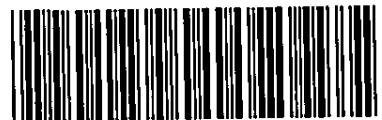


**FEDERATION OF MASTER BUILDERS LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

**Company Number 368163**

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**FEDERATION OF MASTER BUILDERS LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

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<b>CONTENTS</b>	<b>Page</b>
Directors' report	1 - 2
Auditors' report	3
Consolidated profit and loss account	4
Consolidated balance sheet	5
Balance sheet	6
Consolidated cash flow statement	7
Notes to the group cash flow statement	8
Notes to the financial statements	9 - 12

# **FEDERATION OF MASTER BUILDERS LIMITED**

## **REPORT OF THE NATIONAL COUNCIL**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

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The members of National Council are pleased to present their report and the accounts for the year ended 31 December 2007

### **PRINCIPAL ACTIVITIES**

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

### **REVIEW OF BUSINESS**

The combined results for the year of the Federation and its subsidiaries are presented in the Consolidated Profit and Loss Account. Before taxation, the group achieved a net surplus on ordinary activities of £111,064, after taxation, the result was a surplus of £85,867.

The directors are confident about the future prospects of the Federation.

### **RISKS**

The surplus is lower than expected due to provisions made in NRW for Warranty claims that have not as yet been reimbursed. This provision also includes amounts relating to claims for which payments will be made in the future relating to one insurer. Claims relating to this particular insurer remain risky as reimbursement of these claims has not been forthcoming.

### **FINANCIAL INSTRUMENTS**

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

### **FIXED ASSETS**

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

### **DIRECTORS**

The directors who served during the year, being members of the National Council were

A Baker	G E Marjoram
J Barton	D Marriott
D Bentley	P J McGeever
R Billingham	J McKechnie
D G Bostock	G Mellor (appointed 24 May 2007)
J Collins (appointed 11 May 2007, resigned 20 September 2007)	C E Morris
W T D Croft	J Morrison (resigned 31 May 2007)
P J Dancy	A Oldham (resigned 31 May 2007)
J Emanuel (appointed 5 July 2007)	R Pennycook
N Etchells	M J Quickfall
K G R Farnham	H W G Rackham
R W Fulton (deceased)	G Snow
W Gater (resigned 31 March 2008)	R F Storer
J M Gilmour	B J Sutherland
T W Hole	B G Tierney MBE
G H Lister	S Tuthill MBE
J Longworth	J Weightman
C Maclynn	A R Wilson (resigned 31 May 2007)

Messrs P Harris, J Henderson, A C Nash and D Stowell were appointed on 24 April 2008

# **FEDERATION OF MASTER BUILDERS LIMITED**

## **REPORT OF THE NATIONAL COUNCIL (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

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### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to,

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

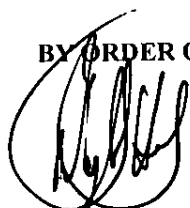
So far as each of the directors is aware at the time the report is approved

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

### **AUDITORS**

A resolution appointing haysmacintyre will be proposed at the AGM in accordance with S385(2) of the Companies Act 1985

**BY ORDER OF THE NATIONAL COUNCIL**



N A Haji  
Company Secretary

9 June 2008

Registered Office

Gordon Fisher House  
14/15 Great James Street  
London  
WC1N 3DP

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

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We have audited the financial statements of Federation of Master Builders Limited for the year ended 31 December 2007 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated Balance Sheet, the Parent Company Balance Sheet, the Group Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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.

**Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

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

**Basis of audit opinion**

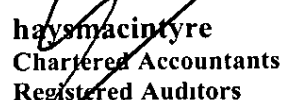
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

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

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group and the company's affairs as at 31 December 2007 and of the group's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

  
**Haysmacintyre**  
Chartered Accountants  
Registered Auditors

9 June 2008

**Fairfax House**  
15 Fulwood Place  
London  
WC1V 6AY

**FEDERATION OF MASTER BUILDERS LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	2007 £	2006 £
<b>TURNOVER</b>	2	4,825,149	4,753,716
Less Cost of sales		(536,336)	(528,124)
<b>GROSS PROFIT</b>		4,288,813	4,225,592
Less Administrative expenses		(4,370,004)	(4,369,042)
<b>OPERATING LOSS</b>	3	(81,191)	(143,450)
Rent receivable		114,055	95,821
Investment income		78,200	48,568
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		111,064	939
Tax on ordinary activities	5	(25,197)	(13,270)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</b>		£85,867	£(12,331)

There were no discontinued operations during the year

The group has no recognised gains or losses other than the profit for the year

**FEDERATION OF MASTER BUILDERS LIMITED**

**CONSOLIDATED BALANCE SHEET**

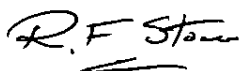
**AS AT 31 DECEMBER 2007**

	<b>Note</b>	<b>2007 £</b>	<b>2006 £</b>
<b>TANGIBLE FIXED ASSETS</b>	6	4,394,646	4,318,515
<b>CURRENT ASSETS</b>			
Debtors	8	501,102	451,177
Cash at bank and in hand		1,599,537	1,337,291
		<u>2,100,639</u>	<u>1,788,468</u>
<b>CREDITORS: amounts falling due within one year</b>	9	(2,308,716)	(2,006,281)
<b>NET CURRENT LIABILITIES</b>		<u>(208,077)</u>	<u>(217,813)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>£4,186,569</u>	<u>£4,100,702</u>
<b>Representing</b>			
Revaluation reserve	10	509,090	509,090
Profit and loss account	11	3,677,479	3,591,612
		<u>£4,186,569</u>	<u>£4,100,702</u>

The financial statements were approved and authorised for issue by the National Council on 9 June 2008 and were signed below on its behalf by



G Lister  
Director



R F Storer  
Director

**FEDERATION OF MASTER BUILDERS LIMITED**

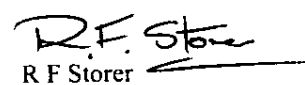
**PARENT COMPANY BALANCE SHEET**

**AS AT 31 DECEMBER 2007**

	Note	2007 £	2006 £
<b>FIXED ASSETS</b>			
Tangible assets	6	4,394,646	4,318,515
Investments	7	6,102	6,102
		<u>4,400,748</u>	<u>4,324,617</u>
<b>CURRENT ASSETS</b>			
Debtors	8	442,138	420,101
Cash at bank and in hand		1,590,324	1,248,706
		<u>2,032,462</u>	<u>1,668,807</u>
<b>CREDITORS</b> amounts falling due within one year	9	(2,386,289)	(2,850,702)
<b>NET CURRENT LIABILITIES</b>		<u>(353,827)</u>	<u>(1,181,895)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>£4,046,921</u>	<u>£3,142,722</u>
<b>Representing</b>			
Revaluation reserve	10	509,090	509,090
Profit and loss account	11	3,537,831	2,633,632
		<u>£4,046,921</u>	<u>£3,142,722</u>

The financial statements were approved and authorised for issue by the National Council on 9 June 2008 and were signed below on its behalf by

  
G Lister  
Director

  
R F Storer  
Director



**FEDERATION OF MASTER BUILDERS LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

	Notes	2007 £	2006 £
<b>Operating loss per accounts</b>		(81,191)	(143,450)
Depreciation		140,600	124,363
		<u>59,409</u>	<u>(19,087)</u>
Movement in debtors	(34,598)		(48,726)
Movement in creditors	281,235		289,576
Profit on disposal of fixed assets	-		(10,750)
		<u>246,637</u>	<u>230,100</u>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		<b>306,046</b>	<b>211,013</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received	78,200		48,568
Rent received	114,055		95,821
		<u>192,255</u>	<u>144,389</u>
<b>NET CASH INFLOW FROM INVESTMENTS</b>			
<b>TAXATION</b>			
UK Corporation tax paid		(19,324)	(47,287)
<b>CAPITAL EXPENDITURE</b>			
Acquisition of fixed assets	(216,731)		(123,471)
Proceeds from sale of fixed assets	-		15,373
		<u>(216,731)</u>	<u>(108,098)</u>
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>			
<b>INCREASE IN CASH IN THE YEAR</b>	<b>3</b>	<b><u>£262,246</u></b>	<b><u>£200,017</u></b>

**FEDERATION OF MASTER BUILDERS LIMITED**

**NOTES TO THE GROUP CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

<b>1</b>	<b>ANALYSIS OF CASH AS SHOWN IN IN THE BALANCE SHEET</b>	<b>2007 £</b>	<b>2006 £</b>	<b>Change £</b>
	Cash at bank and in hand	<u>£1,599,537</u>	<u>£1,337,291</u>	<u>£262,246</u>
<b>2</b>	<b>ANALYSIS OF NET FUNDS</b>	<b>At 1 January 2007 £</b>	<b>Cashflow £</b>	<b>At 31 December 2007 £</b>
	Cash at bank and in hand	<u>£1,337,291</u>	<u>£262,246</u>	<u>£1,599,537</u>
<b>3</b>	<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS</b>			<b>2007 £</b>
	Increase in cash in the year			262,246
	Net funds at 1 January 2007			<u>1,337,291</u>
	Net funds at 31 December 2007			<u>£1,599,537</u>

# FEDERATION OF MASTER BUILDERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

### 1. ACCOUNTING POLICIES

#### (a) Basis of preparation

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

#### (b) Basis of consolidation

The consolidated financial statements include all of the company's wholly-owned subsidiaries

#### (c) Subscription income

Income represents subscriptions received from members apportioned on a time basis from the date of receipt, together with arrears and admission fees

#### (d) Tangible fixed assets

Freehold land and buildings are shown at valuation as set out in note 6

Other tangible assets are shown at cost

#### (e) Depreciation

Depreciation is provided at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its anticipated useful life, as follows

Freehold buildings	2% of cost
Equipment & vehicles	15% - 33 $\frac{1}{3}$ of cost

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

#### (f) Pensions

The company operates a money purchase pension scheme Contributions are charged to the Profit and Loss Account as they become payable in accordance with the rules of the scheme

### 2. TURNOVER

	2007 £	2006 £
Subscription income	4,512,372	4,409,346
Sales of goods	27,741	31,485
Sales of services	285,036	312,885
	<u>£4,825,149</u>	<u>£4,753,716</u>

### 3. OPERATING LOSS

Operating loss is stated after charging		
Auditors' remuneration	17,200	16,000
Depreciation	<u>140,600</u>	<u>124,363</u>

**FEDERATION OF MASTER BUILDERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

<b>4. EMPLOYEES</b>	<b>2007 £</b>	<b>2006 £</b>
Wages and salaries	1,962,474	1,815,846
Social security costs	209,222	215,556
Pension costs	164,436	129,182
	<u>£2,336,132</u>	<u>£2,160,584</u>
The average number of people employed during the year was	<u>65</u>	<u>63</u>
<b>5 TAXATION</b>	<b>£</b>	<b>£</b>
<b>(a) Analysis of charge in the year:</b>		
<b>Current tax:</b>		
UK Corporation tax on profits for the year	41,887	12,796
Adjustments in respect of prior years	(1,363)	474
	<u>40,524</u>	<u>13,270</u>
Tax on profit on ordinary activities		
Deferred tax		
Origination of timing differences	(15,327)	-
	<u>£25,197</u>	<u>£13,270</u>
<b>(b) Factors affecting tax charge for year:</b>		
The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%) The differences are explained below		
Profit on ordinary activities before tax	<u>£111,064</u>	<u>£939</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	33,319	282
Effects of		
Expenses not deductible for tax purposes	20,279	11,029
Depreciation in excess of capital allowances	2,694	8,849
Losses carried back to prior year	-	(7,860)
Reversal of marginal relief	-	12,435
Marginal rate relief	(14,405)	(11,939)
Adjustments in respect of prior years	(1,363)	474
	<u>£40,524</u>	<u>£13,270</u>
Current tax charge for the year		

**FEDERATION OF MASTER BUILDERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

<b>6</b>	<b>TANGIBLE FIXED ASSETS COMPANY AND GROUP</b>	<b>Land &amp; Buildings £</b>	<b>Equipment &amp; Vehicles £</b>	<b>Total £</b>
	<b>COST OR VALUATION</b>			
	At 1 January 2007	4,270,228	1,081,797	5,352,025
	Additions	845	215,886	216,731
	At 31 December 2007	4,271,073	1,297,683	5,568,756
	Comprising			
	Cost	1,101,073	1,297,683	2,398,756
	Valuation June 1999	1,200,000	-	1,200,000
	Valuation April 2005	1,970,000	-	1,970,000
		4,271,073	1,297,683	5,568,756
	<b>DEPRECIATION</b>			
	At 1 January 2007	162,690	870,820	1,033,510
	Charge for the year	43,290	97,310	140,600
	At 31 December 2007	205,980	968,130	1,174,110
	<b>NET BOOK VALUE</b>			
	At 31 December 2007	£4,065,093	£329,553	£4,394,646
	At 31 December 2006	£4,107,538	£210,977	£4,318,515

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

<b>7.</b>	<b>INVESTMENTS – COMPANY</b>	<b>2007 £</b>	<b>2006 £</b>
	Shares of wholly-owned subsidiaries at cost		
	Construction Industry Services Limited	1,000	1,000
	National Register of Warranted Builders (FMB) Limited	5,000	5,000
	Trade Debt Recovery Services Limited	100	100
	Building Industry Certification Scheme Limited	2	2
		£6,102	£6,102

In the opinion of the Directors, the market value of the investments is in excess of cost