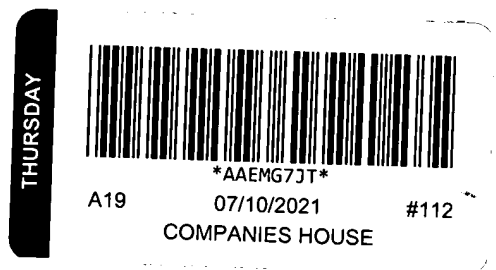


Registered number: 00368163

FEDERATION OF MASTER BUILDERS LIMITED
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



FEDERATION OF MASTER BUILDERS LIMITED
(A company limited by guarantee)

COMPANY INFORMATION

Directors	J G Barton C S Carr R J Clark (appointed 10 September 2020) J M Etchells A C Gay (appointed 9 September 2020) M Gribbin (appointed 18 September 2020) R Housden K A Ireland A J McArdle M L Radford A S Raitt (appointed 18 September 2020) A F Summun R G Williams (appointed 18 September 2020)
Company secretary	Crossley Secretaries Limited
Registered number	00368163
Registered office	Star House Star Hill Rochester Kent ME1 1UX
Business address	David Croft House 25 Ely Place London EC1N 6TD
Independent auditor	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW

FEDERATION OF MASTER BUILDERS LIMITED
(A company limited by guarantee)

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FEDERATION OF MASTER BUILDERS LIMITED
(A company limited by guarantee)

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report for the year ended 31 December 2020.

The Federation of Master Builders

The Federation of Master Builders (FMB) is the largest trade association in the UK construction industry representing over 7,000 small and medium sized (SME) construction companies in all four countries of the UK. Since our creation in 1941, the FMB has championed continuous improvement in the building industry.

FMB members are vetted and independently inspected on joining to ensure they meet our standards. The FMB also requires all existing members to undergo a continuous inspection cycle to ensure they meet the FMB's standards. We also provide a range of member services to help members grow, improve and protect their businesses. These include training, insurance services, our Find a Builder service, and a range of business helplines.

The FMB is committed to building trust with all those who engage in the building industry. For our members it means giving them the support they need to promote their businesses and for their clients it's about reassuring them that by employing Master Builders they will have the right people to deliver the right results.

Introduction

In April 2019, the FMB Board approved a new three-year strategic plan called the 'Badge of Quality' to differentiate FMB membership with a renewed commitment to higher standards.

The FMB's vision is for:

"Master Builder companies to be recognised as the badge of quality."

FMB Mission

The FMB's mission is to focus on four key strategic objectives:

1. Improved Standards – to ensure all Master Builder companies are independently inspected and comply with the FMB's entry criteria and Code of Conduct.
2. Improved Membership Engagement – to improve our proactive engagement with members using the new CRM and additional staffing resources in the regions.
3. Improved Communication - to align all our communication activities to ensure they proactively promote the FMB effectively and support membership engagement.
4. Improved Commercial Income – to increase commercial income to support improved services to Members.

FMB Values

The FMB's core values support our mission statement as well as shaping the culture of the organisation. Our values are the essence of the FMB's identity and reflect our principles and beliefs.

The four key values of the FMB and its staff are:

- Professional - to do everything to the highest standard possible and to always seek ways to improve.
- Commercial - to be business focused and maximise the commercial value of all FMB's activities.
- Positive - to actively engage and to be solutions-focused.
- Collaborative - to work together with respect and honesty as 'one team' putting the members at the heart of everything we do.

FEDERATION OF MASTER BUILDERS LIMITED
(A company limited by guarantee)

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Evaluation

Each of the four strategic objectives is supported by defined objectives which are measured and assessed by the SMT and the FMB Board. Success is being defined by:

- All members compliant with the FMB's entry criteria.
- An increase in members' satisfaction about being a member of the FMB.
- An increase in members' awareness about what the FMB stands for and the services it provides.
- A new commercial strategy that supports both the membership offer and increases non-subscription income.

Review of FMB performance

2020 was unprecedented in terms of the impact of the Covid-19 pandemic on the economy. Despite the difficult economic climate the FMB delivered a surplus of £427,586 in 2020 which was above the target set by the FMB Board at the end of 2019. Membership fell by 362 and was 7,366 at the end of December 2020. This fall was smaller than expected as a consequence of the Covid-19 pandemic. The retention rate held up high at over 88% in 2020 (88% in 2019). FMB Insurance Services (FMBIS) delivered a surplus of £42,282.

Key performance indicators

Our Finance Team support their colleagues to enable them to implement their business objectives. The team measures:

- Cashflow and credit control
- Performance against budget and reporting variances
- Overall business surplus
- Return on investment on assets

Principal risks and uncertainties

The FMB's Audit and Risk Committee meets regularly to ensure that the FMB consider risk and uncertainties.

The main risks are:

- Impact of COVID-19 on the FMB and FMBIS
- Impact of Brexit on the construction sector and the wider economy
- IT failure leading to business disruption
- Ensuring all members are inspected to meet the FMB's new entry criteria

The impact of COVID-19 prompted an immediate and ongoing response, with a review of the Business Plan, following Government guidance, as well as providing support for the wider Construction Industry.

These measures included:

- All FMB staff working from home
- Revised budget
- FMB staff furloughed
- All events and conferences cancelled
- Guidance and advice provided to members
- Payment holidays for members on request
- FMB working with the Construction Leadership Council (CLC)
- FMB Guidance about restarting work – endorsed by UK Government and CLC
- Recovery Plan – RM&I Working Group led by FMB.
- National Retrofit Strategy – FMB lead the creation of the CLC endorsed NRS.

FEDERATION OF MASTER BUILDERS LIMITED
(A company limited by guarantee)

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Future Direction

A successful implementation of this strategy will allow the FMB to launch itself as the guardian of standards within the SME building industry with the potential for stronger membership growth and commercial opportunities as the FMB logo becomes recognised and valued as the badge of quality.

This report was approved by the board and signed on its behalf.



J M Etchells
Director

Date: 19/07/2021

FEDERATION OF MASTER BUILDERS LIMITED
(A company limited by guarantee)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Principal activity

The principal activity of the company and group continued to be that of an employers' association in the construction industry.

Results and dividends

The profit for the year, after taxation, amounted to £427,586 (2019 - loss £162,844).

The results for the year are set out on the Group Statement of Comprehensive Income.

Directors

The directors who served during the year were:

J G Barton
C S Carr
R J Clark (appointed 10 September 2020)
J M Etchells
A C Gay (appointed 9 September 2020)
M Gribbin (appointed 18 September 2020)
R Housden
K A Ireland
A J McArdle
M L Radford
A S Raitt (appointed 18 September 2020)
A F Summun
R G Williams (appointed 18 September 2020)

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, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.


J M Etchells
Director
Date: 19/07/2021

FEDERATION OF MASTER BUILDERS LIMITED
(A company limited by guarantee)

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the Group strategic report, 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.

FEDERATION OF MASTER BUILDERS LIMITED
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FEDERATION OF MASTER BUILDERS LIMITED

Opinion

We have audited the financial statements of Federation of Master Builders Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020, which comprise the Group Statement of comprehensive income, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and Company Statement of changes in equity 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 2020 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

FEDERATION OF MASTER BUILDERS LIMITED
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FEDERATION OF MASTER BUILDERS LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Directors' report have 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 Group strategic report or 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.

FEDERATION OF MASTER BUILDERS LIMITED
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FEDERATION OF MASTER BUILDERS LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 5, 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.

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the group and the parent company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and financial reporting standards. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the group's and the parent company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the group and the parent company for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation, employment legislation and taxation legislation.

FEDERATION OF MASTER BUILDERS LIMITED
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FEDERATION OF MASTER BUILDERS LIMITED (CONTINUED)

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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.



Julia Poulter
Senior statutory auditor

for and on behalf of
Crowe U.K. LLP

Statutory Auditor
London

Date: 2nd September 2021

FEDERATION OF MASTER BUILDERS LIMITED
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Turnover	4	5,596,387	5,577,999
Cost of sales		(328,408)	(817,183)
Gross profit		5,267,979	4,760,816
Administrative expenses		(5,193,878)	(4,822,224)
Other operating income	5	186,592	-
Operating profit/(loss)	6	260,693	(61,408)
Income from fixed assets investments		212,086	207,096
Revaluation of gain/(loss) on investment property	15	(60,180)	76,662
Interest receivable and similar income	10	5,006	1,601
Profit before taxation		417,605	223,951
Tax on profit	11	9,981	(386,795)
Profit/(loss) for the financial year		427,586	(162,844)
Unrealised (deficit)/surplus on revaluation of tangible fixed assets	13	(111,763)	(321,182)
Tax relating to other comprehensive income		-	61,025
Other comprehensive income for the year		(111,763)	(260,157)
Total comprehensive income for the year		315,823	(423,001)
Profit/(loss) for the year attributable to:			
Owners of the parent Company		427,586	(162,844)
		427,586	(162,844)

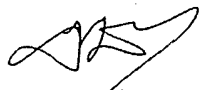
The notes on pages 16 to 36 form part of these financial statements.

FEDERATION OF MASTER BUILDERS LIMITED
(A company limited by guarantee)
REGISTERED NUMBER: 00368163

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	12	742,516	925,223
Tangible assets	13	4,615,783	4,858,769
Investments	14	10,800	14,400
Investment property	15	2,424,718	2,484,898
		<u>7,793,817</u>	<u>8,283,290</u>
Current assets			
Debtors: amounts falling due within one year	16	538,020	591,949
Cash at bank and in hand	17	2,877,157	1,332,128
		<u>3,415,177</u>	<u>1,924,077</u>
Creditors: amounts falling due within one year	18	(2,426,427)	(1,760,024)
Net current assets		<u>988,750</u>	<u>164,053</u>
Total assets less current liabilities		<u>8,782,567</u>	<u>8,447,343</u>
Provisions for liabilities			
Deferred taxation	20	(635,481)	(616,080)
Net assets		<u><u>8,147,086</u></u>	<u><u>7,831,263</u></u>
Capital and reserves			
Revaluation reserve		1,908,450	2,020,213
Profit and loss account		6,238,636	5,811,050
		<u><u>8,147,086</u></u>	<u><u>7,831,263</u></u>

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


J M Etchells
 Director

Date: 19/07/2021

The notes on pages 16 to 36 form part of these financial statements.

FEDERATION OF MASTER BUILDERS LIMITED
(A company limited by guarantee)
REGISTERED NUMBER: 00368163

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	12	652,168	798,305
Tangible assets	13	4,585,865	4,814,913
Investments	14	5,002	5,002
Investment property	15	2,424,718	2,484,898
		<u>7,667,753</u>	<u>8,103,118</u>
Current assets			
Debtors: amounts falling due within one year	16	800,080	785,663
Cash at bank and in hand	17	1,611,615	768,486
		<u>2,411,695</u>	<u>1,554,149</u>
Creditors: amounts falling due within one year	18	(1,430,368)	(1,295,454)
Net current assets		<u>981,327</u>	<u>258,695</u>
Total assets less current liabilities		<u>8,649,080</u>	<u>8,361,813</u>
Provisions for liabilities			
Deferred taxation	20	(629,817)	(616,080)
Net assets		<u><u>8,019,263</u></u>	<u><u>7,745,733</u></u>
Capital and reserves			
Revaluation reserve		1,908,450	2,020,213
Profit and loss account brought forward	5,725,520		5,889,893
Profit/(loss) for the year	385,293		(164,373)
Profit and loss account carried forward		6,110,813	5,725,520
		<u><u>8,019,263</u></u>	<u><u>7,745,733</u></u>

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


J M Etchells
 Director

Date: 19/07/2021

The notes on pages 16 to 36 form part of these financial statements.

FEDERATION OF MASTER BUILDERS LIMITED
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 January 2019	2,280,370	5,973,894	8,254,264
Comprehensive income for the year			
Loss for the year	-	(162,844)	(162,844)
Revaluation of tangible fixed assets	(321,182)	-	(321,182)
Tax relating to other comprehensive income	61,025	-	61,025
Total comprehensive income for the year	(260,157)	(162,844)	(423,001)
At 1 January 2020	2,020,213	5,811,050	7,831,263
Comprehensive income for the year			
Profit for the year	-	427,586	427,586
Revaluation of tangible fixed assets	(111,763)	-	(111,763)
Total comprehensive income for the year	(111,763)	427,586	315,823
At 31 December 2020	1,908,450	6,238,636	8,147,086

The notes on pages 16 to 36 form part of these financial statements.

FEDERATION OF MASTER BUILDERS LIMITED
(A company limited by guarantee)

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 January 2019	2,280,370	5,889,893	8,170,263
Comprehensive income for the year			
Loss for the year	-	(164,373)	(164,373)
Revaluation of tangible fixed assets	(321,182)	-	(321,182)
Tax relating to other comprehensive income	61,025	-	61,025
Total comprehensive income for the year	(260,157)	(164,373)	(424,530)
At 1 January 2020	2,020,213	5,725,520	7,745,733
Comprehensive income for the year			
Profit for the year	-	385,293	385,293
Revaluation of tangible fixed assets	(111,763)	-	(111,763)
Total comprehensive income for the year	(111,763)	385,293	273,530
At 31 December 2020	1,908,450	6,110,813	8,019,263

The notes on pages 16 to 36 form part of these financial statements.

FEDERATION OF MASTER BUILDERS LIMITED
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	427,586	(162,844)
Adjustments for:		
Amortisation of intangible assets	178,284	110,477
Depreciation of tangible assets	63,798	77,438
Amounts written off investments	60,180	(76,662)
Loss on disposal of tangible assets	(102,959)	-
Interest received	(5,006)	(1,601)
Taxation charge	(9,982)	386,795
Decrease in debtors	248,942	66,056
Increase/(decrease) in creditors	710,293	(63,579)
Intangible assets write off	29,383	40,155
Net cash generated from operating activities	1,600,519	376,235
Cash flows from investing activities		
Purchase of intangible fixed assets	(24,960)	(331,589)
Purchase of tangible fixed assets	(35,536)	(87,817)
Interest received	5,006	1,601
Net cash from investing activities	(55,490)	(417,805)
Net increase/(decrease) in cash and cash equivalents	1,545,029	(41,570)
Cash and cash equivalents at beginning of year	1,332,128	1,373,698
Cash and cash equivalents at the end of year	2,877,157	1,332,128
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,877,157	1,332,128

The notes on pages 16 to 36 form part of these financial statements.

FEDERATION OF MASTER BUILDERS LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

Federation of Master Builders Limited ("the company") is a private company, limited by guarantee, incorporated and domiciled in England and Wales. The registered office is Star House, Star Hill, Rochester, Kent, ME1 1UX.

2. Accounting policies

2.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

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 comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

FEDERATION OF MASTER BUILDERS LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.3 Going concern

The Directors have assessed the appropriateness of the going concern concept in relation to these financial statements and consider that it is fair to prepare the accounts on a going concern basis. This conclusion is based on the Company having sufficient assets to meet its liabilities as they fall due for the twelve months from the date these financial statements are signed.

Directors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the FMB to continue as a going concern. The Directors make this assessment in respect of a period of one year from the date of approval of the financial statements. In making this assessment the Directors have considered the impact of COVID-19 and whilst there remains uncertainty as to the impact of this situation on our membership any losses can be mitigated by anticipated cost savings. Annual budgets have been revised taking this into account with prudent figures for both income and expenditure. The FMB holds significant reserves in the form of unencumbered Freehold buildings and Investment properties and has liquid assets in the form of cash, which is readily available. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102.

Grants of a revenue nature are recognised in the Consolidated statement of comprehensive income in the same period as the related expenditure.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.7 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan 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 in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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.

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**NOTES TO THE FINANCIAL STATEMENTS
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2. Accounting policies (continued)

2.9 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.

The estimated useful lives range as follows:

Software	-	3 - 5 years
CRM system	-	7 years

2.10 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.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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	- Not depreciated
Fixtures and fittings	- 15% straight line
Office equipment	- 20% straight line
Computer equipment	- 33% straight line

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 profit or loss.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.11 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.12 Investment property

Investment property is carried at fair value determined by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. In the years where professional valuations are not obtained the fair value of the properties is estimated by use of retail office property indices to estimate the value based on the previous professional valuation. The indices used are those for the capital growth percentage of office properties.

No depreciation is provided. Changes in fair value are recognised in the Consolidated statement of comprehensive income.

Properties that are used for both operating and investment purposes are considered to be mixed use properties. The fair value of such properties is split between freehold and investment properties based on the square footage used by staff of the Group and tenants and the headcount.

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**NOTES TO THE FINANCIAL STATEMENTS
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2. Accounting policies (continued)

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.14 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.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

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 profit or loss 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 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each

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2. Accounting policies (continued)

2.16 Financial instruments (continued)

reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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 of the recoverable amount, 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.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

In preparing these financial statements, the directors have made the following judgements:

Impairment of assets

Determine whether there are indicators of impairment of the company's tangible & intangible assets. Factors taken into consideration in reaching such a decision include economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and the expected future performance of that unit.

Useful economic life of assets

Fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing the asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual values consist of things as future market conditions, the remaining life of the asset and projected disposal values.

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**NOTES TO THE FINANCIAL STATEMENTS
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4. Turnover

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Membership income	4,092,936	4,094,384
Inspection fee and administrative income	408,973	289,980
Sponsorship income	8,265	167,173
Other income	329,575	272,453
Premiums	756,638	754,010
	<u>5,596,387</u>	<u>5,578,000</u>

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	<u>5,596,387</u>	<u>5,577,999</u>

5. Other operating income

	2020 £	2019 £
Government grants receivable	<u>186,592</u>	<u>-</u>

6. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2020 £	2019 £
Other operating lease rentals	<u>24,108</u>	<u>53,839</u>

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7. Auditor's remuneration

	2020 £	2019 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>17,500</u>	<u>31,832</u>
Fees payable to the Group's auditor and its associates in respect of:		
All other services	<u>3,000</u>	<u>-</u>

8. Employees

Staff costs were as follows:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Wages and salaries	2,224,641	2,152,817	1,686,323	1,685,491
Social security costs	238,706	225,073	184,246	177,976
Cost of defined contribution scheme	189,111	191,775	147,608	154,060
	<u>2,652,458</u>	<u>2,569,665</u>	<u>2,018,177</u>	<u>2,017,527</u>

Included in the above are redundancy and termination payments in the year amounting to £nil (2019: £26,678).

The average monthly number of employees, including the directors, during the year was as follows:

	Group 2020 No.	Group 2019 No.	Company 2020 No.	Company 2019 No.
Employees	<u>62</u>	<u>63</u>	<u>45</u>	<u>44</u>

9. Income from investments

	2020 £	2019 £
Income from fixed asset investments	<u>212,086</u>	<u>207,096</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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10. Interest receivable

	2020 £	2019 £
Other interest receivable	5,006	1,601

11. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	-	13
Adjustment for R&D claim prior years	(29,382)	-
Total current tax	(29,382)	13
Deferred tax		
Origination and reversal of timing differences	19,401	386,782
Taxation on (loss)/profit on ordinary activities	(9,981)	386,795

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>417,605</u>	<u>223,951</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	79,345	42,551
Effects of:		
Expenses not deductible for tax purposes	1,547	9,301
Other differences	14,214	-
Adjustment for research and development claim in prior years	(29,382)	-
Unrelieved tax losses carried forward	(110,090)	(25,073)
Movement in deferred tax	19,401	372,216
Fixed asset timing differences	14,984	(12,200)
Total tax charge for the year	<u>(9,981)</u>	<u>386,795</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

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**NOTES TO THE FINANCIAL STATEMENTS
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12. Intangible assets

Group

	CRM system £	Software £	Total £
Cost			
At 1 January 2020	846,677	313,829	1,160,506
Additions	-	24,960	24,960
Disposals	(29,383)	-	(29,383)
At 31 December 2020	<u>817,294</u>	<u>338,789</u>	<u>1,156,083</u>
Amortisation			
At 1 January 2020	48,372	186,911	235,283
Charge for the year on owned assets	116,757	61,527	178,284
At 31 December 2020	<u>165,129</u>	<u>248,438</u>	<u>413,567</u>
Net book value			
At 31 December 2020	<u>652,165</u>	<u>90,351</u>	<u>742,516</u>
At 31 December 2019	<u>798,305</u>	<u>126,917</u>	<u>925,222</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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12. Intangible assets (continued)

Company

	CRM system £	Software £	Total £
Cost			
At 1 January 2020	846,677	9,923	856,600
Disposals	(29,383)	-	(29,383)
At 31 December 2020	<u>817,294</u>	<u>9,923</u>	<u>827,217</u>
Amortisation			
At 1 January 2020	48,372	9,923	58,295
Charge for the year	116,757	-	116,757
At 31 December 2020	<u>165,129</u>	<u>9,923</u>	<u>175,052</u>
Net book value			
At 31 December 2020	<u>652,165</u>	<u>-</u>	<u>652,165</u>
At 31 December 2019	<u>798,305</u>	<u>-</u>	<u>798,305</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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13. Tangible fixed assets

Group

	Freehold property £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2020	4,667,045	228,531	86,416	290,176	5,272,168
Additions	-	83	29,158	6,295	35,536
Disposals	-	(143,070)	(48,895)	(15,414)	(207,379)
Revaluations	(111,763)	-	-	-	(111,763)
At 31 December 2020	<u>4,555,282</u>	<u>85,544</u>	<u>66,679</u>	<u>281,057</u>	<u>4,988,562</u>
Depreciation					
At 1 January 2020	-	93,995	69,672	249,731	413,398
Charge for the year on owned assets	-	33,159	6,703	23,938	63,800
Disposals	-	(78,444)	(14,219)	(11,756)	(104,419)
At 31 December 2020	<u>-</u>	<u>48,710</u>	<u>62,156</u>	<u>261,913</u>	<u>372,779</u>
Net book value					
At 31 December 2020	<u>4,555,282</u>	<u>36,834</u>	<u>4,523</u>	<u>19,144</u>	<u>4,615,783</u>
At 31 December 2019	<u>4,667,045</u>	<u>134,536</u>	<u>16,744</u>	<u>40,445</u>	<u>4,858,770</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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13. Tangible fixed assets (continued)

Company

	Freehold property £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2020	4,667,045	177,381	86,416	228,397	5,159,239
Additions	-	83	29,158	4,111	33,352
Disposals	-	(143,070)	(48,895)	(15,414)	(207,379)
Revaluations	(111,763)	-	-	-	(111,763)
At 31 December 2020	<u>4,555,282</u>	<u>34,394</u>	<u>66,679</u>	<u>217,094</u>	<u>4,873,449</u>
Depreciation					
At 1 January 2020	-	68,893	69,672	205,761	344,326
Charge for the year on owned assets	-	25,863	6,703	15,111	47,677
Disposals	-	(78,444)	(14,219)	(11,756)	(104,419)
At 31 December 2020	<u>-</u>	<u>16,312</u>	<u>62,156</u>	<u>209,116</u>	<u>287,584</u>
Net book value					
At 31 December 2020	<u>4,555,282</u>	<u>18,082</u>	<u>4,523</u>	<u>7,978</u>	<u>4,585,865</u>
At 31 December 2019	<u>4,667,045</u>	<u>108,489</u>	<u>16,744</u>	<u>22,636</u>	<u>4,814,914</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

14. Fixed asset investments

Group

	Investment other than loans £
Cost or valuation	
At 1 January 2020	18,000
At 31 December 2020	18,000
Impairment	
At 1 January 2020	3,600
Charge for the period	3,600
At 31 December 2020	7,200
Net book value	
At 31 December 2020	10,800
At 31 December 2019	14,400

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NOTES TO THE FINANCIAL STATEMENTS
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14. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2020	5,002
At 31 December 2020	<u>5,002</u>
Net book value	
At 31 December 2020	<u>5,002</u>
At 31 December 2019	<u>5,002</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
FMB Insurance Services Limited	Insurance	Ordinary	100%
FMB Training Services Limited	Dormant	Ordinary	100%

All the above subsidiaries have the same registered address as the Company: Star House, Star Hill, Rochester, Kent, ME1 1UX.

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**NOTES TO THE FINANCIAL STATEMENTS
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15. Investment property

Group and Company

	Freehold investment property £
Valuation	
At 1 January 2020	2,484,898
Loss on revaluation	(60,180)
At 31 December 2020	2,424,718

The 2020 valuations were made by Cluttons LLP, on an open market value for existing use basis.

The Directors are satisfied that the carrying amount of investment property as at 31 December 2020 is materially consistent with fair value of investment property valued at £2,424,718.

16. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	35,724	71,025	35,726	71,025
Amounts owed by group undertakings	-	-	558,701	520,456
Other debtors	256,993	290,318	3,234	10,051
Prepayments and accrued income	245,303	230,606	202,419	184,131
	538,020	591,949	800,080	785,663

17. Cash and cash equivalents

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Cash at bank and in hand	2,877,157	1,332,128	1,611,615	768,486

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NOTES TO THE FINANCIAL STATEMENTS
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18. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade creditors	93,360	117,841	87,746	85,273
Corporation tax	-	13	-	-
Other taxation and social security	299,686	193,784	299,686	193,784
Other creditors	944,660	453,718	54,191	51,794
Accruals and deferred income	1,088,721	994,668	988,745	964,603
	<u>2,426,427</u>	<u>1,760,024</u>	<u>1,430,368</u>	<u>1,295,454</u>

19. Financial instruments

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Financial assets				
Debt instruments measured at amortised cost	444,746	439,159	633,041	679,349
Equity instruments measured at cost less impairment	10,800	14,400	-	-
	<u>455,546</u>	<u>453,559</u>	<u>633,041</u>	<u>679,349</u>
Financial liabilities				
Measured at amortised cost	1,409,146	808,701	429,346	344,144

20. Deferred taxation

Group

	2020 £	2019 £
At beginning of year	616,080	616,080
Charged to profit or loss	19,401	-
At end of year	<u>635,481</u>	<u>616,080</u>

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

The deferred tax balance is made up as follows:

	Group 2020 £	<i>Group 2019 £</i>	Company 2020 £	<i>Company 2019 £</i>
Tax losses carried forward	635,481	<i>616,080</i>	629,817	<i>616,080</i>
	<u>635,481</u>	<u><i>616,080</i></u>	<u>629,817</u>	<u><i>616,080</i></u>
Comprising:				
Liability	635,481	<i>616,080</i>	629,817	<i>616,080</i>
	<u>635,481</u>	<u><i>616,080</i></u>	<u>629,817</u>	<u><i>616,080</i></u>

21. Company status

The company is a private company limited by guarantee and consequently does not have share capital.

22. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £189,111 (2019: £191,775).

23. Commitments under operating leases

At 31 December 2020 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2020 £	<i>Group 2019 £</i>	Company 2020 £	<i>Company 2019 £</i>
Not later than 1 year	59,239	<i>46,615</i>	59,239	<i>46,615</i>
Later than 1 year and not later than 5 years	77,926	<i>73,559</i>	77,926	<i>73,559</i>
	<u>137,165</u>	<u><i>120,174</i></u>	<u>137,165</u>	<u><i>120,174</i></u>

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24. Related party transactions

During the year, the directors of the company received emoluments of £10,667 (2019: £10,000) and Group £84,160 (2019: £84,160).

During the year, the key management personnel of the company received emoluments of £429,815 (2019: £422,090) and Group £538,479 (2019: £496,250).

Peter Matson, a director of the company, charged FMB Insurance Services Limited £5,000 (2019: £30,000) for management consultancy work. The amount due at the year-end by FMB Insurance Services Limited was £Nil (2019: £5,000).

During the year, 4 directors were customers of FMB Insurance Services Limited through their limited companies. The total premium paid by these companies was £18,443 (2019: £18,736).