position held	Name of Officer ceasing to hold office	Name of Officer Appointed	Date of Change

Officers in post

(see note 10)

Please insert a complete list of all officers in post at the end of the year to which this form relates.

Name of Officer	Position held
As discussed in the financial statements attached.	
James George Barton	Director
Christopher Stephen Carr	Director
Janet May Etchells	Director
James Mcglinchey Gilmour	Director
Ian Anthony Henderson	Director
Roger Housden	Director
Kevin Anthony Ireland	Director
Gary James Lewis	Director
Ian Lowry	Director
Arthur James Mcardle	Director
Anne Frances Summun	Director
Trevor Michael Thorn	Director
Graham Urwin	Director
Julian Weightman	Director

Crossley Secretaries Limited

Secretary

As per attached document

Revenue account/General Fund

(see notes 11 to 16)

Previous Year			£	£
	Income			
3,735,346	From Members	Subscriptions, levies, etc	3,940,549	
201,490	Investment income	Interest and dividends (gross)	205,734	
170		Bank interest (gross)	5,359	
194,447		Other (specify) Grant & Connections	72,411	4,224,053
	Other income			
517,385		Rents received		
		Insurance commission	600,395	
		Consultancy fees		
		Publications/Seminars		
243,402		Miscellaneous receipts (specify)		
231,671		Inspection Fee + Admin	322,428	
133,673		Sponsorship	56,427	
		Other Income	257,251	
				1,236,501
		Total income		5,460,554
	Expenditure			
	Administrative expenses			
2,329,693		Remuneration and expenses of staff	2,641,723	
386,110		Occupancy costs	362,726	
349,620		Printing, Stationery, Post	40,029	
		Telephones + helplines	287,644	
381,310		Legal and Professional fees	456,527	
379,584		Miscellaneous (specify)	135,704	
		Marketing Costs	179,623	
718,369		Cost of Sales	833,556	
877,175		Last Year Cost of Sales		
	Other charges			
22,630		Bank charges	21,158	
120,711		Depreciation	136,936	
7,349		Sums written off		
		Affiliation fees		
531,408		Donations		
		Conference and meeting fees	548,698	
		Expenses		
		Miscellaneous (specify) Subscription	7,266	
				(6,286)
	Taxation			
		Total expenditure		5,651,590
		Surplus/Deficit for year		(184,750)
		Amount of fund at beginning of year		6,158,644
		Amount of fund at end of year		5,973,894

Accounts other than the revenue account/general fund

(See notes 11 to 16)

Account 2		Fund Account	
Name of account:	<i>Revaluation Reserve</i>	£	£
Income			
	From members		
	Investment income		
	Other income (specify)		
	Surplus Revaluation of Freehold Property		149,362
	Total Income		149,362
Expenditure			
	Administrative expenses		
	Other expenditure (specify)		
	Total Expenditure		
	Surplus (Deficit) for the year		149,362
	Amount of fund at beginning of year		2,131,008
	Amount of fund at the end of year (as Balance Sheet)		2,280,370

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 11 to 16)

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)

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)		

Balance sheet as at [31 December 2018]

(see notes 19 and 20)

Previous Year		£	£
4,931,295	Fixed Assets (as at page 8) Tangible		5,165,973
425,032	Intangible		795,656
	Investments (as per analysis on page 9)		
2,335,825	Quoted (Market value £)	2,408,236	
	Unquoted	18,000	
	Total Investments		2,426,236
	Other Assets		
582,361	Sundry debtors	658,005	
2,240,533	Cash at bank and in hand	1,373,698	
	Stocks of goods		
	Others (specify)		
	Total of other assets	2,031,703	
10,515,046		Total assets	10,419,568
6,158,644	Revenue		5,973,894
	Fund (Account)		
	Fund (Account)		
2,131,008	Revaluation Reserve		2,280,370
	Liabilities		
	Loans		
	Bank overdraft		
180,613	Tax payable	145,196	
473,735	Sundry creditors	544,009	
1,274,437	Accrued expenses	1,185,776	
	Provisions		
296,609	Other liabilities	290,323	
2,225,394		Total liabilities	2,165,304
10,515,046		Total assets	10,419,568

Fixed Assets Account

(see note 21)

	Land & Buildings	Fixtures & Fittings & Equipment	Motor Vehicles & Equipment	Total
	£	£	£	£
Cost or valuation				
At start of period	4,764,175	431,635		5,195,810
Additions during period	52,745	107,617		160,362
Less: Disposals during period				
Revaluations	149,362			149,362
Less: DEPRECIATION:				
At the start of the year		264,513		
Charge for period		75,048		
Total to end of period		339,561		(339,561)
Book amount at end of period	4,966,282	199,691		5,165,973
Freehold	4,966,282			
Leasehold (50 or more years unexpired)				
Leasehold (less than 50 years unexpired)				
As balance sheet	4,966,282	199,691		5,165,973

Analysis of investments

(see note 22)

		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)	
	Property	2,408,236
	Total quoted (as Balance Sheet)	
	*Market Value of Unquoted Investments	2,408,236

* 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)

Does the association, or any constituent part of the association, have a controlling interest in any limited company?		YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
If YES name the relevant companies:			
Company name FMB Insurance Services FMB Training Services (Dormant) Build Assure Limited (Dormant)	Company registration number (if not registered in England & Wales, state where registered) 01520341 07712578 07756335		
Incorporated Employers' Associations			
Are the shares which are controlled by the association registered in the association's name		YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
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 <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
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 62 to 73)

	All funds except Political Funds £	Political Funds £	Total Funds £
Income			
From Members	3,940,549		3,940,549
From Investments	283,504		283,504
Other Income (including increases by revaluation of assets)	1,385,863		1,385,863
Total Income	5,609,304		5,609,304
Expenditure (including decreases by revaluation of assets)			
Total Expenditure	5,645,304		5,645,304
Funds at beginning of year (including reserves)	8,289,652		8,289,652
Funds at end of year (including reserves)	8,254,264		8,254,264
Assets			
Fixed Assets			5,961,629
Investment Assets			2,426,236
Other Assets			2,031,703
		Total Assets	10,419,566
Liabilities			
		Total Liabilities	2,165,304
Net assets (Total Assets less Total Liabilities)			8,254,264

Notes to the accounts

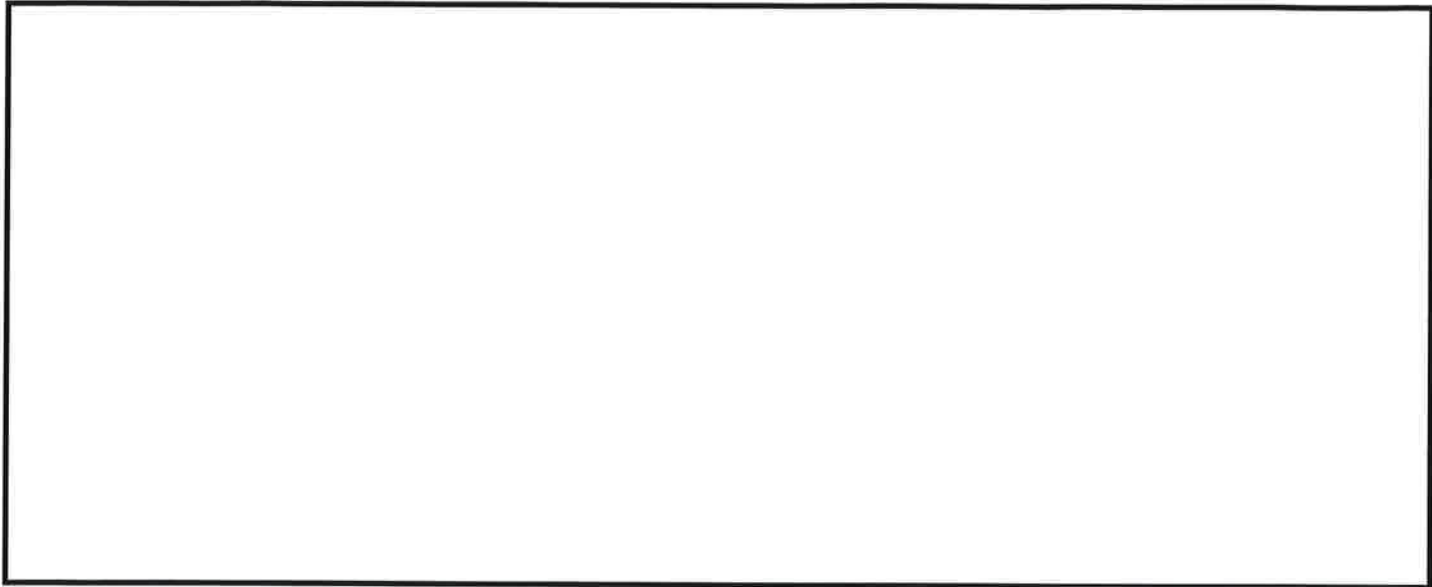
(see note 34)

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


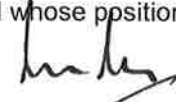
Please see financial statements attached

PLEASE SEE FINANCIAL STATEMENTS ATTACHED.

Accounting policies
(see notes 35 and 36)



Signatures to the annual return
including the accounts and balance sheet contained in the return.
 (see notes 37 and 38)

Secretary's Signature:  Name: <u>GRAEME COPESTAKE ACA FICA CTA</u> Date: <u>1/8/2019</u>	Chairman's Signature: <u>CHIEF EXECUTIVE</u> (or other official whose position should be stated)  Name: <u>BRIAN BUCKLEY</u> Date: <u>1/09/2019</u>
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Checklist
 (see note 39)
 (please tick as appropriate)

Has the return of change of officers been completed? (see Page 2)	Yes	✓	No	
Has the list of officers been completed? (see page 2a)	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 the rule book enclosed? (see Note 40)	Yes	✓	No	
Has the summary sheet been completed? (see Notes 6 and 25 to 34)	Yes	✓	No	

Checklist for auditor's report

(see notes 40 to 44)

The checklist below is for guidance. A report is still required either set out overleaf or by way of an attached auditor's report that covers the 1992 Act requirements.

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)

Please explain in your report overleaf or attached.

Y E S

2. Are the auditors or auditor of the opinion that the union has complied with section 28 of the 1992 Act and has:
- kept proper accounting records with respect to its transactions and its assets and liabilities; and
 - 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)

Please explain in your report overleaf or attached.

Y E S

3. Your auditors or auditor must include in their report the following wording:

In our opinion the financial statements:

- **give a true and fair view of the matters to which they relate to.**
- **have been prepared in accordance with the requirements of the sections 28, 32 and 36 of the Trade Union and Labour Relations (consolidation) Act 1992.**

Auditor's report (continued)

In our opinion the Financial Statements:

- Give a true and fair view of the matters to which they relate to.
- Have been prepared in accordance with the requirements of the sections 28, 32 and 36 of the Trade Union and Labour Relations (Consolidation) Act 1992.

Signature(s) of auditor or auditors:	PKF Littlejohn LLP	
Name(s):	ERIC HINDSON OF PKF LITTLEJOHN LLP	
Profession(s) or Calling(s):	FCA	
Address(es):	1 WESTFERRY CIRCUS CANARY WHARF LONDON E14 4HD	
Date:	20 SEPTEMBER 2019	
Contact name for enquiries and telephone number:	ERIC HINDSON 0207 516 2223	

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

Registered number: 00368163

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

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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

COMPANY INFORMATION

Directors	J G Barton J M Etchells J M Gilmour G J Lewis A J McArdle J Weightman I Lowry K A Ireland R Housden G Urwin A F Summun C S Carr I A Henderson T M Thorn
Company secretary	Crossley Secretaries Limited
Registered number	00368163
Registered office	Star House Star Hill Rochester Kent ME1 1UX

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

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

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The Federation of Master Builders

The Federation of Master Builders (FMB) is the largest trade association in the UK construction industry representing thousands of small and medium sized (SME) construction companies in England, Scotland, Wales and Northern Ireland. For over 75 years, the FMB has championed continuous improvement in the building industry.

FMB members are vetted and independently inspected on joining to ensure they meet our standards. The FMB also requires all existing members to undergo a continuous inspection cycle to ensure they meet the FMB's standards. We also provide a range of member services to help members grow, improve and protect their businesses. These include training, insurance services, our Find a Builder service, and a range of business helplines.

The FMB is committed to 'build better' which means building trust with all those who engage in the building industry. For our members it means giving them the support they need to promote their businesses and for their clients it's about reassuring them that by employing Master Builders they will have the right people to deliver the right results.

Introduction

In December 2016, the FMB Board approved its three-year strategic plan, 'Building Better Together 2017-2020', which sets out an ambitious programme to grow and professionalise the FMB.

FMB Mission

The FMB's mission is for its members, Master Builders, to be recognised by clients and industry as the best in the building industry. This mission is underpinned by the FMB's commitment to:

- **Credibility** – to ensure that Master Builders are recognised as 'quality approved' contractors and are the first choice for clients when choosing a building company.
- **Voice** – to engage effectively with members and ensure their concerns can be heard and addressed at the national and local government level.
- **Business support** - to provide a range of one-stop-shop services that help members run their businesses efficiently and profitably.

Strategic Priorities for Building Better Together

The FMB's focus on the need for greater recognition, coupled with improved marketing and promotion, is to help ensure the FMB is better positioned to not only withstand the changing political and economic landscape but also to grow.

The five strategic priorities are:

1. Develop, improve and promote the relevance and value of being a Master Builder to generate membership growth.
2. Build the reputation and credibility of Master Builders as being the best in the building industry as underpinned by a commitment to raising membership standards.
3. Proactively promote the benefits of being and using a Master Builder.
4. Ensure the delivery of all FMB operations are effective and within budget.
5. To grow FMBIS into a profitable and growing business.

Business Review

- Membership fell by 105 over the year. This fall was expected as a result of stricter entry criteria.

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

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

- Membership retention averaged 87% across the year.
- A valuation of the FMB property portfolio revealed that the value had increased from £7,692,152 in 2017 to £8,387,865 in 2018.
- FMB Insurance Services Ltd (FMBIS) delivered a surplus of £16,757.

Principal risks and uncertainties

The FMB's Risk Committee meets regularly to ensure that the FMB consider risk and uncertainties. The main risks are:

- Impact of Brexit on the construction sector and the wider economy.
- IT failure leading to business disruption.
- Ensuring all members are inspected to meet the FMB's new entry criteria.
- Implementation of the new CRM system.
- Competition from on-line providers.

Financial key performance indicators

Our Finance Team support their colleagues to enable them to implement their business objectives. The team measures:

- Cashflow and credit control.
- Performance against budget and reporting variances.
- Overall business surplus.
- Return on investment on assets.

Other key performance indicators

The FMB ensures that it measures the objectives it implements. These include:

Leadership

- The FMB won The Association of Excellence Silver Award for Best Leadership of a Trade Association.

Commercial

- The FMB won the Trade Association Forum (TAF) Award for Best Commercial Initiative.

Marketing

- The FMB won the Northern Ireland Institute for Marketing Award for Best Rebrand.

Membership

- We measure the monthly retention rate for each of our eleven regions across the UK.

Sales

- We measure our sales every working day.

External Affairs

- The FMB launched its Post Grenfell Agenda for Quality & Standards on 9th May 2018 in the House of Commons. The Shadow Secretary of State John Healey MP was the keynote speaker.
- FMB launched its Licensing Research Report on 2nd July 2018 in the House of Lords. The Shadow Chancellor of the Exchequer, John McDonnell MP was the keynote speaker.
- Party conferences - the FMB linked up with the British Property Federation (BPF) to host two fringe events at the Conservative and Labour party conferences in the autumn.
- The FMB hosted its first national policy conference 'British Building Conference' on 4th December 2018

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

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

in London.

FMB Insurance Services

- We delivered a surplus.

Staffing

- The FMB secured Silver accreditation for Investors in People.

Future developments

- The FMB will be implementing its new three-year strategic plan with a commitment to focus on:
 - o Improved Standards.
 - o Improved Membership Engagement.
 - o Improved Communication.
 - o Improved Commercial Income.
- The introduction and implementation of the new CRM system is a major project for this year.
- The creation of a new Communications Team to align all our communication channels.
- The development of new commercial strategy to increase the value of our non-subscription income.
- FMB Insurance Services (FMBIS) will continue to grow in line with its business strategy.
- In September 2019 the FMB will host its 'Master Builder Awards' in central London.

This report was approved by the board on 20 September 2019 and signed on its behalf.


Arthur McArdle
Director

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

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 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 for the Group's financial statements and then apply them consistently;
- make judgments and accounting 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 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

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.

Results and dividends

The loss for the year, after taxation, amounted to £184,750 (2017 - profit £30,800).

The comprehensive loss for the financial year on page 9 is £35,388. The Directors highlight that significant investment was approved in the 2018 financial year to independently inspect all members and to increase marketing spend which amounted to an investment of £95,890. Additionally, the Directors dedicated resources to GDPR, tackling a Cyber-related incident and associated auditing which amounted to £98,616. An insurance claim for the Cyber-related incident is currently in progress. If these financial resources had not been committed, the Directors would have expected a comprehensive profit for this financial year of £159,118.

Directors

The directors who served during the year were:

J G Barton
M Quickfall (resigned 8 September 2018)
K Farnham (resigned 8 September 2018)
J McKechnie (resigned 16 May 2018)
D Bentley (resigned 8 September 2018)

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

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

J M Etchells
J M Gilmour
G J Lewis
A J McArdle
J Weightman
I Lowry
K A Ireland
R Housden
G Urwin
A F Summun (appointed 25 September 2018)
C S Carr (appointed 8 September 2018)
I A Henderson (appointed 16 May 2018)
T M Thorn (appointed 8 September 2018)

Future developments

Future developments are included in the Strategic Report.

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 and the Group'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 and the Group's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditors

The auditors, PKF Littlejohn LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the board on 20 September 2019 and signed on its behalf.



A J McArdle
Director

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

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

Opinion

We have audited the financial statements of Federation of Master Builders Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2018, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated Statement of Cash Flows, the Consolidated and Parent Company Statements 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 Group's and of the parent Company's affairs as at 31 December 2018 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.

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 Group 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 Group's or the parent 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.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FEDERATION OF MASTER BUILDERS LIMITED (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 Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Directors' report have 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 Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or 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 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 4, 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

FEDERATION OF MASTER BUILDERS LIMITED

(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FEDERATION OF MASTER BUILDERS LIMITED (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 auditor's 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.

Eric Hindson

Eric Hindson (Senior statutory auditor)

for and on behalf of
PKF Littlejohn LLP

Canary Wharf
London
E14 4HD

Date: *20 September 2019*

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
Turnover	4	5,177,050	4,861,477
Cost of sales		(833,556)	(877,175)
Gross profit		<u>4,343,494</u>	<u>3,984,302</u>
Administrative expenses		(4,818,034)	(4,349,609)
Operating loss	5	(474,540)	(365,307)
Income from other fixed asset investments	9	205,734	201,490
Interest receivable and similar income	10	5,359	170
Unrealised surplus on revaluation of fixed asset investments	15	72,411	194,447
(Loss)/profit before taxation		<u>(191,036)</u>	<u>30,800</u>
Tax on (loss)/profit	11	6,286	-
(Loss)/profit for the financial year		<u>(184,750)</u>	<u>30,800</u>
Unrealised surplus on revaluation of tangible fixed assets		149,362	211,683
Other comprehensive income for the year		<u>149,362</u>	<u>211,683</u>
Total comprehensive income for the year		<u>(35,388)</u>	<u>242,483</u>
(Loss)/profit for the year attributable to:			
Owners of the parent Company		(184,750)	30,800
		<u>(184,750)</u>	<u>30,800</u>
Total comprehensive income for the year attributable to:			
Owners of the parent Company		(35,388)	242,483
		<u>(35,388)</u>	<u>242,483</u>

The notes on pages 15 to 35 form part of these financial statements.

All amounts relate to continuing operations.

A separate Statement of Other Comprehensive Income is not required as all gains and losses are included in the Statement of Comprehensive income.

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

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	12	795,656	425,032
Tangible assets	13	5,165,973	4,931,295
Investments	14	18,000	-
Investment property	15	2,408,236	2,335,825
		<u>8,387,865</u>	<u>7,692,152</u>
Current assets			
Debtors: amounts falling due within one year	16	658,005	582,361
Cash at bank and in hand	17	1,373,698	2,240,533
		<u>2,031,703</u>	<u>2,822,894</u>
Creditors: amounts falling due within one year	18	(1,874,981)	(1,928,785)
Net current assets		<u>156,722</u>	<u>894,109</u>
Total assets less current liabilities		<u>8,544,587</u>	<u>8,586,261</u>
Provisions for liabilities			
Deferred taxation	20	(290,323)	(296,609)
		<u>(290,323)</u>	<u>(296,609)</u>
Net assets		<u>8,254,264</u>	<u>8,289,652</u>
Capital and reserves			
Revaluation reserve		2,280,370	2,131,008
Profit and loss account		5,973,894	6,158,644
Equity attributable to owners of the parent Company		<u>8,254,264</u>	<u>8,289,652</u>
		<u>8,254,264</u>	<u>8,289,652</u>

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

20 September
2019

A J McArdle
Director



The notes on pages 15 to 35 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 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	12	680,192	341,545
Tangible assets	13	5,125,687	4,901,015
Investment property	15	2,413,238	2,341,929
		<u>8,219,117</u>	<u>7,584,489</u>
Current assets			
Debtors: amounts falling due within one year	16	723,065	663,452
Cash at bank and in hand	17	913,146	1,752,913
		<u>1,636,211</u>	<u>2,416,365</u>
Creditors: amounts falling due within one year	18	(1,397,755)	(1,484,849)
		<u>238,456</u>	<u>931,516</u>
Net current assets		<u>238,456</u>	<u>931,516</u>
Total assets less current liabilities		<u>8,457,573</u>	<u>8,516,005</u>
Provisions for liabilities			
Deferred taxation	20	(290,323)	(296,609)
		<u>(290,323)</u>	<u>(296,609)</u>
Net assets		<u>8,167,250</u>	<u>8,219,396</u>
Capital and reserves			
Revaluation reserve		2,280,370	2,131,008
Profit and loss account		5,886,880	6,088,388
		<u>8,167,250</u>	<u>8,219,396</u>

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

20 September
2019

A J McArdle
Director



The notes on pages 15 to 35 form part of these financial statements.

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 from presenting the parent company Income Statement and Statement of Comprehensive Income. The loss for the parent Company for the year was £116,838 (2017: profit of £27,858) and the total comprehensive profit for the year was £32,524 (2017: £239,541)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 January 2017	1,919,325	6,127,844	8,047,169
Comprehensive income for the year			
Profit for the year	-	30,800	30,800
Surplus on revaluation of freehold property	211,683	-	211,683
Other comprehensive income for the year	211,683	-	211,683
Total comprehensive income for the year	211,683	30,800	242,483
Total transactions with owners	-	-	-
At 1 January 2018	2,131,008	6,158,644	8,289,652
Comprehensive income for the year			
Loss for the year	-	(184,750)	(184,750)
Surplus on revaluation of freehold property	149,362	-	149,362
Other comprehensive income for the year	149,362	-	149,362
Total comprehensive income for the year	149,362	(184,750)	(35,388)
Total transactions with owners	-	-	-
At 31 December 2018	2,280,370	5,973,894	8,254,264

The notes on pages 15 to 35 form part of these financial statements.

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

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 January 2017	1,919,325	6,060,530	7,979,855
Comprehensive income for the year			
Profit for the year	-	27,858	27,858
Surplus on revaluation of freehold property	211,683	-	211,683
Other comprehensive income for the year	211,683	-	211,683
Total comprehensive income for the year	211,683	27,858	239,541
Total transactions with owners	-	-	-
At 1 January 2018	2,131,008	6,088,388	8,219,396
Comprehensive income for the year			
Loss for the year	-	(201,508)	(201,508)
Surplus on revaluation of freehold property	149,362	-	149,362
Other comprehensive income for the year	149,362	-	149,362
Total comprehensive income for the year	149,362	(201,508)	(52,146)
Total transactions with owners	-	-	-
At 31 December 2018	2,280,370	5,886,880	8,167,250

The notes on pages 15 to 35 form part of these financial statements.

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £	2017 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(184,750)	30,800
Adjustments for:		
Amortisation of intangible assets	61,875	54,368
Depreciation of tangible assets	75,048	81,564
Interest received	(5,359)	-
Taxation charge	(6,286)	-
(Increase) in debtors	(75,645)	(72,451)
(Decrease)/increase in creditors	(53,367)	190,888
Corporation tax (paid)/received	(437)	-
Unrealised surplus on revaluation of fixed assets investments	(72,411)	(194,447)
Net cash generated from operating activities	<u>(261,332)</u>	<u>90,722</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	(432,499)	(334,813)
Purchase of tangible fixed assets	(160,362)	(67,103)
Purchase of unlisted and other investments	(18,000)	-
Interest received	5,359	-
Net cash from investing activities	<u>(605,502)</u>	<u>(401,916)</u>
Net (decrease) in cash and cash equivalents	<u>(866,834)</u>	<u>(311,194)</u>
Cash and cash equivalents at beginning of year	2,240,533	2,551,727
Cash and cash equivalents at the end of year	<u>1,373,699</u>	<u>2,240,533</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,373,699	2,240,533
	<u>1,373,699</u>	<u>2,240,533</u>

The notes on pages 15 to 35 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 2018

1. General information

Federation of Master Builders Limited is a private company, limited by guarantee, incorporated and domiciled in England and Wales, registration number 00368163. The registered office is Star house, Star Hill, Rochester, Kent, ME1 1UX.

The financial statements are presented in pounds sterling which is the functional currency of the group.

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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The Parent Company is included in the Consolidated Financial Statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the Parent Company Financial Statements have been applied:

- No separate Parent Company Cash Flow Statement with related notes is included;

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The Directors have assessed the appropriateness of the going concern concept in relation to these financial statements and consider that it is fair to prepare the accounts on a going concern basis. This conclusion is based on the Company having sufficient assets to meet its liabilities as they fall due for the twelve months from the date these financial statements are signed.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

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:

Software and Website	-	3 - 5 years
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2.6 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, 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.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	-	15%	Straight line
Office equipment	-	20%	Straight line
Computer equipment	-	33%	Straight line

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 Consolidated 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 Consolidated 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 Investment property

Investment property is carried at fair value determined by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. In the years where professional valuations are not obtained the fair value of the properties is estimated by use of retail office property indices to estimate the value based on the previous professional valuation. The indices used are those for the capital growth percentage of office properties.

No depreciation is provided. Changes in fair value are recognised in the Consolidated statement of comprehensive income.

Properties that are used for both operating and investment purposes are considered to be mixed use properties. The fair value of such properties is split between freehold and investment properties based on the square footage used by staff of the Group and tenants and the headcount.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.10 Debtors

Short term debtors are measured at transaction price, less any 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.

2.11 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.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.12 Financial instruments

The Group only enters into basic financial instrument 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 (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. 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. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 Consolidated 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. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the

FEDERATION OF MASTER BUILDERS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.12 Financial instruments (continued)

difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group 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.

2.13 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.

2.14 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

2.15 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated 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 Group in independently administered funds.

2.16 Interest income

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

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

FEDERATION OF MASTER BUILDERS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

FEDERATION OF MASTER BUILDERS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgments:

Impairment of assets

Determine whether there are indicators of impairment of the company's tangible & intangible assets. Factors taken into consideration in reaching such a decision include economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Useful economic life of assets

Fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing the asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual values consider such things as future market conditions, the remaining life of the asset and projected disposal values.

Estimated provision for insurance claim exposure

A provision has been recognised to estimate the potential exposure arising from claims in relation to the strategic claim policy. The valuation of the provision is based on management's best estimate of the total possible claims under this provision and the likelihood of such claims. Factors taken into consideration in reaching such a decision include the number of claims and total potential costs the company is exposed to.

FEDERATION OF MASTER BUILDERS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

4. Turnover

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

	2018	2017
	£	£
Membership income	3,940,549	3,735,346
Inspection fee and admin income	322,428	243,402
Sponsorship income	56,427	231,671
Other income	257,251	133,673
Premiums	600,395	517,385
	<u>5,177,050</u>	<u>4,861,477</u>

Analysis of turnover by country of destination:

	2018	2017
	£	£
United Kingdom	5,177,050	4,861,477
	<u>5,177,050</u>	<u>4,861,477</u>

All turnover arose within the United Kingdom.

5. Operating loss

The operating loss is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets	75,048	81,564
Amortisation of intangible assets	61,875	54,368
Other operating lease rentals	67,183	41,031
Defined contribution pension cost	200,089	189,822
	<u>200,089</u>	<u>189,822</u>

FEDERATION OF MASTER BUILDERS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

6. Auditors' remuneration

	2018 £	2017 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>16,600</u>	<u>15,800</u>
Fees payable to the Group's auditor and its associates in respect of:		
Fees payable to the Group's auditor in respect of taxation compliance services	3,350	3,150
Fees payable to the Group's auditor in respect of other services	<u>14,000</u>	<u>-</u>

7. Employees

Staff costs were as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Wages and salaries	2,212,528	1,975,184	1,841,561	1,649,208
Social security costs	229,106	214,396	192,172	182,299
Cost of defined contribution scheme	200,089	189,822	170,164	163,279
	<u>2,641,723</u>	<u>2,379,402</u>	<u>2,203,897</u>	<u>1,994,786</u>

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

	Group 2018 No.	Group 2017 No.	Company 2018 No.	Company 2017 No.
Average number of employees	<u>62</u>	<u>60</u>	<u>48</u>	<u>49</u>

8. Directors' and Key Management Personnels' remuneration

During the year, the directors of the company received emoluments of £10,000 (2017: £10,000) and Group: £89,987 (2017: £83,148).

During the year the key management personnel of the company received emoluments of £402,147 (2017: £437,612) and Group £492,134 (2017: £513,701).

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9. Income from investments

	2018 £	2017 £
Income from fixed asset investments	205,734	201,490
	<u>205,734</u>	<u>201,490</u>

10. Interest receivable

	2018 £	2017 £
Other interest receivable	5,359	170
	<u>5,359</u>	<u>170</u>

11. Taxation

	2018 £	2017 £
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	(6,286)	-
Total deferred tax	<u>(6,286)</u>	<u>-</u>
Taxation on (loss)/profit on ordinary activities	<u>(6,286)</u>	<u>-</u>

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11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
(Loss)/profit on ordinary activities before tax	(191,036)	30,800
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	(36,297)	5,929
Effects of:		
Fixed asset differences	-	1,785
Movement in deferred tax	5,661	(10,767)
Expenses not deductible for tax purposes	4,905	8,041
Non-taxable income less expenses not deductible for tax purposes	(13,758)	(37,431)
Chargeable gains/(losses)	28,379	40,749
Other differences leading to an increase (decrease) in the tax charge	4,824	(8,306)
Total tax charge for the year	(6,286)	-

Factors that may affect future tax charges

There are losses carried forward of £906,940 (2017: £1,207,228) which can be held against future trading surplus.

No deferred tax asset has been recognised in relation to these losses due to the uncertainty of future profits.

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12. Intangible assets

Group

	CRM System £	Software and Website £	Total £
Cost			
At 1 January 2018	289,920	215,010	504,930
Additions	350,117	82,382	432,499
At 31 December 2018	<u>640,037</u>	<u>297,392</u>	<u>937,429</u>
Amortisation			
At 1 January 2018	-	79,898	79,898
Charge for the year	-	61,875	61,875
At 31 December 2018	<u>-</u>	<u>141,773</u>	<u>141,773</u>
Net book value			
At 31 December 2018	<u>640,037</u>	<u>155,619</u>	<u>795,656</u>
At 31 December 2017	<u>289,920</u>	<u>135,112</u>	<u>425,032</u>

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12. Intangible assets (continued)

Company

	CRM System	Computer	Total
	£	software	£
		£	
Cost			
At 1 January 2018	289,920	67,045	356,965
Additions	350,117	-	350,117
At 31 December 2018	<u>640,037</u>	<u>67,045</u>	<u>707,082</u>
Amortisation			
At 1 January 2018	-	15,420	15,420
Charge for the year	-	11,470	11,470
At 31 December 2018	<u>-</u>	<u>26,890</u>	<u>26,890</u>
Net book value			
At 31 December 2018	<u>640,037</u>	<u>40,155</u>	<u>680,192</u>
At 31 December 2017	<u>289,920</u>	<u>51,625</u>	<u>341,545</u>

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13. Tangible fixed assets

Group

	Freehold property £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2018	4,764,175	109,200	126,191	196,244	5,195,810
Additions	52,745	95,346	4,836	7,435	160,362
Revaluations	149,362	-	-	-	149,362
At 31 December 2018	<u>4,966,282</u>	<u>204,546</u>	<u>131,027</u>	<u>203,679</u>	<u>5,505,534</u>
Depreciation					
At 1 January 2018	-	40,165	72,000	152,348	264,513
Charge for the year on owned assets	-	23,557	21,871	29,620	75,048
At 31 December 2018	<u>-</u>	<u>63,722</u>	<u>93,871</u>	<u>181,968</u>	<u>339,561</u>
Net book value					
At 31 December 2018	<u>4,966,282</u>	<u>140,824</u>	<u>37,156</u>	<u>21,711</u>	<u>5,165,973</u>
At 31 December 2017	<u>4,764,175</u>	<u>69,035</u>	<u>54,191</u>	<u>43,896</u>	<u>4,931,297</u>

The net book value of land and buildings may be further analysed as follows:

	2018 £	2017 £
Freehold	<u>4,966,282</u>	<u>4,764,175</u>
	<u>4,966,282</u>	<u>4,764,175</u>

The book cost of the buildings, including mixed property component included in investment properties is £3,298,000.

The land and buildings were revalued on 31 July 2017 by Cluttons LLP on an open market existing use basis. This valuation was then used to estimate the fair value as at 31 December 2018 based on the capital growth percentage for commercial office buildings. The Directors are satisfied that the carrying amount of Land and Buildings as at 31 December 2018 is materially consistent with fair value of the Land and Buildings revalued on 31 July 2017.

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13. Tangible fixed assets (continued)

Company

	Freehold property £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
At 31 December 2017					
At 1 January 2018	4,764,175	80,023	85,522	196,244	5,125,964
Additions	52,745	73,865	395	7,435	134,440
Revaluations	149,362	-	-	-	149,362
At 31 December 2018	<u>4,966,282</u>	<u>153,888</u>	<u>85,917</u>	<u>203,679</u>	<u>5,409,766</u>
Depreciation					
At 1 January 2018	-	28,120	44,481	152,348	224,949
Charge for the year on owned assets	-	16,627	12,883	29,620	59,130
At 31 December 2018	<u>-</u>	<u>44,747</u>	<u>57,364</u>	<u>181,968</u>	<u>284,079</u>
Net book value					
At 31 December 2018	<u>4,966,282</u>	<u>109,141</u>	<u>28,553</u>	<u>21,711</u>	<u>5,125,687</u>
At 31 December 2017	<u>4,764,175</u>	<u>51,903</u>	<u>41,041</u>	<u>43,896</u>	<u>4,901,015</u>

The book cost of the buildings, including mixed property component included in investment properties is £3,298,000.

The land and buildings were revalued on 31 July 2017 by Cluttons LLP on an open market existing use basis. This valuation was then used to estimate the fair value as at 31 December 2018 based on the capital growth percentage for commercial office buildings. The Directors are satisfied that the carrying amount of Land and Buildings as at 31 December 2018 is materially consistent with fair value of the Land and Buildings revalued on 31 July 2017.

The net book value of land and buildings may be further analysed as follows:

	2018 £	2017 £
Freehold	<u>4,966,282</u>	<u>4,764,175</u>
	<u>4,966,282</u>	<u>4,764,175</u>

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14. Fixed asset investments

Group

	Unlisted investments £
Cost or valuation	
Additions	18,000
At 31 December 2018	<u>18,000</u>

15. Investment property

Group

	Freehold investment property £
Valuation	
At 1 January 2018	2,335,825
Surplus on revaluation	72,411
At 31 December 2018	<u><u>2,408,236</u></u>

The last valuations were made by Cluttons LLP on 31 July 2017, on an open market value for existing use basis.

This valuation was then used to estimate the fair value as at 31 December 2018 using indices for the capital growth percentage for commercial office buildings. The Directors are satisfied that the carrying amount of investment property as at 31 December 2018 is materially consistent with fair value of investment property valued at 31 July 2017.

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15. Investment property (continued)

Company

	Investments in subsidiary companies £	Freehold investment property £	Total £
Valuation			
At 1 January 2018	6,104	2,335,825	2,341,929
Disposals	(1,102)	-	(1,102)
Surplus on revaluation	-	72,411	72,411
At 31 December 2018	5,002	2,408,236	2,413,238

The last valuations were made by Cluttons LLP on 31 July 2017, on an open market value for existing use basis.

Three dissolved subsidiaries were deconsolidated in the prior year and have been disposed of in these financial statements.

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16. Debtors

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Trade debtors	279,610	<i>147,266</i>	124,128	<i>65,378</i>
Amounts owed by group undertakings	-	-	422,128	<i>369,340</i>
Other debtors	88,417	<i>85,528</i>	27,074	<i>31,306</i>
Prepayments and accrued income	289,978	<i>349,567</i>	149,735	<i>197,428</i>
	658,005	<i>582,361</i>	723,065	<i>663,452</i>

17. Cash and cash equivalents

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Cash at bank and in hand	1,373,699	<i>2,240,533</i>	913,147	<i>1,752,913</i>
	1,373,699	<i>2,240,533</i>	913,147	<i>1,752,913</i>

18. Creditors: Amounts falling due within one year

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Trade creditors	164,318	<i>134,613</i>	152,611	<i>129,392</i>
Corporation tax	-	<i>439</i>	-	-
Other taxation and social security	145,196	<i>180,613</i>	145,196	<i>180,613</i>
Other creditors	379,691	<i>338,683</i>	50,879	<i>45,818</i>
Accruals and deferred income	1,185,776	<i>1,274,437</i>	1,049,069	<i>1,129,026</i>
	1,874,981	<i>1,928,785</i>	1,397,755	<i>1,484,849</i>

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19. Financial instruments

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Financial assets				
Financial assets measured at fair value through profit or loss	1,391,699	<i>2,240,533</i>	913,147	<i>1,752,913</i>
Financial assets that are debt instruments measured at amortised cost	368,027	<i>232,794</i>	573,330	<i>466,025</i>
	<u>1,759,726</u>	<i><u>2,473,327</u></i>	<u>1,486,477</u>	<i><u>2,218,938</u></i>
Financial liabilities				
Financial liabilities measured at amortised cost	(544,010)	<i>(473,296)</i>	(203,491)	<i>(175,211)</i>

Financial assets measured at fair value through profit or loss for the Group comprise cash and cash equivalents of £1,373,699 (2017: £2,240,533) and for the Company £913,147 (2017: £1,752,913)

Financial assets that are debt instruments measured at amortised cost for the Group comprise trade debtors of £279,610 (2017: £147,266) and other debtors £88,417 (2017: £85,528).

Financial assets that are debt instruments measured at amortised cost for the Company comprise trade debtors of £124,128 (2017: £65,378), other debtors £27,074 (2017: £31,306) and amounts owed by group undertakings £422,128 (2017: £369,340).

Financial liabilities measured at amortised cost for the Group comprise trade creditors £164,318 (2017: £134,613) and other creditors £379,692 (2017: £338,683).

Financial liabilities measured at amortised cost for the Company comprise trade creditors £152,611 (2017: £129,392), other creditors £50,880 (2017: £45,818) and amounts owed by group undertakings £nil (2017: £nil).

20. Deferred taxation

Group

	2018 £
At beginning of year	(296,609)
Movement in the year	6,286
At end of year	<u>(290,323)</u>

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20. Deferred taxation (continued)

Company

	2018
	£
At beginning of year	(296,609)
Movement in the year	6,286
At end of year	(290,323)

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Tax losses carried forward	(290,323)	<i>(296,609)</i>	(290,323)	<i>(296,609)</i>
	(290,323)	<i>(296,609)</i>	(290,323)	<i>(296,609)</i>

21. Pension commitments

The Company operates a defined pension scheme and the pension charge, £170,164 (2017 - £163,279) represents the amounts payable by the company to the fund in respect of the year.

22. Commitments under operating leases

At 31 December 2018 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Not later than 1 year	36,078	<i>40,364</i>	5,502	<i>9,788</i>
Later than 1 year and not later than 5 years	52,556	<i>48,835</i>	37,268	<i>2,594</i>
	88,634	<i>89,199</i>	42,770	<i>12,382</i>

23. Related party transactions

Payments to the Directors as remuneration, which qualify as related party transactions are disclosed in note 8.

Peter Matson, a director of the company, charged FMB Insurance Services Limited £30,000 (2017 - £30,000) for management consultancy work. The amount due at the year-end by FMB Insurance Services Limited was £2,500 (2017 - £5,000).

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24. Controlling party

The directors believe that the ultimate controlling party is the members of the Federation of Master Builders.