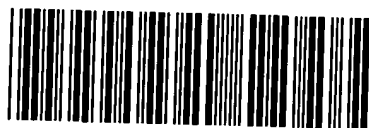

HOME BUILDERS FEDERATION LIMITED

(A company limited by guarantee)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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HOME BUILDERS FEDERATION LIMITED
(A company limited by guarantee)

COMPANY INFORMATION

Directors	P R Andrew S A Baseley N Fitzsimmons D F Thomas G A Malton S H Midgley M R Powell S Stone J F Tutte
Company secretary	M R Powell
Registered number	02764757
Registered office	27 Broadwall London SE1 9PL
Independent auditor	Barnes Roffe LLP Chartered Accountants Leytonstone House 3 Hanbury Drive Leytonstone London E11 1GA

HOME BUILDERS FEDERATION LIMITED
(A company limited by guarantee)

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HOME BUILDERS FEDERATION LIMITED
(A company limited by guarantee)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

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

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The directors who served during the year were:

M R Powell
P R Andrew
S A Baseley
N Fitzsimmons
M J Gaskell (resigned 15 February 2019)
G A Malton
S H Midgley
S Stone
D F Thomas (appointed 26 April 2018)
J F Tutte

HOME BUILDERS FEDERATION LIMITED
(A company limited by guarantee)

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

Business review

Brexit dominated the political agenda throughout the year but housing has remained a priority for the Government's domestic policies and thus continued to be in the political and media spotlight throughout the year.

HBF has continued its key role working to influence Government policy in the areas that impact on our members with the aim of creating a better operating environment for the industry.

The particular areas of focus during 2018 included:-

- Working closely with ministers and officials to develop policies that will help the industry continue to increase output towards the Government's new target of 300,000 homes a year.
- Engaging with Government and key stakeholders to suggest further improvements to the planning system. A revised version of the NPPF was consulted on and a subsequent draft published. Whilst supporting many of the proposals, many of which we suggested, we ensured Government was aware of some of the issues the revised version posed for developers.
- Liaising closely with Sir Oliver Letwin on his report on land banking and his proposals on speeding up delivery from larger sites.
- Publishing with Glenigans quarterly planning data that showed planning permissions running at the highest annual number on record.
- Ensuring Government was aware of the very positive impact the Help to Buy scheme was having on increased housing supply and working throughout the year to secure certainty on the future of the scheme post 2021 culminating in an extension to 2023 being confirmed in 2018.
- Working with members to ensure Government was aware of the impact on the industry of Brexit, and in particular the need for continued access to labour from the EU post any deal and continuing to impress on Government the dependence of the wider housing market on a level of economic stability.
- Continuing through the Home Building Skills Partnership, that we set up in 2016, to grow and progress initiatives that will attract and train more people and increase industry capacity.
- Engaging closely with a range of stakeholders to develop proposals that would enable a new homes ombudsman to be put in place, as demanded by Government with significant progress being made through the year on the key building blocks necessary to deliver such an ambition.
- Publishing in March the latest results of the industry customer satisfaction survey showing a 2% year on year improvement in the industry score to 86% for the key survey question would you recommend your builder to a friend.
- Working with members and lenders to address concerns about some leasehold homes and making detailed representations into the government on this matter to help shape future policy.
- Representing the industry at each Local Plan Inquiry to make representations seeking to ensure that Local Authority plans accurately reflect housing need and allocate sufficient land to address that need.
- Continuing to represent the industry to the media seeking to ensure balanced reporting, counter negative criticism and explain the positive impact our industry has on the UK economy and society generally.

HOME BUILDERS FEDERATION LIMITED
(A company limited by guarantee)

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

In addition, HBF worked in numerous other areas including with regards to; SME finance, assisting the retirement developers, broadband, bringing more public land forward for development, devolution and the Metro Mayors, mental health, diversity plus a number of significant technical issues including the important response and proposed changes to the building regulation regime following the Grenfell Tower tragedy

Throughout 2018, membership of the HBF continued to grow as we attracted new members thereby maintaining our preeminent position as the voice of the housebuilding industry.

This is the first year that HBF has prepared consolidated accounts which include Housebuilder Media, our communications and events organising business. This provides greater transparency to members on the HBF group.

2018 was a successful year for the Group allowing it to report a surplus after tax of £495,117 (2017: £320,667). Housebuilder Media contributed strongly to this performance with a surplus after tax of £252,395 (2017: £180,977) as it enjoyed another record year with the outlook for the UK housebuilding industry continuing to be positive despite economic uncertainty.

As a consequence, our reserves increased to £3,657,842 (2017: £3,162,724) which provides the organisation with a degree of insulation in a cyclical industry to continue to provide an effective voice and quality service to members in more challenging markets. Our cash balance increased to £4,609,392 (2017: £3,804,943) benefiting from the surplus generated in 2018 and a reduction in debtors in the Guernsey subsidiary that manages the NewBuy scheme. The cash balance includes member subscriptions for 2019 paid prior to the year end of £504,796 (2017: £813,452).

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Auditor

The auditor, Barnes Roffe LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on

15/03/19.

and signed on its behalf.



S A Baseley
Director

HOME BUILDERS FEDERATION LIMITED
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOME BUILDERS FEDERATION LIMITED

Opinion

We have audited the financial statements of Home Builders Federation Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2018, which comprise the Group Statement of income and retained earnings, the Group and Company Balance sheets 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2018 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our

HOME BUILDERS FEDERATION LIMITED
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOME BUILDERS FEDERATION LIMITED
(CONTINUED)

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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Group strategic report.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

HOME BUILDERS FEDERATION LIMITED
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOME BUILDERS FEDERATION LIMITED
(CONTINUED)

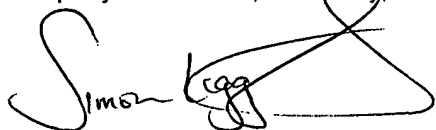
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Liggins (Senior statutory auditor)

for and on behalf of

Barnes Roffe LLP

Chartered Accountants

Leytonstone House

3 Hanbury Drive

Leytonstone

London

E11 1GA

Date:

25.3.19

HOME BUILDERS FEDERATION LIMITED
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £	2017 £
Turnover	5,277,239	4,771,116
Cost of sales	(665,581)	(663,901)
Gross profit	4,611,658	4,107,215
Administrative expenses	(5,117,138)	(4,244,230)
Other operating income	1,108,593	531,383
Operating profit	603,113	394,368
Interest receivable and similar income	19,438	8,410
Profit before tax	622,551	402,778
Tax on profit	(127,434)	(82,111)
Profit after tax	495,117	320,667
Retained earnings at the beginning of the year	3,162,725	2,842,058
Profit for the year attributable to the owners of the parent	495,117	320,667
Retained earnings at the end of the year	3,657,842	3,162,725

There were no recognised gains and losses for 2018 or 2017 other than those included in the consolidated statement of income and retained earnings.

The notes on pages 10 to 25 form part of these financial statements.

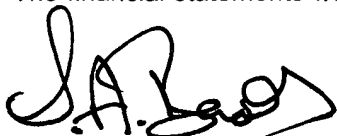
HOME BUILDERS FEDERATION LIMITED
(A company limited by guarantee)
REGISTERED NUMBER: 02764757

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	5	-	-
Tangible assets	6	1,374,554	1,441,082
Current assets			
Stocks	9	8,361	5,586
Debtors: amounts falling due within one year	10	591,973	798,598
Cash at bank and in hand	11	4,609,392	3,804,943
		<u>5,209,726</u>	<u>4,609,127</u>
Creditors: amounts falling due within one year	12	(2,910,495)	(2,865,745)
Net current assets		<u>2,299,231</u>	<u>1,743,382</u>
Total assets less current liabilities		<u>3,673,785</u>	<u>3,184,464</u>
Provisions for liabilities			
Deferred taxation	15	(15,943)	(21,739)
Net assets		<u><u>3,657,842</u></u>	<u><u>3,162,725</u></u>
Capital and reserves			
Profit and loss account		3,657,842	3,162,725
		<u><u>3,657,842</u></u>	<u><u>3,162,725</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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



S A Baseley
Director

15/03/19

The notes on pages 10 to 25 form part of these financial statements.

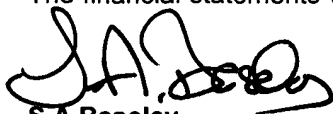
HOME BUILDERS FEDERATION LIMITED
(A company limited by guarantee)
REGISTERED NUMBER: 02764757

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	6	1,358,986	1,421,198
Investments	7	10	10
		<u>1,358,996</u>	<u>1,421,208</u>
Current assets			
Debtors: amounts falling due within one year	10	138,525	94,350
Cash at bank and in hand	11	3,488,698	3,191,367
		<u>3,627,223</u>	<u>3,285,717</u>
Creditors: amounts falling due within one year	12	(2,746,005)	(2,704,593)
Net current assets		<u>881,218</u>	<u>581,124</u>
Total assets less current liabilities		<u>2,240,214</u>	<u>2,002,332</u>
Creditors: amounts falling due after more than one year	13	(525,000)	(525,000)
Provisions for liabilities			
Deferred taxation	15	(13,116)	(17,956)
Net assets		<u>1,702,098</u>	<u>1,459,376</u>
Capital and reserves			
Profit and loss account		1,702,098	1,459,376
		<u>1,702,098</u>	<u>1,459,376</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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


S A Baseley
 Director

15/03/19

The notes on pages 10 to 25 form part of these financial statements.

HOME BUILDERS FEDERATION LIMITED
(A company limited by guarantee)

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

1. General information

Home Builders Federation Limited ("the Company") is a company limited by guarantee, incorporated in England and Wales. Its registered office is 27 Broadwall, London, SE1 9PL.

The principal activity of the Group is the provision of services to the members of the Home Builders Federation ("the HBF").

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

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

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2016.

Non-consolidation of dormant subsidiaries

The following dormant subsidiary companies of Home Builders Federation Limited and Housebuilder Media Limited have not been included in the consolidated accounts as the companies were deemed immaterial to the group:

House Builders Federation Limited
Housebuilder Publications Limited
HB Media Limited

HOME BUILDERS FEDERATION LIMITED
(A company limited by guarantee)

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

2. Accounting policies (continued)

2.3 Revenue

Home Builders Federation Limited

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue represents subscription fees payable by members calculated on a subscription year basis (which coincides with the Company's financial year). Where a member joins part way through a year, the subscription is pro-rated.

Revenue is recognised in the year in which the membership services are provided. Where revenue is received in advance for a subsequent subscription year, a suitable adjustment to creditors is made to show this as deferred income.

Housebuilder Media Limited

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Company and value added taxes.

The Company recognises revenue when: (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the Company's sales channels have been met, as described below:

(i) The Company publishes a magazine entitled Housebuilder 10 times each year. The magazine is made available free of charge to members of the Home Builders Federation and the National House Building Council and both these organisations pay subscriptions for this service. Individuals can also purchase subscriptions to the magazine.

(ii) In addition to subscription income, the Company also sells advertising space in the magazine.

Revenue from both subscriptions and advertising is recognised in the year in which the magazines are published. Any revenue received in advance of future subscriptions and advertising is deferred until the service is provided.

(iii) The Company also organises conferences and other events throughout the year and revenue is raised by the sale of tickets and via third party sponsorship.

Revenue from conferences and events is recognised in the year in which the event takes place.

(iv) Finally, the Company derives revenue from the sale of advertising on its website.

Revenue is recognised in the year in which the advertisement is placed. An appropriate adjustment is made for any revenue for advertising space that straddles the Company's financial year end.

HOME BUILDERS FEDERATION LIMITED
(A company limited by guarantee)

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

2. Accounting policies (continued)

2.4 Operating leases: the Group as lessee

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

2.5 Interest income

Interest income is recognised in the Consolidated statement of income and retained earnings using the effective interest method.

2.6 Employee benefits

The Group provides a range of benefits to employees, including paid holiday arrangements and a defined contribution pension plan.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plan

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

The contributions are recognised as an expense when they are due. Amounts not paid or prepaid are shown in other accruals or prepayments in the Balance sheet. The assets of the plan are held separately from the Group in an independently administered fund.

HOME BUILDERS FEDERATION LIMITED
(A company limited by guarantee)

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

2. Accounting policies (continued)

2.7 Current and deferred taxation

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

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

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

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

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

2.8 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

HOME BUILDERS FEDERATION LIMITED
(A company limited by guarantee)

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

2. Accounting policies (continued)

2.9 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Freehold property	- Depreciation rate 2% per annum on cost
Fixtures and fittings	- Depreciation rate 16.67% per annum on cost
Office equipment	- Depreciation rate 33.33% per annum on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of income and retained earnings.

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.11 Stocks

Stocks of printing paper are valued at the lower of cost and net realisable value.

2.12 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

HOME BUILDERS FEDERATION LIMITED
(A company limited by guarantee)

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

2. Accounting policies (continued)

2.15 Provisions for liabilities

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

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

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

2.16 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of income and retained earnings.

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, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the Balance sheet date

2.17 Related party transactions

The group and company discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transaction on the group financial statements

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

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

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgments in applying the entity's accounting policies

No critical accounting judgments have had to be made by management in preparing these financial statements.

Critical accounting estimates and assumptions

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 6 for the carrying amount of the property plant and equipment, and note 2.9 for the useful economic lives for each class of assets.

(ii) Taxation

The group establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities. Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

4. Employees

The average monthly number of employees, including directors, during the year was 33 (2017 - 32).

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

5. Intangible assets

Group

	Housing Market Intelligence £
Cost	
At 1 January 2018	100,000
At 31 December 2018	<u>100,000</u>
Amortisation	
At 1 January 2018	100,000
At 31 December 2018	<u>100,000</u>
Net book value	
At 31 December 2018	<u>-</u>
At 31 December 2017	<u>-</u>

HOME BUILDERS FEDERATION LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
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6. Tangible fixed assets

Group

	Freehold property £	Fixtures and fittings £	Office equipment £	Total £
Cost				
At 1 January 2018	1,405,270	287,066	137,584	1,829,920
Additions	-	-	25,715	25,715
Disposals	-	-	(1,253)	(1,253)
At 31 December 2018	1,405,270	287,066	162,046	1,854,382
Depreciation				
At 1 January 2018	117,812	163,153	107,873	388,838
Charge for the year on owned assets	28,105	47,655	16,371	92,131
Disposals	-	-	(1,141)	(1,141)
At 31 December 2018	145,917	210,808	123,103	479,828
Net book value				
At 31 December 2018	1,259,353	76,258	38,943	1,374,554
At 31 December 2017	1,287,458	123,913	29,711	1,441,082

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

6. Tangible fixed assets (continued)

Company

	Freehold property £	Fixtures and fittings £	Office equipment £	Total £
Cost				
At 1 January 2018	1,405,270	287,066	108,393	1,800,729
Additions	-	-	20,609	20,609
At 31 December 2018	<u>1,405,270</u>	<u>287,066</u>	<u>129,002</u>	<u>1,821,338</u>
Depreciation				
At 1 January 2018	117,812	163,153	98,566	379,531
Charge for the year on owned assets	28,105	47,655	7,061	82,821
At 31 December 2018	<u>145,917</u>	<u>210,808</u>	<u>105,627</u>	<u>462,352</u>
Net book value				
At 31 December 2018	<u>1,259,353</u>	<u>76,258</u>	<u>23,375</u>	<u>1,358,986</u>
At 31 December 2017	<u>1,287,458</u>	<u>123,913</u>	<u>9,827</u>	<u>1,421,198</u>

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

7. Fixed asset investments

Company

	Fixed asset investments £
Cost or valuation	
At 1 January 2018	10
	<hr/>
At 31 December 2018	10
	<hr/>
Net book value	
At 31 December 2018	10
	<hr/> <hr/>
<i>At 31 December 2017</i>	<i>10</i>
	<hr/> <hr/>

HOME BUILDERS FEDERATION LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Direct subsidiary undertakings

Name	Country of incorporation	Class of shares	Holding	Principal activity
House Builders Representatives Limited	England	Ordinary	100 %	Dormant
Housebuilder Media Limited	England	Ordinary	100 %	Publication of "Housebuilder" journal and provision of conferences and events for the members of the Home Builders Federation
House Builders Federation Limited	England	Ordinary	100 %	Dormant
HBF Insurance PCC Limited	Guernsey	Core	100 %	Provision of mortgage insurance to lenders. This ceased on 8 September 2015, and the company is now in run off.
Housebuilder Publications Limited	England	Ordinary	100 %	Dormant

Indirect Subsidiary undertaking

Name	Country of incorporation	Class of shares	Holding	Principal activity
HB Media Limited	England	Ordinary	100 %	Dormant

9. Stocks

	Group 2018 £	Group 2017 £
Finished goods and goods for resale	8,361	5,586

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**NOTES TO THE FINANCIAL STATEMENTS
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10. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade debtors	186,919	170,980	36,840	18,389
Other debtors	295,073	543,743	9,398	4,884
Prepayments and accrued income	109,981	83,875	92,287	71,077
	591,973	798,598	138,525	94,350

11. Cash and cash equivalents

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Cash at bank and in hand	4,609,392	3,804,943	3,488,698	3,191,367

12. Creditors: Amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade creditors	218,193	146,825	206,093	78,255
Amounts owed to group undertakings	-	-	889,027	877,051
Corporation tax	133,219	90,231	72,666	45,050
Other taxation and social security	330,959	354,580	314,465	347,452
Other creditors	960,389	937,934	200,100	200,420
Accruals and deferred income	1,267,735	1,336,175	1,063,654	1,156,365
	2,910,495	2,865,745	2,746,005	2,704,593

HOME BUILDERS FEDERATION LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

13. Creditors: Amounts falling due after more than one year

	Company 2018 £	<i>Company 2017 £</i>
Amounts owed to group undertakings	525,000	525,000
	525,000	525,000

This is a long term loan from House Builders Representatives Limited, a subsidiary undertaking, being repayable upon winding up of the Home Builders Federation Limited.

14. Financial instruments

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Financial assets				
Financial assets measured at fair value through profit or loss	4,609,392	3,804,943	3,488,698	3,191,367

15. Deferred taxation

Group

	2018 £	<i>2017 £</i>
At beginning of year	(21,739)	(29,923)
Credited to profit or loss	5,796	8,184
At end of year	(15,943)	(21,739)

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**NOTES TO THE FINANCIAL STATEMENTS
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15. Deferred taxation (continued)

Company

	2018 £	2017 £
At beginning of year	(17,956)	(24,775)
Credited to profit or loss	4,840	6,819
At end of year	(13,116)	(17,956)

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Accelerated capital allowances	(15,943)	(23,716)	(13,116)	(19,933)
Other timing differences	-	1,977	-	1,977
	(15,943)	(21,739)	(13,116)	(17,956)

16. Company status

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

17. Pension commitments

The Group and the company operates a defined contribution pension scheme for certain employees. The assets of the scheme are held separately from those of the Group and the company in an independently administered fund. The pension cost charge represents contributions payable by the Group and the company to the fund and amounted to £206,914 for the Group of which £166,719 related solely to the company (2017, Group - £159,596, company- £142,820). Contributions totalling £5,457 for the Group and £1,626 solely in relation to the company (2017, Group - £9,885, Company - £9,885) were payable to the fund at the balance sheet date.

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18. Commitments under operating leases

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

	Group 2018 £	<i>Group 2017 £</i>
Not later than 1 year	9,608	<i>10,180</i>
Later than 1 year and not later than 5 years	4,073	<i>13,681</i>
	<u>13,681</u>	<u><i>23,861</i></u>

19. Related party transactions

Included within creditors at the balance sheet date is an outstanding balance of £200,000 (2017 - £200,420) payable to an entity which has trustees in common with the directors.