

FEDERATION OF MASTER BUILDERS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

Company Number 368163

FRIDAY



L2X15C02

LD6

31/07/2009

233

COMPANIES HOUSE

FEDERATION OF MASTER BUILDERS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

CONTENTS	Page
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 2008

The members of National Council are pleased to present their report and the accounts for the year ended 31 December 2008.

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. The group achieved a net loss before tax of £356,139; after taxation, the result was a loss of £311,016.

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

RISKS

As a result of the economic conditions and their effects on the construction industry, membership numbers have fallen. This has resulted in a group deficit and a reduction in cash reserves. Further deterioration in the economic situation will result in further reductions in membership numbers. In order to mitigate the effect of any such reductions FMB have taken various cost cutting measures and continue to monitor costs very closely.

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:

L A Allen (appointed 21 December 2008)
A Baker
J Barton
D Bentley
R Billingham
D G Bostock
W T D Croft
P J Dancy
J T Emanuel (resigned 30 September 2008)
N Etchells
K G R Farnham
R W Fulton (Deceased)
W Gater (resigned 31 March 2008)
J M Gilmour
P D Harris (appointed 24 April 2008)
T W Hole (resigned 10 March 2009)
G H Lister
J Longworth (resigned 8 December 2008)
C Maclynn (resigned 18 November 2008)

G E Marjoram (resigned 12 June 2009)
D Marriott (resigned 30 September 2008)
P J McGeever (resigned 16 March 2009)
J McKechnie
G Mellor
C E Morris (resigned 24 April 2008)
S Mulligan (appointed 08 December 2008)
A C Nash
R Pennycook
M J Quickfall
H W G Rackham
K Smith (appointed 3 October 2008)
G Snow
R F Storer
D D Stowell (appointed 24 April 2008)
B J Sutherland
B G Tierney MBE
S Tuthill MBE
J Weightman

Mr A McArdle was appointed on 7 May 2009.

FEDERATION OF MASTER BUILDERS LIMITED

REPORT OF THE NATIONAL COUNCIL (continued)

FOR THE YEAR ENDED 31 DECEMBER 2008

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 S485 of the Companies Act 2006.

BY ORDER OF THE NATIONAL COUNCIL



N A Haji
Company Secretary

Registered Office

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

29 June 2009

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

We have audited the financial statements of Federation of Master Builders Limited for the year ended 31 December 2008 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

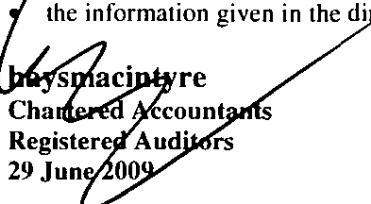
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 2008 and of the group's loss 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.


P. Macintyre
Chartered Accountants
Registered Auditors
29 June 2009

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

FEDERATION OF MASTER BUILDERS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 £	2007 £
TURNOVER	2	4,999,085	4,825,149
Less: Cost of sales		(656,254)	(619,336)
GROSS PROFIT		4,342,831	4,205,813
Less: Administrative expenses		(4,870,509)	(4,287,004)
OPERATING LOSS	3	(527,678)	(81,191)
Rent receivable		109,467	114,055
Investment income		62,072	78,200
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(356,139)	111,064
Tax credit/(charge) on ordinary activities	5	45,123	(25,197)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>£(311,016)</u>	<u>£85,867</u>

There were no discontinued operations during the year.

The group has no recognised gains or losses other than the (loss)/profit for the year.

FEDERATION OF MASTER BUILDERS LIMITED

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2008

	Note	2008 £	2007 £
TANGIBLE FIXED ASSETS	6	4,404,536	4,394,646
CURRENT ASSETS			
Debtors	8	536,841	501,102
Cash at bank and in hand		1,048,411	1,599,537
		<u>1,585,252</u>	<u>2,100,639</u>
CREDITORS: amounts falling due within one year	9	(2,114,235)	(2,308,716)
NET CURRENT LIABILITIES		<u>(528,983)</u>	<u>(208,077)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£3,875,553</u>	<u>£4,186,569</u>
Representing:			
Revaluation reserve	10	509,090	509,090
Profit and loss account	11	3,366,463	3,677,479
		<u>£3,875,553</u>	<u>£4,186,569</u>

The financial statements were approved and authorised for issue by the National Council on 29 June 2009 and were signed below on its behalf by:

R F Storer
Director

R.F. Storer

D Bostock
Director

[Signature]

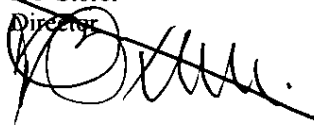
FEDERATION OF MASTER BUILDERS LIMITED

PARENT COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2008

	Note	2008 £	2007 £
FIXED ASSETS			
Tangible assets	6	4,404,536	4,394,646
Investments	7	6,102	6,102
		<u>4,410,638</u>	<u>4,400,748</u>
CURRENT ASSETS			
Debtors	8	535,190	442,138
Cash at bank and in hand		1,065,551	1,590,324
		<u>1,600,741</u>	<u>2,032,462</u>
CREDITORS: amounts falling due within one year	9	(2,220,667)	(2,386,289)
NET CURRENT LIABILITIES		<u>(619,926)</u>	<u>(353,827)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£3,790,712</u>	<u>£4,046,921</u>
Representing:			
Revaluation reserve	10	509,090	509,090
Profit and loss account	11	3,281,622	3,537,831
		<u>£3,790,712</u>	<u>£4,046,921</u>

The financial statements were approved and authorised for issue by the National Council on 29 June 2009 and were signed below on its behalf by:

R.F. Storer
 R F Storer
 Director

 D Bostock
 Director

FEDERATION OF MASTER BUILDERS LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	£	2008 £	£	2007 £	£
Operating loss per accounts			(527,678)			(81,191)
Depreciation			188,082			140,600
			<u>(339,596)</u>			<u>59,409</u>
Movement in debtors		9,261		(34,598)		
Movement in creditors		(152,594)		281,235		
Loss on disposal of fixed assets		7,107		-		
			<u>(136,226)</u>			<u>246,637</u>
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES			(475,822)			306,046
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE						
Interest received		62,072		78,200		
Rent received		109,467		114,055		
			<u>171,539</u>			<u>192,255</u>
NET CASH INFLOW FROM INVESTMENTS						
TAXATION						
UK Corporation tax paid			(41,764)			(19,324)
CAPITAL EXPENDITURE						
Acquisition of fixed assets		(205,079)		(216,731)		
			<u>(205,079)</u>			<u>(216,731)</u>
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE						
(DECREASE)/INCREASE IN CASH IN THE YEAR	3		<u>£(551,126)</u>			<u>£262,246</u>

FEDERATION OF MASTER BUILDERS LIMITED

NOTES TO THE GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

1. ANALYSIS OF CASH AS SHOWN IN IN THE BALANCE SHEET	2008 £	2007 £	Change £
Cash at bank and in hand	<u>£1,048,411</u>	<u>£1,599,537</u>	<u>£(551,126)</u>
2. ANALYSIS OF NET FUNDS	At 1 January 2008 £	Cashflow £	At 31 December 2008 £
Cash at bank and in hand	<u>£1,599,537</u>	<u>£(551,126)</u>	<u>£1,048,411</u>
3. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			2008 £
Decrease in cash in the year			(551,126)
Net funds at 1 January 2008			<u>1,599,537</u>
Net funds at 31 December 2008			<u>£1,048,411</u>

FEDERATION OF MASTER BUILDERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

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

	2008 £	2007 £
Subscription income	4,713,714	4,512,372
Sales of goods	19,795	27,741
Sales of services	265,576	285,036
	<u>£4,999,085</u>	<u>£4,825,149</u>

3. OPERATING LOSS

Operating loss is stated after charging:

Auditors' remuneration	17,200	17,200
Depreciation	<u>188,082</u>	<u>140,600</u>

FEDERATION OF MASTER BUILDERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2008

4. EMPLOYEES

	2008	2007
	£	£
Wages and salaries	2,256,492	1,962,474
Social security costs	252,703	209,222
Pension costs	201,552	164,436
Redundancy and ex gratia payments	67,929	-
	<u>£2,778,676</u>	<u>£2,336,132</u>

The average number of people employed during the year was:

69 65

5. TAXATION

(a) Analysis of (credit)/charge in the year:

Current tax:

UK Corporation tax on (loss)/profit for the year	(60,000)	41,887
Adjustments in respect of prior years	(123)	(1,363)
Tax on (loss)/profit on ordinary activities	<u>(60,123)</u>	<u>40,524</u>

Deferred tax:

Origination of timing differences	15,000	(15,327)
	<u>£(45,123)</u>	<u>£25,197</u>

(b) Factors affecting tax (credit)/charge for year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK 28% (2007: 30%). The differences are explained below:

(Loss)/profit on ordinary activities before tax	<u>£(356,139)</u>	<u>£111,064</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax of 28% (2007: 30%)	<u>(99,719)</u>	<u>33,319</u>
Effects of:		
Expenses not deductible for tax purposes	4,797	20,279
Depreciation in excess of capital allowances	16,361	2,694
Timing differences relating to pension contributions	(11,289)	-
Marginal rate relief on losses/(profits)	17,756	(14,405)
Losses carried forward	12,094	-
Adjustments in respect of prior years	(123)	(1,363)
Current tax (credit)/charge for the year	<u>£(60,123)</u>	<u>£40,524</u>

FEDERATION OF MASTER BUILDERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2008

6. TANGIBLE FIXED ASSETS COMPANY AND GROUP	Land & Buildings £	Equipment & Vehicles £	Total £
COST OR VALUATION			
At 1 January 2008	4,271,073	1,297,683	5,568,756
Additions	-	205,079	205,079
Disposals	-	(10,660)	(10,660)
At 31 December 2008	4,271,073	1,492,102	5,763,175
Comprising:			
Cost	1,101,073	1,492,102	2,593,175
Valuation: June 1999	1,200,000	-	1,200,000
Valuation: April 2005	1,970,000	-	1,970,000
	4,271,073	1,492,102	5,763,175
DEPRECIATION			
At 1 January 2008	205,980	968,130	1,174,110
Charge for the year	41,795	146,287	188,082
Eliminated on disposal	-	(3,553)	(3,553)
At 31 December 2008	247,775	1,110,864	1,358,639
NET BOOK VALUE			
At 31 December 2008	£4,023,298	£381,238	£4,404,536
At 31 December 2007	£4,065,093	£329,553	£4,394,646

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

7. INVESTMENTS - COMPANY	2008 £	2007 £
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.

FEDERATION OF MASTER BUILDERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2008

8. DEBTORS

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Trade debtors	233,908	192,878	233,908	192,878
Prepayments	96,526	122,392	96,526	122,392
Accrued income	99,152	75,000	99,152	75,000
Corporation tax recoverable	60,000	-	60,000	-
Deferred tax	8,327	23,327	8,327	23,327
Sundry debtors	38,928	87,505	37,277	28,541
	<u>£536,841</u>	<u>£501,102</u>	<u>£535,190</u>	<u>£442,138</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Subscription in advance	1,124,179	1,164,987	1,015,231	1,048,607
Trade creditors	286,886	157,007	281,381	102,421
Tax and social security	204,913	214,816	204,913	214,816
Accruals	387,539	516,084	272,694	364,518
Corporation tax	-	41,887	-	41,887
Due to subsidiaries	-	-	384,689	510,563
Other creditors	110,718	213,935	61,759	103,477
	<u>£2,114,235</u>	<u>£2,308,716</u>	<u>£2,220,667</u>	<u>£2,386,289</u>

10. REVALUATION RESERVE

	Group	Company
	£	£
Balance at 1 January 2008 and at 31 December 2008	<u>£509,090</u>	<u>£509,090</u>

11. PROFIT AND LOSS ACCOUNT

	Group	Company
	£	£
The company is limited by guarantee and has no share capital.		
The movement on Profit and Loss Account during the year was as follows:		
Balance at 1 January 2008	3,677,479	3,537,831
Loss for the year	(311,016)	(256,209)
Balance at 31 December 2008	<u>£3,366,463</u>	<u>£3,281,622</u>

Federation of Master Builders Limited has taken advantage of the special exemptions under Section 230 of the Companies Act 1985 not to prepare its own Profit and Loss Account.