

House Builders Federation Limited  
(a company limited by guarantee)

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED  
31 December 2005



LD4 \*LSKTUFB\* 281  
COMPANIES HOUSE 11/05/2006

Registered number: 2764757

# House Builders Federation Limited

(a company limited by guarantee)

## DIRECTORS' REPORT

for the year ended 31 December 2005

---

The directors present their annual report and accounts for the year ended 31 December 2005.

### PRINCIPAL ACTIVITY

The principal activity of the company is the provision of services to the House Builders Federation (HBF) in connection with its function as a trade association.

### BUSINESS REVIEW

During 2005, the HBF was active in promoting the economic and social importance of housing supply and worked with Government departments and other organisations to develop solutions to the housing crisis.

A manifesto for the future of housing policy in the new Parliament, *Meeting Housing Needs and Aspirations*, was launched at a major conference addressed by Kate Barker one year after her influential Review of Housing Supply. HBF also published important research by Professor Dave King, *Room to Move?*, examining the links between future household growth and demand for housing space.

Recognising the need for constructive debate and innovative thinking to meet people's housing aspirations, the HBF, the National Housing Federation, the CBI, lawyers Clarke Willmot and the Chartered Institute of Housing together announced a pioneering new initiative aimed at easing the housing crisis in the South West of England, where affordability is a particular problem. The HBF, in partnership with the Housing Corporation, also came together with leading stakeholder groups and experts to launch a major new sustainability initiative – *Sustainability in Housebuilding*.

The HBF has seized the opportunity to play a full part in building the new consensus on housing provision called for by the Chancellor, the key test of these proposals being their workability, in particular whether they lead to an increased land supply for housing.

In 2005, the HBF has reported a deficit of £406,667 before tax, due to two exceptional expenditures which amounted to £736,429.

During the year, the company gave notice to the trustees of the Construction Confederation Staff Pension Scheme of its intention to terminate the liability of the company to contribute to the scheme. Included in the financial statements for the year ended 31 December 2005 is an expense of £314,000 (see note 2), representing the amount due under Section 75 of the Pensions Act 1995. The company is in negotiation with the Trustees of the Scheme in regard to a settlement.

Also during the year, there was an expense of £422,429 in respect of the wide-reaching strategic review, which had commenced in December 2004, and some re-organisation costs in connection with the implementation of its recommendations.

# House Builders Federation Limited

(a company limited by guarantee)

## DIRECTORS' REPORT

for the year ended 31 December 2005

---

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- a) select suitable accounting policies and then apply these consistently
- b) make judgements and estimates that are reasonable and prudent
- c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts
- d) prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining 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 accounts 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.

### DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:

R J Ashmead	(resigned 2 December 2005)
G A Ball	
S A Baseley	
S H Brazier	(resigned 27 April 2005)
M Freshney	
M R Harris	(appointed 1 January 2005)
G S Higgins	(resigned 27 April 2005)
T Hough	(appointed 27 April 2005)
P M Johnson	(appointed 1 January 2005)
S Lidgate	(resigned 27 April 2005)
P L Pedley	
D Pretty	(appointed 1 January 2005)
T R Roydon	(resigned 27 April 2005)

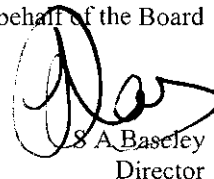
None of the directors had a beneficial interest in the shares of the company.

### AUDITORS

Baker Tilly have agreed to offer themselves for reappointment as auditors of the company.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities.

On behalf of the Board



S A Baseley  
Director

One Fleet Place  
London  
EC4M 7WS

24<sup>th</sup> April 2006

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOUSE BUILDERS FEDERATION LIMITED

We have audited the accounts on pages 4 to 11.

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**

The directors' responsibilities for preparing the Annual Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the accounts 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 accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if 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 other information contained in the Annual Report, and consider whether it is consistent with the audited accounts. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

## **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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

## **Opinion**

In our opinion the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 December 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Baker Tilly*

**BAKER TILLY**

Registered Auditor  
Chartered Accountants  
2 Bloomsbury Street  
London WC1B 3ST

*24 April*

2006

House Builders Federation Limited  
(a company limited by guarantee)  
PROFIT AND LOSS ACCOUNT  
for the year ended 31 December 2005

	<i>Notes</i>	2005 £	2004 £
TURNOVER		3,226,203	2,996,512
Administrative expenses		(4,449,974)	(3,107,897)
Other operating income		642,840	279,991
OPERATING (LOSS)/PROFIT	2	(580,931)	168,606
Interest receivable and similar income	3	174,264	171,364
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(406,667)	339,970
Tax on (loss)/profit on ordinary activities	4	135,217	(83,576)
(LOSS)/RETAINED PROFIT FOR THE FINANCIAL YEAR	11	(271,450)	256,394

All of the above results derive from continuing activities.


Except for the results as shown above, the company had no other recognised gains or losses during either year.

The accompanying notes form an integral part of these accounts.

**House Builders Federation Limited**  
**(a company limited by guarantee)**  
**BALANCE SHEET**  
**at 31 December 2005**

	Notes	£	2005 £	£	2004 £
<b>FIXED ASSETS</b>					
Tangible fixed assets	5		229,389		264,114
Investments	6		8		8
			<u>229,397</u>		<u>264,122</u>
<b>CURRENT ASSETS</b>					
Debtors	7	576,344		164,391	
Cash at bank and in hand		2,049,798		2,397,567	
		<u>2,626,142</u>		<u>2,561,958</u>	
<b>CREDITORS: amounts falling due within one year</b>	8	(974,366)		(659,957)	
<b>NET CURRENT ASSETS</b>			<u>1,651,776</u>		<u>1,902,001</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,881,173</u>		<u>2,166,123</u>
<b>CREDITORS: amounts falling due after more than one year</b>					
Long term loan	9		(525,000)		(525,000)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	10		-		(13,500)
<b>NET ASSETS</b>			<u>1,356,173</u>		<u>1,627,623</u>
<b>CAPITAL AND RESERVES</b>					
Profit and loss account	11		1,356,173		1,627,623
<b>MEMBERS' FUNDS</b>			<u>1,356,173</u>		<u>1,627,623</u>

The accounts on pages 4 to 11 were approved by the board of directors and authorised for issue on 24<sup>th</sup> April 2006 and are signed on its behalf by:

  
S A Baseley  
Director

The accompanying notes form an integral part of these accounts.

# House Builders Federation Limited

(a company limited by guarantee)

## NOTES TO THE ACCOUNTS

for the year ended 31 December 2005

---

### 1 ACCOUNTING POLICIES

#### *Basis of accounting*

The accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

#### *Consolidation*

The company and its subsidiary undertakings form a small group as defined by statute and, therefore, the company has availed itself of the exemption under section 248 of the Companies Act 1985 not to prepare group accounts.

#### *Fixed assets and depreciation*

Fixed assets are stated at cost. Depreciation is calculated on the following bases:

Leasehold improvements	over period of lease
Fixtures and fittings	16.67% per annum on cost
Office equipment	33.33% per annum on cost

#### *Deferred taxation*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the accounts that arise from the inclusion of gains and losses in tax assessments in periods different from those in which these are recognised in the accounts.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### *Turnover*

Turnover represents members' subscriptions.

#### *Operating leases*

Operating lease rentals are written off to the profit and loss account as incurred (see note 12).

#### *Pension costs*

The costs of the company's defined benefit pension arrangements are charged on a systematic basis allowing for the expected pension costs to be spread over the remaining service lives of the scheme members. Contributions to the company's defined contribution scheme are charged to the profit and loss account as incurred.

2	OPERATING (LOSS)/PROFIT	2005	2004
		£	£
	Operating (loss)/profit is stated after charging:		
	Depreciation	73,763	38,395
	Auditors' remuneration	6,200	6,100
	Exceptional items - pension scheme (see note 12)	314,000	-
	- reorganisation costs	422,529	-

**House Builders Federation Limited**  
**(a company limited by guarantee)**  
**NOTES TO THE ACCOUNTS**  
**for the year ended 31 December 2005**

3	INTEREST RECEIVABLE AND SIMILAR INCOME			2005 £	2004 £
	Bank interest receivable			135,664	143,502
	Dividend receivable from subsidiary undertaking			38,600	27,862
				<u>174,264</u>	<u>171,364</u>
4	TAXATION				
	Current tax:				
	UK corporation tax at 30% (2004: 30%)			(34,000)	73,000
	Adjustment in respect of prior year			(4,017)	(2,924)
				<u>(38,017)</u>	<u>70,076</u>
	Deferred tax (see note 10)			(97,200)	13,500
				<u>(135,217)</u>	<u>83,576</u>
5	FIXED ASSETS	Leasehold improvements £	Fixtures and fittings £	Office equipment £	Total £
	Cost				
	1 January 2005	228,178	33,855	57,185	319,218
	Additions	5,516	4,176	29,346	39,038
	Disposals	-	(6,293)	(10,417)	(16,710)
	31 December 2005	<u>233,694</u>	<u>31,738</u>	<u>76,114</u>	<u>341,546</u>
	Depreciation				
	1 January 2005	26,621	8,972	19,511	55,104
	Charge for the year	46,628	4,985	22,150	73,763
	Disposals	-	(6,293)	(10,417)	(16,710)
	31 December 2005	<u>73,249</u>	<u>7,664</u>	<u>31,244</u>	<u>112,157</u>
	Net book value				
	31 December 2005	<u>160,445</u>	<u>24,074</u>	<u>44,870</u>	<u>229,389</u>
	31 December 2004	<u>201,557</u>	<u>24,883</u>	<u>37,674</u>	<u>264,114</u>



**House Builders Federation Limited**  
**(a company limited by guarantee)**  
**NOTES TO THE ACCOUNTS**  
**for the year ended 31 December 2005**

6	INVESTMENTS	2005	2004
		£	£
	Shares in subsidiary undertakings at cost	8	8

Subsidiary undertaking	Country of incorporation	Principal activity	Shareholding - Ordinary shares %	Capital and reserves at 31 December 2005	Profit for year ended 31 December 2005
				£	£
House Builders Representatives Limited	England & Wales	Dormant	100	525,004	-
Housebuilder Media Limited	England & Wales	Publishing	100	425,901	13,352

7	DEBTORS	2005	2004
		£	£
	Amounts owed by connected companies	15,839	40,827
	Other debtors	53,256	79,498
	Corporation tax recoverable	34,000	-
	Deferred tax asset (note 10)	83,700	-
	Prepayments and accrued income	389,549	44,066
		576,344	164,391

8	CREDITORS: amounts falling due within one year		
	Amounts owed to connected companies	-	8,407
	Trade creditors	137,801	336,604
	Other creditors	354,298	93,437
	Corporation tax	-	73,000
	Other taxes and social security	-	52,078
	Accruals and deferred income	482,267	96,431
		974,366	659,957

9 LONG TERM LOAN

The long term loan represents an interest free loan of £525,000 from House Builders Representatives Limited, a subsidiary undertaking, being repayable upon the winding up of House Builders Federation Limited.

**House Builders Federation Limited**  
**(a company limited by guarantee)**  
**NOTES TO THE ACCOUNTS**  
**for the year ended 31 December 2005**

10	DEFERRED TAX ASSET	£
	1 January 2005	(13,500)
	Profit and loss account (note 4)	97,200
	31 December 2005	<u>83,700</u>

	2005	2004
	£	£
The deferred tax asset/(provision) comprises:		
Accelerated capital allowances	(10,500)	(13,500)
Timing difference in respect of pension scheme	94,200	-
	<u>83,700</u>	<u>(13,500)</u>

11	RECONCILIATION OF MOVEMENT IN MEMBERS' FUNDS		
	(Loss)/profit for the financial year	(271,450)	256,394
	Opening members' funds	1,627,623	1,371,229
	Closing members' funds	<u>1,356,173</u>	<u>1,627,623</u>

12 PARTICULARS OF EMPLOYEES AND PENSION COSTS

The average number of persons employed by the company in administrative duties was 26 (2004: 24).  
 Their total remuneration was:

	2005	2004
	£	£
Wages and salaries	1,501,043	1,455,090
Social security costs	162,638	130,094
Other pension costs	69,376	97,764
	<u>1,733,057</u>	<u>1,682,948</u>

Retirement benefits to certain employees are provided by the Construction Confederation Staff Pension Scheme, a defined benefit scheme. Contributions to the scheme during the year were charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company in such a way that the pension cost is a substantially level percentage of present and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of triennial valuations, using a prospective benefit method. Contributions during the year amounted to £36,054 (2004: £71,050).

As the scheme is a multi-employer pension scheme, the company is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the company has accounted for its contributions to the scheme as if it were a defined contribution scheme. Information available on the deficit in the scheme at the last actuarial valuation and the implications for the company in terms of the anticipated contribution rates is set out below.

**House Builders Federation Limited**  
**(a company limited by guarantee)**  
**NOTES TO THE ACCOUNTS**  
**for the year ended 31 December 2005**

**12 PARTICULARS OF EMPLOYEES AND PENSION COSTS (continued)**

The pensions cost is assessed every 3 years in accordance with the advice of the actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest available actuarial valuation	31 December 2004
Actuarial method	Projected unit
Investment returns per annum	6.6% per annum
Salary scale increases per annum	5.0% per annum
Value of assets at date of last valuation	£16.7 million
Proportion of members' accrued benefits covered by the actuarial value of the assets	65%

Contributions during 2005 were 15.45% (employer) and 8.05% (employee) respectively. The scheme was closed to new entrants from 1 July 2002.

During the year, the company gave notice to the trustees of the Construction Confederation Staff Pension Scheme of its intention to terminate the liability of the company to contribute to the scheme. Included in the financial statements for the year ended 31 December 2005 is an expense of £314,000 (see note 2), representing the amount due under Section 75 of the Pensions Act 1995. The company is in negotiation with the Trustees of the Scheme in regard to a settlement.

Contributions to the company's defined contribution pension scheme amounted to £33,322 (2004: £26,714).

<b>13 DIRECTORS' EMOLUMENTS</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Salary and benefits in kind	242,279	-
Fees	74,938	248,163
	<u>317,217</u>	<u>248,163</u>

No directors were accruing benefits under the defined benefit pension scheme (2004: Nil).

**14 FINANCIAL COMMITMENTS**

**Operating leases**

At 31 December 2005 the company had annual commitments under operating leases as follows:

	<b>Office rentals</b>	<b>Other</b>	<b>Office rentals</b>	<b>Other</b>
	<b>2005</b>	<b>2005</b>	<b>2004</b>	<b>2004</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Expiry:				
within one year	7,222	1,070	-	3,603
within one to two years	11,341	21,359	22,706	4,939
between two and five years	147,645	21,052	147,645	26,359
	<u>166,208</u>	<u>43,481</u>	<u>170,351</u>	<u>34,901</u>

# House Builders Federation Limited

(a company limited by guarantee)

## NOTES TO THE ACCOUNTS

for the year ended 31 December 2005

---

### 15 RELATED PARTY TRANSACTIONS

During the year £35,000 (2004: £30,000) was receivable from Housebuilder Media Limited in respect of management charges. £30,000 (2004: £20,000) was receivable in respect of an exhibition management charge and £33,736 (2004: £16,881) was receivable for use of office space and equipment usage. £20,000 (2004: £30,000) was payable to Housebuilder Media Limited for publications work. Housebuilder Media Limited is a wholly-owned subsidiary of House Builders Federation Limited.

During the year £40,000 (2004: £40,000) was receivable from New Homes Marketing Board in respect of a programme contribution towards joint costs and £25,000 (2004: £25,000) was receivable in respect of management charges. House Builders Federation Limited has directors in common with the trustees of New Homes Marketing Board.