

# Form AR27

## Trade Union and Labour Relations (Consolidation) Act 1992

### Annual Return for an Employers' Association

Name of Employers' Association:	The National Hair & Beauty Federation				
Year ended:	31st December 2019				
List No:	CO/70E				
Head or Main Office:	One Abbey Court				
	Fraser Road				
	Priory Business Park				
	Bedford				
Postcode	MK44 3WH				
Website address (if available)	www.nhbf.co.uk				
Has the address changed during the year to which the return relates?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	('X' in appropriate box)
General Secretary:	Hilary Hall				
Contact name for queries regarding the completion of this return:	Kishon Mather				
Telephone Number:	01234 834382				
E-mail:	kishon.mather@nhbf.co.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 1093602

You should sent the annual return to the following address stating the name of the union in subject:

For Employers' Associations based in England and Wales: [returns@certoffice.org](mailto:returns@certoffice.org)

For Employers' Associations based in Scotland: [ymw@tcyoung.co.uk](mailto:ymw@tcyoung.co.uk)

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## 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
5,361	26	1	8	5,396

## 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
Honourary Treasurer	Paul Curry	N/A Position removed	12 May 2019
Board Member	Roy Sparkes	Tom Robinson	12 May 2019
Board Member	Julie Wells	Carolyn Sweeney	12 May 2019
Board Member	N/A New position	Stephanie Stevenson	12 May 2019

# Officers in post

(see note 10)

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

Name of Officer	Position held
Ian Egerton	President
Steven Scarr	Vice President
Agnes Leonard	Immediate Past President
Eileen Clough	Board Member
Mark Coray	Board Member
Joe Cownley	Board Member
Kevin Huggins	Board Member
Amanda Lodge Stewart	Board Member
Adrian Ball	Board Member
Marc McCune	Board Member
Tom Robinson	Board Member
Carolyn Sweeney	Board Member
Stephanie Stevenson	Board Member

## Revenue Account / General Fund

(see notes 11 to 16)

Previous Year			£	£
	<b>Income</b>			
	From Members	Subscriptions, levies, etc	1,343,107	1,343,107
	Investment income	Interest and dividends (gross)		
		Bank interest (gross)	90,553	90,553
		Other (specify)		
		Total Investment Income	90,553	90,553
	Other Income	Rents received		
		Insurance commission	105,006	105,006
		Consultancy fees		
		Publications/Seminars	34,017	34,017
		Miscellaneous receipts (specify)		
		Sales to members	25,409	25,409
		Advertising & Sponsorship	41,841	41,841
		Sundry income	28,501	28,501
		Investment Gains & Share movements	353,781	353,781
		Total of other income		588,555
		<b>Total income</b>		<b>2,022,215</b>
		<b>Interfund Transfers IN</b>		
	<b>Expenditure</b>			
	Administrative expenses	Remuneration and expenses of staff	567,847	567,847
		Occupancy costs	39,271	39,271
		Printing, Stationery, Post	49,799	49,799
		Telephones	14,639	14,639
		Legal and Professional fees	31,959	31,959
		Miscellaneous (specify)		
		Honoraria	8,615	8,615
		Office Equipment Charges	48,390	48,390
		Travel, publicity & promotion	305,240	305,240
		Total of Admin expenses		1,065,760
	Other Charges	Bank charges	24,224	24,224
		Depreciation	45,092	45,092
		Sums written off		
		Affiliation fees	12,017	12,017
		Donations		
		Conference and meeting fees	56,729	56,729
		Expenses		
		Miscellaneous (specify)		
		Competition expenses	120,790	120,790
		Direct Membership Services	240,417	240,417
		Sundry & Admin charges	4,048	4,048
		Total of other charges		503,317
		Taxation	10,668	10,668
		<b>Total expenditure</b>		<b>1,579,745</b>
		<b>Interfund Transfers OUT</b>		
		Surplus/Deficit for year		442,470
		Amount of fund at beginning of year		3,397,501
		Amount of fund at end of year		3,839,971



**Accounts other than Revenue Account/General Fund**

(see notes 17 to 18)

Account 4		Fund Account	
Name of account:		£	£
<b>Income</b>			
From members			
Investment income			
Other income (specify)			
		<b>Total Income</b>	
<b>Interfund Transfers IN</b>			
<b>Expenditure</b>			
Administrative expenses			
Other expenditure (specify)			
		<b>Total Expenditure</b>	
<b>Interfund Transfers OUT</b>			
			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:		£	£
<b>Income</b>			
From members			
Investment income			
Other income (specify)			
		<b>Total Income</b>	
<b>Interfund Transfers IN</b>			
<b>Expenditure</b>			
Administrative expenses			
Other expenditure (specify)			
		<b>Total Expenditure</b>	
<b>Interfund Transfers OUT</b>			
			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 Revenue Account/General Fund**

(see notes 17 to 18)

Account 6		Fund Account	
Name of account:		£	£
<b>Income</b>			
From members			
Investment income			
Other income (specify)			
		<b>Total Income</b>	
<b>Interfund Transfers IN</b>			
<b>Expenditure</b>			
Administrative expenses			
Other expenditure (specify)			
		<b>Total Expenditure</b>	
<b>Interfund Transfers OUT</b>			
		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:		£	£
<b>Income</b>			
From members			
Investment income			
Other income (specify)			
		<b>Total Income</b>	
<b>Interfund Transfers IN</b>			
<b>Expenditure</b>			
Administrative expenses			
Other expenditure (specify)			
		<b>Total Expenditure</b>	
<b>Interfund Transfers OUT</b>			
		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 2019 ]**

(see notes 19 and 20)

Previous Year		£	£
382,361	<b>Fixed Assets</b> (as at Page 8)	339,584	339,584
	<b>Investments</b> (as per analysis on page 9)		
2,475,068	Quoted (Market value £ ) as at Page 9		2,885,780
503,171	Unquoted (Market value £ ) as at Page 9		512,058
3,360,600	<b>Total Investments</b>	3,397,838	3,397,838
	<b>Other Assets</b>		
62,797	Sundry debtors	117,342	117,342
52,799	Cash at bank and in hand	61,481	61,481
	Stocks of goods		
	Others (specify)		
270,199	Short Term Deposits	283,396	
385,795	<b>Total of other assets</b>	462,219	462,219
	<b>Total Assets</b>		4,199,641
3,397,501	Revenue Account/ General Fund	3,839,971	
	Revaluation Reserve		
	<b>Liabilities</b>		
	Sundry Creditors	59,574	
	Other	300,096	
	<b>Total Liabilities</b>		359,670
	<b>Total Assets</b>		4,199,641

## Fixed Assets account

(see note 21)

	Land and Buildings	Fixtures & Fittings	Motor Vehicles & Equipment	Total £
<b>Cost or Valuation</b>				
At start of period	334,964	47,397		382,361
Additions during period		2,316		2,316
Less: Disposals				
Less: Depreciation	-9,876	-35,217		-45,093
Total to end of period	325,088	14,496		339,584
<b>Book Amount</b> at end of period	325,088	14,496		339,584
Freehold	325,088			325,088
Leasehold (50 or more years unexpired)				
Leasehold (less than 50 years unexpired)				
<b>Total of Fixed Assets</b>	325,088	14,496		339,584

# Analysis of Investments

(see note 22)

Quoted		Other Funds
	British Government & British Government Guaranteed Securities	2,885,780
	British Municipal and County Securities	
	Other quoted securities (to be specified)	
	<b>Total Quoted (as Balance Sheet)</b>	<b>2,885,780</b>
	Market Value of Quoted Investments	
<b>Unquoted</b>	British Government Securities	
	British Municipal and County Securities	
	Mortgages	
	Other unquoted investments (to be specified)	
	Bank	512,051
	World Hair Ltd	1
	Prior Park Management Ltd	6
	<b>Total Unquoted (as Balance Sheet)</b>	<b>512,058</b>
	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 note 23)

Does the association, or any constituent part of the association, have a controlling interest in any limited company?

Yes		No	<b>X</b>
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If Yes name the relevant companies:

Company name	Company registration number (if not registered in England & Wales, state where registered)
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### Incorporated Employers' Associations

Are the shares which are controlled by the association registered in the association's name

Yes		No	<b>X</b>
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If NO, please state the names of the persons in whom the shares controlled by the association are registered.

Company name	Names of shareholders
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### Unincorporated Employers' Associations

Are the shares which are controlled by the association registered in the names of the association's trustees?

Yes		No	<b>X</b>
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If NO, state the names of the persons in whom the shares controlled by the association are registered.

Company name	Names of shareholders
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## Summary Sheet

(see notes 24 to 33)

	All Funds	Total Funds
	£	£
<b>Income</b>		
From Members	1,343,107	1,343,107
From Investments	90,553	90,553
Other Income (including increases by revaluation of assets)	588,555	588,555
<b>Total Income</b>	<b>2,022,215</b>	<b>2,022,215</b>
<b>Expenditure</b> (including decreases by revaluation of assets)		
<b>Total Expenditure</b>	<b>1,579,745</b>	<b>1,579,745</b>
<b>Funds at beginning of year</b> (including reserves)	3,397,501	3,397,501
<b>Funds at end of year</b> (including reserves)	3,839,971	3,839,971
<b>ASSETS</b>		
Fixed Assets		339,584
Investment Assets		3,397,838
Other Assets		462,219
<b>Total Assets</b>		<b>4,199,641</b>
<b>Liabilities</b>		
<b>Total Liabilities</b>		<b>359,670</b>
<b>Net Assets (Total Assets less Total Liabilities)</b>		<b>3,839,971</b>

## Notes to the accounts

(see note 34)

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

As detailed on pages 15 to 21 within the enclosed accounts.

# Accounting policies

(see notes 35 & 36)

As detailed on pages 15 - 17 within the enclosed accounts.

## Signatures to the annual return

(see notes 37 and 38)

Including the accounts and balance sheet contained in the return.

Secretary's Signature:	<i>Hilary Hall</i>	Chairman's Signature:	<i>Kishon Mather</i>
			(or other official whose position should be stated)
Name:	Hilary Hall	Name:	Kishon Mather (Finance Director)
Date:	18/08/20	Date:	18/08/20

## Checklist

(see note 39)

(please enter 'X' as appropriate)

Is the return of officers attached? (see Page 2)	Yes		No	
Has the list of officers been completed? (see Page 2A)	Yes		No	
Has the return been signed? (see Note 37)	Yes		No	
Has the auditor's report been completed? (see Note 41)	Yes		No	
Is the rule book enclosed? (see Note 39)	Yes		No	
Has the summary sheet been completed? (see Notes 6 and 24 to 33)	Yes		No	

## Checklist for auditor's report

(see notes 41 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.

2. 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)

Please explain in your report overleaf or attached.

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)

As detailed on pages 8 - 11 within the enclosed accounts

Signature(s) of auditor or auditors:



Name(s):

Alan Endersby

Profession(s) or Calling(s):

ACA (Senior Statutory Auditor)

Address(es)

For and on behalf of  
 Streets Audit LLP  
 Chartered accountants & statutory auditor  
 Potton House, Wyboston Lakes Great North Road  
 Wyboston, Bedfordshire  
 MK44 3BZ

Date:

16/07/20

Contact name for enquiries and telephone number:

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

**National Hair & Beauty Federation Limited (formerly National  
Hairdressers' Federation Limited)**

**Financial Statements**

**For the year ended**

**31 December 2019**

# **National Hair & Beauty Federation Limited (formerly National Hairdressers' Federation Limited)**

## **Financial Statements**

**Year ended 31 December 2019**

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# **National Hair & Beauty Federation Limited (formerly National Hairdressers' Federation Limited)**

## **Officers and Professional Advisers**

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### **NHBF board**

I Egerton - President  
A Lodge-Stewart - Vice President  
A Leonard  
E Clough  
M Coray  
J Cownley  
K Huggins  
A Ball  
M McCune  
T Robinson  
C Sweeney  
S Stevenson

### **Secretary**

H Hall - Chief Executive Officer

### **Registered office**

One Abbey Court  
Fraser Road  
Priory Business Park  
Bedford  
MK44 3WH

### **Auditor**

Streets Audit LLP  
Chartered accountants & statutory auditor  
Potton House  
Wyboston Lakes  
Great North Road  
Wyboston  
Bedfordshire  
MK44 3BZ

### **Bankers**

Lloyds  
34 High Street  
Bedford  
Bedfordshire  
MK40 1SB

# **National Hair & Beauty Federation Limited (formerly National Hairdressers' Federation Limited)**

## **NHBF Board Report**

**Year ended 31 December 2019**

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The officers present their report and the financial statements of the Federation for the year ended 31 December 2019.

### **Principal activities**

The Federation is the largest organisation representing the owners of hairdressing salons, barber shops and beauty salons in Great Britain, as well as self-employed hairdressers, barbers and beauty therapists working in salons, plus educators and other parties with an interest in the sector. Membership is open to individuals, partners, directors and all those who meet the above criteria. A range of benefits and services are provided by a professional secretariat.

### **Constitution**

The National Hair & Beauty Federation Limited is incorporated under the Co-operative and Community Benefit Societies Act 2014. It is also registered as an Employer Association with the Trade Union and Employers' Association certification offices in England and Wales and Northern Ireland.

### **Officers**

The officers who served the federation during the year were as follows:

I Egerton - President	
A Lodge-Stewart - Vice President	(Appointed 17 August 2020)
S Scarr - Vice President	(Resigned 17 August 2020)
A Leonard	
E Clough	
M Coray	
J Cownley	
K Huggins	
A Ball	
M McCune	
T Robinson	(Appointed 12 May 2019)
C Sweeney	(Appointed 12 May 2019)
S Stevenson	(Appointed 12 May 2019)
P Curry	(Resigned 12 May 2019)
R Sparkes	(Resigned 12 May 2019)
J Wells	(Resigned 12 May 2019)

# **National Hair & Beauty Federation Limited (formerly National Hairdressers' Federation Limited)**

## **NHBF Board Report** *(continued)*

**Year ended 31 December 2019**

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### **Structure, governance and management**

The Federation is governed by the Board and it conducts the general affairs of the Federation, subject to the approval of the members, as provided in the Federation rules.

The Board comprises a President, Vice-President, Honorary Treasurer and representatives from the Regions. The President and Vice-President are appointed by the Board at the Annual General Meeting. In May 2019 there was a structure change removing the role of the Honorary Treasurer which was approved at the Annual General Meeting by a members vote. Board members receive a monthly update of all the NHBF financial activities.

The day-to-day management of the Federation is delegated to the Chief Executive Officer, who is appointed by the Board.

The Board is supported by one sub-committee which is the Remuneration Committee. The committee is made up of Ian Egerton (chair), Steven Scarr, Agnes Leonard (former chair), Kevin Huggins and Mark Coray.

Sub-committee appointments for 2019/20 - were confirmed at the Board meeting on 12 May 2019.

### **Members**

In accordance with the Federation's rules, each Member is entitled to one share only in the Federation which confers on them the right to vote at any meeting. The shares cannot be transferred, redeemed or withdrawn. Upon a Member ceasing to be a Member of the Federation, their share is cancelled and the amount subscribed becomes the property of the Federation.

# **National Hair & Beauty Federation Limited (formerly National Hairdressers' Federation Limited)**

## **NBHF Board Report** *(continued)*

**Year ended 31 December 2019**

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### **Review of activities during the year**

#### **A year of developing future strategy**

In 2018 we set up the National Beauty Federation (NBF) which led to significant growth of beauty salon membership in 2019. We consulted with Members about bringing the NHF and the NBF together and changing our name to the National Hair & Beauty Federation (NHBF). This was approved by Members at an Extraordinary General Meeting in October 2019. Preparations were made to update and rebrand 2020 membership materials with the new NHBF logo.

The Board and the NHBF team have worked hard to develop a new three-year strategy for 2020-2022, building on the success of the previous three-year strategy. As well as recruitment, our strategy will focus on increasing member retention. We have agreed a number of initiatives which will be implemented in 2020 to deliver great value for our Members, saving them time and money.

In 2019 the NHBF had the following objectives.

#### **Increase membership**

We saw growth in our beauty salon membership and also in group membership following the introduction of a new sliding scale of membership subscriptions making it more cost-effective to include all salons within the group.

In order to raise our profile, meet salon owners and recruit them as Members, we were exhibitors at a number of major shows including Pro Hair Live, Barbers Connect and Salon Smart.

#### **Events**

During 2019 the Federation ran a busy programme of events including business and creative events. We introduced webinars into the programme to make it more convenient for Members to attend at a time to suit them.

We also held the NHBF Business Awards in London in November, Community Awards event at the House of Commons in May and our first stakeholder event in London in November.

#### **Developing membership services**

In 2019 we switched the production of our Member magazine, salonfocus, to Redactive. The new format, look and feel have been very popular with Members. We were delighted to win the very hotly contested category 'Magazine of the Year' at the Trade Association Forum Awards in May.

During 2019 we completed our first year audit as a certified provider of Alternative Dispute Resolution (ADR), Hair & Beauty Mediation. We also launched the NHBF Guide for beauty salons on allergy alert testing and skin sensitivity testing.

#### **Raising the NHBF's profile and influence**

We developed new branding to support the launch of the newly formed National Hair & Beauty Federation (NHBF) in October 2019. We held our most successful Business Awards event yet at the St Pancras Renaissance Hotel in London in November 2019. The sell-out event attracted 250 guests.

We held our first stakeholder event in November 2019 to share what we do with the wider hair and beauty industry, and to give them an opportunity to share their views and contribute to the debate on key campaigning topics.

We regularly feature in the trade press: HJ, Professional Beauty, Modern Barber, Scratch magazine, Salon Magazine and Professional Salon and Spa Magazine with a mix of editorial, advertorials and comment.

# **National Hair & Beauty Federation Limited (formerly National Hairdressers' Federation Limited)**

## **NHBF Board Report** *(continued)*

### **Year ended 31 December 2019**

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We held our first Community Awards event in 2019. These awards are designed to recognise the contribution hair salons, beauty salons and barbershops make to their local communities and also fundraising for charities. The awards were presented at the House of Commons, attended by the Minister for Small Business, Kelly Tolhurst, and a number of MPs.

#### **Developing the NHBF for growth**

The final strand of our strategy was to continue investing in our CRM system, website and our team so we can grow to meet the changing external environment and the needs of our Members. We continue to invest in our CRM system and also the website to give Members the best online experience possible. We appointed a new Director of Policy & Public Affairs and appointed an external PR agency. Both appointments will give us more resources to support our members with campaigning on the issues which affect their businesses.

#### **Future plans for 2020**

We have developed our strategy for 2020 to 2022, which will continue to focus on membership recruitment and retention, with the introduction of a range of new membership services. We have changed IT providers and will be working on upgrading our IT systems to reduce reliance on aging hardware, move onto the cloud and upgrade our telephony in 2020. We also plan to refurbish the office in Bedford to make provide suitable accommodation for an expanding team.

#### **Financial report**

##### **A year of investing for the future**

In November 2018, the Board approved a budget for 2019 that forecast a deficit of £65,500 for the year ended 31 December 2019. Funds were allocated from reserves to support the development and launch of the National Hair & Beauty Federation.

##### **Results for the period**

During the year ended 31 December 2019, the total income decreased by £23,319 compared to the approved budget. This was due to a lower level of membership income because of the slower growth in membership numbers compared to budgeted for in 2019.

There were reduced costs despite the investment in growing the National Beauty Federation. This resulted in an operating surplus (before tax, depreciation and interest) for the year of £43,228 which was £108,728 higher than the budget deficit (before tax, depreciation and interest). The surplus increased significantly by the performance of the investment portfolio held by the Federation. Gains on investments during the year were £348,385. The net surplus for the Federation for the year ended 31 December 2019 after investment gain was £442,460.

##### **Free reserves**

The Board has examined the requirement for free reserves i.e. those general funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed.

The Board considers that, given the nature of the Federation's work, the level of free reserves should be at least £750,000 at any given time (approximately equivalent to six months' annual expenditure).

This is intended to provide sufficient flexibility to cover any temporary shortfalls in incoming resources due to timing differences in income flows, adequate working capital to cover core costs and will allow the Federation to cope with and respond to unforeseen emergencies whilst specific action plans are implemented.

At 31 December 2019, the free reserves of National Operations were £2,822,171.



# **National Hair & Beauty Federation Limited (formerly National Hairdressers' Federation Limited)**

## **NHBF Board Report** *(continued)*

### **Year ended 31 December 2019**

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Subsequent to the year-end, the UK has experienced a pandemic of the coronavirus. The potential effects to the federation and its future prospects cannot be fully quantified but the board members remain committed to the protection of the federation. This is being regularly reviewed by senior staff and board members. In addition the federation is mindful of the significant ongoing support being offered by the Government. Accordingly the financial statements have been prepared on a going concern basis.

#### **NHBF board's responsibilities statement**

The NHBF Board is responsible for preparing the NHBF Board report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Federation legislation requires the NHBF Board to prepare financial statements for each financial year. Under that law the NHBF Board has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Co-operative and Community Benefit Federation legislation the officers 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 federation and the profit or loss of the federation for that period.

In preparing these financial statements, the NHBF Board are required to:

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

The NHBF Board is responsible for keeping adequate accounting records that are sufficient to show and explain the federation's transactions and disclose with reasonable accuracy at any time the financial position of the federation and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They are also responsible for safeguarding the assets of the federation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Auditor**

Each of the persons who is an officer at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the federation's auditor is unaware; and
- they have taken all steps that they ought to have taken as an officer to make themselves aware of any relevant audit information and to establish that the federation's auditor is aware of that information.

# **National Hair & Beauty Federation Limited (formerly National Hairdressers' Federation Limited)**

## **NHBF Board Report** *(continued)*

**Year ended 31 December 2019**

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This report was approved by the NHBF Board on 13<sup>th</sup> September 2020 and signed on behalf of the board by:

I Egerton  
Chairman

H Hall  
Secretary

A Lodge-Stewart  
Vice Chairman

Registered office:  
One Abbey Court  
Fraser Road  
Priory Business Park  
Bedford  
MK44 3WH

# **National Hair & Beauty Federation Limited (formerly National Hairdressers' Federation Limited)**

## **Independent Auditor's Report to National Hair & Beauty Federation Limited (formerly National Hairdressers' Federation Limited)**

**Year ended 31 December 2019**

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### **Opinion**

We have audited the financial statements of National Hair & Beauty Federation Limited (formerly National Hairdressers' Federation Limited) (the 'federation') for the year ended 31 December 2019 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 federation's affairs as at 31 December 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.
- have been prepared in accordance with the requirements of the Trade Union and Labour relations (Consolidation Act 1992).

### **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 respective responsibilities of NHBF board and auditor section of our report. We are independent of the federation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

- the NHBF Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the NHBF Board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the federation'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.

# **National Hair & Beauty Federation Limited (formerly National Hairdressers' Federation Limited)**

## **Independent Auditor's Report to National Hair & Beauty Federation Limited (formerly National Hairdressers' Federation Limited) *(continued)***

**Year ended 31 December 2019**

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### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The NHBF Board is responsible for the other information. 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.

We have nothing to report in this regard.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the federation and its environment obtained in the course of the audit, we have not identified material misstatements in the NHBF Board report.

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- the federation has not kept proper books of account or has not maintained a satisfactory system of control over its transactions; or
- the financial statements are not in agreement with the federation's books of account; or
- we fail to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

### **Respective responsibilities of the NHBF board and independent accountant**

As explained more fully in the NHBF Board's responsibilities statement, the NHBF Board is 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 NHBF Board determines 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 NHBF Board is responsible for assessing the federation'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 NHBF Board either intend to liquidate the federation or to cease operations, or have no realistic alternative but to do so.

# **National Hair & Beauty Federation Limited (formerly National Hairdressers' Federation Limited)**

## **Independent Auditor's Report to National Hair & Beauty Federation Limited (formerly National Hairdressers' Federation Limited) *(continued)***

**Year ended 31 December 2019**

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### **Respective responsibilities of NHBF board and auditor**

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 auditor's 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the NHBF Board.
- Conclude on the appropriateness of the NHBF Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the federation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the federation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

# **National Hair & Beauty Federation Limited (formerly National Hairdressers' Federation Limited)**

## **Independent Auditor's Report to National Hair & Beauty Federation Limited (formerly National Hairdressers' Federation Limited) *(continued)***

**Year ended 31 December 2019**

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Use of our report**

This report is made solely to the federation, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the federation those matters we are required to state to it 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 federation, for our audit work, for this report, or for the opinions we have formed.

Alan Endersby ACA (Senior Statutory Auditor)

For and on behalf of  
Streets Audit LLP  
Chartered accountants & statutory auditor  
Potton House  
Wyboston Lakes  
Great North Road  
Wyboston  
Bedfordshire  
MK44 3BZ

# National Hair & Beauty Federation Limited (formerly National Hairdressers' Federation Limited)

## Statement of Comprehensive Income

Year ended 31 December 2019

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	Note	2019 £	2018 £
<b>Turnover</b>		1,577,881	1,544,740
Cost of sales		260,187	284,598
<b>Gross profit</b>		1,317,694	1,260,142
Administrative expenses		1,319,559	1,224,710
<b>Operating (loss)/profit</b>		(1,865)	35,432
Income from other fixed asset investments		81,469	77,520
Other interest receivable and similar income		9,084	3,164
<b>Profit before taxation</b>	<b>5</b>	88,688	116,116
Tax on profit		—	—
<b>Profit for the financial year</b>		88,688	116,116
Gains/(losses) on listed investments		348,385	(191,476)
Reanalysis of unpaid share capital from previous years		5,387	—
<b>Other comprehensive income for the year</b>		353,772	(191,476)
<b>Total comprehensive income for the year</b>		442,460	(75,360)

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The notes on pages 15 to 21 form part of these financial statements.

# National Hair & Beauty Federation Limited (formerly National Hairdressers' Federation Limited)

## Statement of Financial Position

31 December 2019

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	6	7,845	38,895
Tangible assets	7	331,739	343,466
Investments	8	3,397,838	2,978,239
		<u>3,737,422</u>	<u>3,360,600</u>
<b>Current assets</b>			
Debtors	9	117,342	62,797
Cash at bank and in hand		344,877	322,998
		<u>462,219</u>	<u>385,795</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>359,670</u>	<u>348,894</u>
<b>Net current assets</b>		<u>102,549</u>	<u>36,901</u>
<b>Total assets less current liabilities</b>		<u>3,839,971</u>	<u>3,397,501</u>
<b>Net assets</b>		<u>3,839,971</u>	<u>3,397,501</u>
<b>Capital and reserves</b>			
Share capital		5,396	5,387
Revaluation fund		672,820	299,895
Tangible fixed asset fund		339,584	382,361
General fund		2,822,171	2,709,858
<b>Members funds</b>		<u>3,839,971</u>	<u>3,397,501</u>

These financial statements have been prepared in accordance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the NHBF Board and authorised for issue on 13<sup>th</sup> September 2020, and are signed on their behalf by:

I Egerton  
Chairman

H Hall  
Secretary

A Lodge Stewart  
Vice Chairman

Registration number: 30905R

The notes on pages 15 to 21 form part of these financial statements.



# National Hair & Beauty Federation Limited (formerly National Hairdressers' Federation Limited)

## Statement of Changes in Equity

Year ended 31 December 2019

	Share capital £	Revaluation fund £	Tangible fixed asset fund £	General fund £	Total £
<b>At 1 January 2018</b>	5,230	507,453	423,839	2,536,339	3,472,861
Profit for the year				116,116	116,116
Other comprehensive income for the year:					
Reallocation of 'Profit for the year' between reserves/funds	–	–	(48,606)	48,606	–
Gains/(losses) on listed investments	–	(179,056)	–	(12,420)	(191,476)
Transfers between reserves/funds	–	(28,502)	7,128	21,374	–
Issue of shares	157	–	–	(157)	–
<b>Total comprehensive income for the year</b>	157	(207,558)	(41,478)	173,519	(75,360)
<b>At 31 December 2018</b>	5,387	299,895	382,361	2,709,859	3,397,502
Profit for the year				88,688	88,688
Other comprehensive income for the year:					
Reallocation of 'Profit for the year' between reserves/funds	–	–	(45,093)	45,093	–
Gains/(losses) on listed investments	–	347,647	–	738	348,385
Transfers between reserves/funds	–	25,278	2,316	(27,594)	–
Reanalysis of unpaid share capital from previous years	–	–	–	5,387	5,387
<b>Total comprehensive income for the year</b>	–	372,925	(42,777)	112,312	442,460
Issue of shares	9	–	–	–	9
<b>Total investments by and distributions to owners</b>	9	–	–	–	9
<b>At 31 December 2019</b>	<u>5,396</u>	<u>672,820</u>	<u>339,584</u>	<u>2,822,171</u>	<u>3,839,971</u>

The notes on pages 15 to 21 form part of these financial statements.

# National Hair & Beauty Federation Limited (formerly National Hairdressers' Federation Limited)

## Notes to the Financial Statements

Year ended 31 December 2019

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### 1. General information

The National Hair and Beauty Federation is a Community Benefit Society and its registered office is One Abbey Court, Fraser Road, Priory Business Park, Bedford, MK44 3WH.

The Federation is principally engaged in the representation of owners of hairdressing salons, barber shops and beauty salons in the United Kingdom.

### 2. Statement of compliance

The financial statements have been prepared in accordance with Section 1A of Financial Reporting Standard 102, the Financial Standard applicable in the United Kingdom and the Republic of Ireland and the Co-operative and Community Benefit Societies Act 2014.

### 3. Accounting policies

#### Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the Federation.

#### Revenue recognition

Membership subscriptions are recognised on an accruals basis over the period of the subscription.

Insurance commission income is recognised in the income and expenditure account on an accruals basis.

All other income is recognised in the income and expenditure account on an accruals basis.

#### Taxation

In accordance with an agreement with HM Revenue & Customs, the charge for taxation is based on the interest receivable, investment income and other non-membership income for the period after deducting allowable expenses.

#### Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged on a straight-line basis over the lease terms.

#### Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses.

# National Hair & Beauty Federation Limited (formerly National Hairdressers' Federation Limited)

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2019

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#### 3. Accounting policies *(continued)*

##### **Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Computer software - 3 years straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

##### **Tangible assets**

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

##### **Depreciation**

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Long leasehold property - 50 years straight line

Office furniture, fittings and equipment - 4 years straight line

Computer equipment - 3 years straight line

##### **Investments**

Non-listed investments are valued at cost with provision being made for any permanent diminution in value. Listed investments and investments whose fair value can be measured reliably are stated at their fair value as at the end of the financial period. Investments in joint ventures are valued at less provision for diminution in value.

##### **Investments in joint ventures**

The shareholding in World Hair Limited represents 50% of the total called up and fully paid ordinary share capital. In accordance with applicable standards, NHBF jointly controls the venture with one or more other entities. None of the entities alone can control this entity but all together can do so and decisions on financial and operating policy essential to the activities, economic performance and financial position of that venture require each venturer's consent. This joint venture has been accounted for as an investment.

# National Hair & Beauty Federation Limited (formerly National Hairdressers' Federation Limited)

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2019

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#### 3. Accounting policies *(continued)*

##### Financial instruments

The Federation only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and other third parties.

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 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 Income and expenditure account.

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 difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Federation would receive for the asset if it were to be sold at the statement of financial position date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position 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.

##### Defined contribution plans

Contributions in respect of defined contribution pension schemes are charged to the income and expenditure account in the period in which they are due to the scheme.

#### 4. Employee numbers

The average number of persons employed by the federation during the year amounted to 14 (2018: 14).

#### 5. Profit before taxation

Profit before taxation is stated after charging:

	2019	2018
	£	£
Amortisation of intangible assets	31,050	31,836
Depreciation of tangible assets	14,043	16,770
Fees payable for the audit of the financial statements	8,500	14,290

# National Hair & Beauty Federation Limited (formerly National Hairdressers' Federation Limited)

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2019

### 6. Intangible assets

	Computer software £
<b>Cost</b>	
At 1 January 2019 and 31 December 2019	94,486
<b>Amortisation</b>	
At 1 January 2019	55,591
Charge for the year	31,050
<b>At 31 December 2019</b>	<u>86,641</u>
<b>Carrying amount</b>	
At 31 December 2019	7,845
At 31 December 2018	<u>38,895</u>

### 7. Tangible assets

	Long leasehold property £	Office furniture, fittings and equipment £	Computer equipment £	<b>Total £</b>
<b>Cost</b>				
At 1 January 2019	493,789	68,886	38,456	601,131
Additions	–	885	1,431	2,316
<b>At 31 December 2019</b>	<u>493,789</u>	<u>69,771</u>	<u>39,887</u>	<u>603,447</u>
<b>Depreciation</b>				
At 1 January 2019	158,825	63,095	35,745	257,665
Charge for the year	9,876	2,139	2,028	14,043
<b>At 31 December 2019</b>	<u>168,701</u>	<u>65,234</u>	<u>37,773</u>	<u>271,708</u>
<b>Carrying amount</b>				
At 31 December 2019	<u>325,088</u>	<u>4,537</u>	<u>2,114</u>	<u>331,739</u>
At 31 December 2018	<u>334,964</u>	<u>5,791</u>	<u>2,711</u>	<u>343,466</u>

# National Hair & Beauty Federation Limited (formerly National Hairdressers' Federation Limited)

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2019

#### 8. Investments

	Listed investments £	Treasurers deposit £	Unlisted investments £	Total £
<b>Market value</b>				
At 1 January 2019	2,324,757	503,164	7	2,827,928
Additions	436,723	8,887	–	445,610
Disposals	(288,717)	–	–	(288,717)
Revaluations	348,385	–	–	348,385
Cash held by investment managers awaiting investment	64,632	–	–	64,632
<b>At 31 December 2019</b>	<u>2,885,780</u>	<u>512,051</u>	<u>7</u>	<u>3,397,838</u>
<b>Carrying amount</b>				
<b>At 31 December 2019</b>	<u>2,885,780</u>	<u>512,051</u>	<u>7</u>	<u>3,397,838</u>
At 31 December 2018	<u>2,475,068</u>	<u>503,164</u>	<u>7</u>	<u>2,978,239</u>

#### Listed investments

Listed investments comprise holdings in UK Government Bonds, Corporate bonds and debt, UK and international equities and unit trusts. These investments are all listed on active markets where directly observable prices are available. The valuation of such investments is based on these available market prices.

#### Treasurers Deposits

Treasurers deposits comprise monies held in long term deposits accruing interest which are held for appreciation.

#### Investments held at valuation

In respect of investments held at valuation, the aggregate cost, depreciation and comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

	Listed investments £	Treasurers deposit £	Unlisted investments £	Total £
<b>At 31 December 2019</b>				
Aggregate cost	2,212,960	512,051	7	2,725,018
Aggregate depreciation	–	–	–	–
<b>Carrying value</b>	<u>2,212,960</u>	<u>512,051</u>	<u>7</u>	<u>2,725,018</u>
<b>At 31 December 2018</b>				
Aggregate cost	2,178,337	503,164	7	2,681,508
Aggregate depreciation	–	–	–	–
<b>Carrying value</b>	<u>2,178,337</u>	<u>503,164</u>	<u>7</u>	<u>2,681,508</u>

# National Hair & Beauty Federation Limited (formerly National Hairdressers' Federation Limited)

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2019

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#### 8. Investments *(continued)*

##### Investments in associates and joint ventures (Unlisted investments)

Priory Park Management Limited:

The investment in Priory Park Management Limited comprises six, fully paid £1 'A' shares representing 9% of the total share capital of the company. The company is responsible for the management of the common areas of the Abbey Court development where the Federation's National Operations is based.

World Hair Limited:

The investment in the joint venture company represents one ordinary, fully paid £1 share in World Hair Limited. This represents 50% of the total called up and fully paid ordinary share capital of the company. The company, which is registered in England and Wales, attends to national and international artistic matters and prepares competition and seminar teams for activity inside and outside Great Britain.

At 31 December 2019, the aggregate of share capital and reserves of World Hair Limited, as shown in the company's financial statements, amounted to £3,566 (2018: £2,586) and the surplus for the year ended 31 December 2019 was £980 (2018: surplus of £26). A Leonard, M Coray and A Lodge-Stewart, who were members of the Board during 2019, were also directors of World Hair Limited during the year.

The federation's share of the joint venture's net assets at 31 December 2019 was as follows:

	2019	2018
	£	£
Share of assets		
Current assets	3,138	2,371
Share of liabilities		
Due within one year	(599)	(278)
Due after one year	(756)	(800)
Share of net assets	<u>1,783</u>	<u>1,293</u>

#### 9. Debtors

	2019	2018
	£	£
Trade debtors	35,474	880
Other debtors	81,868	61,917
	<u>117,342</u>	<u>62,797</u>

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# National Hair & Beauty Federation Limited (formerly National Hairdressers' Federation Limited)

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2019

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### 10. Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	49,669	29,008
Social security and other taxes	9,905	12,283
Other creditors	300,096	307,603
	<u>359,670</u>	<u>348,894</u>

### 11. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2019	2018
	£	£
Not later than 1 year	18,529	5,740
Later than 1 year and not later than 5 years	50,687	17,461
	<u>69,216</u>	<u>23,201</u>

### 12. Pension commitments

The Federation operates a defined contributions scheme. The assets of the scheme are held separately from those of the Federation in a fund administered by trustees. The pension cost charge represents contributions payable by the Federation to the fund and amounted to £63,374 (2018: £38,265). There was £7,074 outstanding payable to the fund at the statement of financial position date (2018: £3,308).

### 13. Related party transactions

16 members (2018: 14) of the Board were reimbursed expenses of £21,242 (2018: £22,621) by the Federation in respect of travel and accommodation costs incurred in attending committee meetings held during the year.

During the year, the Federation traded with ICO Management Serviced Ltd in which board member I Egerton is a director. Total purchases for the year were £504 (2018: £500).

During the year, the Federation traded with Studio 12 Ltd in which board member P Curry (until 12 May 2019) is a director. Total purchases for the year were £500 (2018: £1,000).

The members of the Board are all members of the Federation and pay membership subscriptions to the Federation.

All remunerated members of the Board and certain senior employees who have authority and responsibility for planning, directing, and controlling activities of the Federation are considered to be key management personnel. Total remuneration in respect of these individuals was £358,986 (2018: £236,549).