

Home Builders Federation Limited
(a company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 December 2010

Home Builders Federation Limited

(a company limited by guarantee)
DIRECTORS' REPORT
for the year ended 31 December 2010

The directors present their Annual Report and financial statements for the year ended 31 December 2010.

PRINCIPAL ACTIVITY

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

BUSINESS REVIEW

The home building industry is currently facing significant and wide ranging challenges that emphasise the need for a strong and influential industry representative body that can robustly work on the industry's behalf. 2010 proved to be another challenging year for the industry, with the economic downturn continuing to have a constraining effect on mortgage availability; and the radically different planning policies proposed by the newly elected Coalition Government all contributing to an uncertain state of affairs.

HBF was at the forefront on a range of issues that impacted on our members businesses. Including;

- Working with Government on the implementation of the Kickstart and HomeBuy Direct schemes that used public money to maintain house building supply and assist first time buyers to purchase a home.
- Making representation on the need to increase mortgage provision to Government and lenders, including through the FSA Mortgage Market Review.
- Using the strong links developed with the Conservative policy to influence draft planning policy such that house builders concerns are properly represented as policies are agreed and implemented.
- Working with the new Government to secure a commitment to reduce the regulatory burden on house building sites.
- Continuing the focus on the formulation and shaping of policy that will influence house builders in years to come, particularly as regards The Zero Carbon initiative, S106 Agreements and Community Infrastructure Levy.

The Company reported a loss before tax of £44,485 (2009 : profit £109,449). However, it is important that the quality and level of service provided by the HBF is maintained. A successful membership drive was implemented throughout 2010 that will help to increase the income. This will continue through 2011.

GOING CONCERN

The financial statements have been prepared on the going concern basis. This assumes that the company will be able to meet its liabilities as they fall due. In assessing the appropriateness of the going concern basis the directors have reviewed cash flow forecasts and will continue to review the membership base and the appropriate level of subscriptions to enable the company to continue in operational existence for the foreseeable future recognising the current economic outlook. Accordingly, the company continues to adopt the going concern basis in preparing the Annual Report and accounts.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) 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 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 enable them to ensure

Home Builders Federation Limited
(a company limited by guarantee)
DIRECTORS' REPORT
for the year ended 31 December 2010

that the financial statements comply with the Companies Act 2006. 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

The directors who served during the year were as follows:

S A Baseley
P J Davies
N Fitzsimmons
M J Freshney
M J Gaskell
M R Harris
P L Pedley OBE
D Pretty CBE – Resigned 31st December 2010
A W Yallop

COMPANY SECRETARY

M R Powell

THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

Qualifying third party indemnity provision is in place for the benefit of all directors of the company.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

During the year Baker Tilly UK Audit LLP resigned as Auditor and Barnes Roffe LLP were appointed as Auditor. The Auditor, Barnes Roffe LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

On behalf of the Board



S A Baseley
Director

1st Floor
Byron House
7 – 9 St James's Street
London
SW1A 1EE

15 March 2011

Home Builders Federation Limited

(a company limited by guarantee)

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

We have audited the financial statements of Home Builders Federation Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet and related notes set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

As more fully explained in the Directors' Responsibilities Statement set out 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. Our responsibility is to audit the financial statements and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its loss 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matter

The financial statements of the company for the year ended 31 December 2009 were audited by another auditor who expressed an unmodified opinion on those statements on 27 April 2010.

Home Builders Federation Limited

(a company limited by guarantee)

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



Simon Liggins (Senior Statutory Auditor)
Barnes Roffe LLP, Statutory Auditor
Chartered Accountants
Leytonstone House
Leytonstone
London
E11 1GA

16 March 2011

Home Builders Federation Limited
(a company limited by guarantee)
PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2010

	<i>Notes</i>	2010 £	2009 £
TURNOVER	<i>1</i>	1,863,422	1,775,517
Administrative expenses		(2,265,031)	(1,967,468)
Other operating income		337,855	276,513
OPERATING (LOSS) / PROFIT		<u>(63,754)</u>	<u>84,562</u>
Other interest receivable and similar income	<i>2</i>	19,269	24,887
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<i>3</i>	<u>(44,485)</u>	<u>109,449</u>
Taxation	<i>4</i>	(5,652)	(19,916)
(LOSS) / PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	<i>12</i>	<u><u>(50,137)</u></u>	<u><u>89,533</u></u>

All of the above results derive from continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

The notes on pages 7 to 13 form part of these financial statements.

Home Builders Federation Limited

(a company limited by guarantee)

BALANCE SHEET
at 31 December 2010

Company Registration No. 2764757

	Notes	£	2010 £	£	2009 £
FIXED ASSETS					
Tangible assets	5		8,366		9,657
Investments	6		1,500,008		8
			<u>1,508,374</u>		<u>9,665</u>
CURRENT ASSETS					
Debtors	7	298,701		478,177	
Cash at bank and in hand		447,987		1,594,587	
		<u>746,688</u>		<u>2,072,764</u>	
CREDITORS: amounts falling due within one year	8	(580,516)		(429,546)	
NET CURRENT ASSETS			<u>166,172</u>		<u>1,643,218</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>1,674,546</u>		<u>1,652,883</u>
CREDITORS: amounts falling due after more than one year	9		(525,000)		(525,000)
PROVISIONS FOR LIABILITIES	11		(206,800)		(135,000)
NET ASSETS			<u>942,746</u>		<u>992,883</u>
CAPITAL AND RESERVES					
Profit and loss account			942,746		992,883
MEMBERS' FUNDS	12		<u>942,746</u>		<u>992,883</u>

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements on pages 4 to 13 were approved by the board of directors and authorised for issue on 15 March 2011 and are signed on its behalf by:



S A Baseley
Director

The notes on pages 7 to 12 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 2010

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

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 398 of the Companies Act 2006 not to prepare group financial statements. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Leasehold improvements	over primary 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 assets are only recognised to the extent that there is a reasonable expectation that taxable profits will be available against which such deductible temporary timing differences can be utilised. 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 which are recognised in the period to which they relate and only on receipt of the subscription monies.

Operating leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the lease term.

Pension contributions

The company operates a defined contribution scheme or, as an alternative, makes contributions to the personal pension plans of employees. The amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year.

Cashflow Statement

The company has taken advantage of the small company exemption from preparing a cashflow statement under the terms of FRS 1.

Home Builders Federation Limited
(a company limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2010

2	OTHER INTEREST RECEIVABLE AND SIMILAR INCOME	2010	2009
		£	£
	Bank interest receivable	19,269	24,028
	Interest on tax	-	859
		<u>19,269</u>	<u>24,887</u>
		<u><u>19,269</u></u>	<u><u>24,887</u></u>
3	(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2010	2009
		£	£
	(Loss)/Profit on ordinary activities before taxation is stated after charging:		
	Depreciation	5,898	51,764
	Auditor's remuneration	5,500	7,000
	Fees relating to pension settlement	4,575	30,625
	Operating leases	144,048	131,516
		<u>144,048</u>	<u>131,516</u>
		<u><u>144,048</u></u>	<u><u>131,516</u></u>

On 17 August 2007, after extensive negotiation beginning in November 2005, the company agreed a settlement with the Trustees of the Construction Confederation Final Salary Scheme for the withdrawal of the company from the scheme effective from 4 August 2005. The company placed £1,500,000 into an escrow account as part of the settlement and agreed to make a further contribution of £400,000 plus interest from 17 August 2007 until receipt of approval from the Pension Regulator and the High Court. The Pension Regulator considered that there was no requirement to secure his approval and High Court approval was obtained on 17 July 2008 after which payment of £1,908,933 including interest of £8,933, was made. The final contribution of £408,933 was provided in 2008 as £1,500,000 had been provided in earlier years. The company's wholly owned subsidiary, Housebuilder Media Limited had also placed £500,000 into the escrow account as its share of the overall cessation settlement and this too was released in 2008 and paid over to the Trustees following the High Court approval.

The release of the funds represented an intermediate milestone in the conclusion of these pension matters. During 2009, the Construction Confederation (sponsoring employer to the Construction Confederation Staff Pension Scheme) was declared insolvent and unable to meet its obligations. As a result, the Trustees of the Construction Confederation Staff Pensions Scheme entered into negotiations with the Pensions Protection Fund ("PPF") for the Construction Confederation element of the scheme to be admitted into the PPF.

On 11 May 2010 the PPF confirmed that, based on the information provided, the scheme is eligible to enter an assessment period. During this assessment period all data held by the Scheme is reviewed for accuracy to ensure that members receive the correct compensation payments under the PPF.

Home Builders Federation Limited
(a company limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2010

4	TAXATION			2010 £	2009 £
	Current tax:				
	UK corporation tax on profits of current year			(129,561)	-
	Adjustments in respect of previous periods			623	(109,736)
	Total current tax			(128,938)	(109,736)
	Deferred tax (see note 10)			134,590	129,652
	Tax on (loss)/profit on ordinary activities			5,652	19,916
	Factors affecting tax charge for the year:			2010 £	2009 £
	(Loss)/profit on ordinary activities before tax			(44,485)	109,449
	(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax for companies of 28% (2009: 28%)			(12,456)	30,646
	Effects of:				
	Expenses not deductible for tax purposes			570	485
	Ordinary timing differences			(129,972)	(129,972)
	Capital allowances for period in excess of depreciation			(4,000)	6,712
	Loss carry back			129,561	92,129
	Adjustments to tax charge in respect of previous periods			(112,641)	(109,736)
	Current tax (credit) for the year			(128,938)	(109,736)
5	FIXED ASSETS	Leasehold improvements	Fixtures and fittings	Office equipment	Total
		£	£	£	£
	Cost				
	1 January 2010	238,014	31,738	116,527	386,279
	Additions	-	-	4,607	4,607
	Disposals	-	-	-	-
	31 December 2010	238,014	31,738	121,134	390,886
	Depreciation				
	1 January 2010	238,014	28,836	109,772	376,622
	Charge in the year	-	2,597	3,301	5,898
	31 December 2010	238,014	31,433	113,073	382,520
	Net book value				
	31 December 2010	-	305	8,061	8,366
	31 December 2009	-	2,902	6,755	9,657

Home Builders Federation Limited
(a company limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2010

6	INVESTMENTS				2010	2009
				£	£	
	Shares in subsidiary undertakings at cost				8	8
	Fixed term deposits				1,500,000	-
				1,500,008	8	
	Subsidiary undertaking	Country of incorporation	Principal activity	Shareholding - Ordinary shares %	Capital and reserves at 31 December 2010 £	Results after tax for year ended 31 December 2010 £
	House Builders Representatives Limited	England & Wales	Dormant	100	525,004	-
	Housebuilder Media Limited	England & Wales	Publishing and Event Management	100	131,103	29,459
	House Builder Federation Limited	England & Wales	Dormant	Limited by guarantee	-	-
7	DEBTORS				2010	2009
				£	£	
	Amounts owed by subsidiary companies				2,928	4,591
	Amounts owed by connected association				-	5,714
	Trade debtors				28,924	22,259
	Other debtors				20,918	55,717
	Corporation tax recoverable				129,561	156,808
	Deferred tax asset (note 10)				15,101	149,691
	Prepayments and accrued income				101,269	83,397
				298,701	478,177	
8	CREDITORS: amounts falling due within one year				2010	2009
				£	£	
	Trade creditors				39,591	134,829
	Other creditors				-	29,688
	Amounts owed to connected association				154,062	-
	Other taxes and social security				67,122	69,286
	Other accruals and deferred income				319,741	195,743
				580,516	429,546	

Home Builders Federation Limited
(a company limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2010

9 CREDITORS: amounts falling due after more than one year

This is made up of a long term loan of £525,000 (2009: £525,000) from House Builders Representatives Limited, a subsidiary undertaking, being repayable upon the winding up of Home Builders Federation Limited.

10	DEFERRED TAX ASSET		£
	Balance at 1 January 2010		149,691
	Charged to Profit and loss account (note 4)		(134,590)
	Balance at 31 December 2010		<u>15,101</u>
		2010	2009
		£	£
	The deferred tax asset comprises:		
	Accelerated capital allowances	15,101	19,719
	Timing difference in respect of pension scheme obligation	-	129,972
	Deferred tax asset	<u>15,101</u>	<u>149,691</u>

11	PROVISIONS FOR LIABILITIES		Dilapidations £
	Balance at 1 January 2010		135,000
	Provisions made in the year		71,800
	Balance at 31 December 2010		<u>206,800</u>

A provision of £206,800 has been recognised for dilapidation costs when the lease comes to an end in 2014.

12	RECONCILIATION OF MOVEMENT IN MEMBERS' FUNDS	2010	2009
		£	£
	Opening members' funds	992,883	903,350
	(Loss)/profit after taxation for the financial year	(50,137)	89,533
	Closing members' funds	<u>942,746</u>	<u>992,883</u>

13 PARTICULARS OF EMPLOYEES AND PENSION COSTS

The average number of persons employed by the company in administrative duties was 13 (2009: 13). Their total remuneration was:

	2010	2009
	£	£
Wages and salaries	1,083,253	1,102,207
Social security costs	128,824	119,971
Other pension costs	108,986	94,366
	<u>1,321,063</u>	<u>1,316,544</u>

Home Builders Federation Limited
(a company limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2010

13 PARTICULARS OF EMPLOYEES AND PENSION COSTS (continued)

The company has a defined contribution pension scheme in place for employees. As an alternative the company contributes to personal pension plans for certain employees who have so elected. Contributions to the company scheme and to the personal plans during 2010 amounted to £108,986 (2009: £94,366). There were no amounts which were pre-paid or accrued at the year end.

14	DIRECTORS' EMOLUMENTS	2010	2009
		£	£
	Salary and benefits in kind	329,736	369,540
	Contributions to personal pension plan	30,900	33,600
		<u>360,636</u>	<u>403,140</u>

15 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2010 the company had annual commitments under non-cancellable operating leases as follows:

	Office rentals 2010 £	Other 2010 £	Office rentals 2009 £	Other 2009 £
Expiring:				
within one year	-	-	-	3,905
within one to two years	-	-	-	3,887
between two and five years	148,225	-	148,225	-
	<u>148,225</u>	<u>-</u>	<u>148,225</u>	<u>7,782</u>

16 RELATED PARTY TRANSACTIONS

During the year £22,500 (2009: £22,500) was receivable from Housebuilder Media Limited in respect of management charges, £37,958 (2009: £47,270) was receivable for use of office space and equipment usage and £18,500 (2009: £21,500) was receivable for editorial provided to Housebuilder Media Limited publications. Also during the year, £66,000 (2009: £54,000) was payable to Housebuilder Media Limited for publications work and event management. Housebuilder Media Limited is a wholly-owned subsidiary of Home Builders Federation Limited. At 31 December 2010 Housebuilder Media Limited had an outstanding group balance due to the company of £2,928 (31 December 2009: £4,591).

During the year £65,000 (2009: £65,000) was receivable from New Homes Marketing Board in respect of a programme contribution towards joint costs and £2,400 (2009: £24,000) was receivable for web support and management. During the year £160,000 (2009: £Nil) was loaned by the New Homes Marketing Board. Interest is payable based on deposit rates achieved. Home Builders Federation Limited has directors in common with the trustees of New Homes Marketing Board. At 31 December 2010 the company owed New Homes Marketing Board £154,062 (31 December 2009: £5,714 due from New Homes Marketing Board).

Home Builders Federation Limited
(a company limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2010

16 RELATED PARTY TRANSACTIONS (CONTINUED)

During the year consultancy fees paid to directors were as follows:

- M.J. Freshney £9,441 (2009: £47,955) of which £1,782 (2009: £2,258) was outstanding at the year end but has since been paid.
- P.L.Pedley £29,000 (2009: £4,000), of which £Nil (2009: £4,000) was outstanding at the year end.
- Reimbursement of directors' expenses £5,356 (2009 £4,340) of which £355 (2009: £321) was outstanding at the year end but has since been paid.