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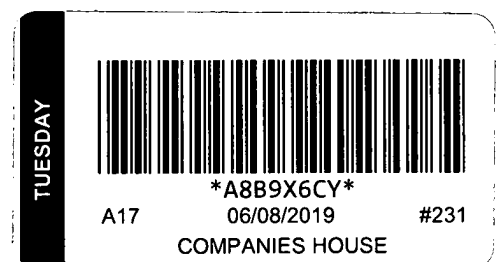
BRITISH PROPERTY FEDERATION

(Limited by Guarantee)

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2018



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Directors

Alan J Leibowitz	
Anne T Kavanagh	
Christopher M Grigg	
Christopher M Taylor	
David B Marks	
David J R Sleath	Resigned 3 July 2018
Melanie J Leech	
Paul A Brundage	
Toby A Courtauld	
Helen C Gordon	
Robert M Noel	
William Hughes	
David Partridge	Appointed 3 July 2018

Company Secretary	Ion M P Fletcher
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Business Address and Registered Office	5 th Floor St Albans House 57 – 59 Haymarket London SW1Y 4QX
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Auditors	PKF Littlejohn LLP Statutory Auditors 1 Westferry Circus Canary Wharf London E14 4HD
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Company Registration Number	00778293
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Introduction

The Directors present their report and the audited financial statements of the Group and Company for the year ended 31 December 2018.

Business of the British Property Federation (BPF)

The purpose of the BPF is to develop partnerships with the UK and Scottish Governments, and other decision making bodies, so that it can encourage the development of policies and regulations that will enable the industry to grow and thrive.

Review of business and future developments

Over the course of the year the BPF continued to promote the role of commercial real estate in supporting key national policy priorities including housing provision, the regeneration of town and city centres and the attraction of inward investment into the UK, where the BPF partnered with the UK Government at key trade fairs.

The BPF continued to operate a series of regional fora across the UK working to strengthen its engagement with key local authorities and with the new elected Mayors. Towards the end of the year, the BPF commissioned a major perception audit of the real estate industry, the results of which will be used to inform business and communication priorities in the near future. It also focused on the impact of technology in the real estate sector, commissioning research and establishing a new working group of experts.

The BPF championed the need to create a more diverse and inclusive real estate industry and its new forum for future leaders of the industry – BPF Futures – grew rapidly during the year to over 1,000 members; well in excess of projections.

In Scotland, our Scottish Property Federation worked to promote the real estate sector, supporting development of all forms and tenures to attract investment to Scotland. To support this campaign, SPF commissioned research by the University of Strathclyde's respected Fraser of Allander Institute on the economic contribution of the commercial property sector to the Scottish economy, with a focus on economic growth and jobs through development. Other achievements included successfully arguing against the introduction of a number of 'pilot' out of town business rates supplements that would have impacted all major ratepayers, not just online retailers. SPF also played a major role in persuading the main Opposition party not to vote for a form of third party right of appeal during Committee scrutiny of the Scottish Planning Bill.

For the future, the BPF will continue its engagement on the issues of most importance to the industry and will look to work with like-minded partners to support the UK real estate industry and to promote its importance to the UK economy. As political and economic uncertainty continues, pending greater clarification regarding the framework for the UK's departure from the EU, the BPF will work to ensure that the sector's interests are protected and that the implications of a future relationship with the EU are understood by its members. Another key challenge will be to support the UK real estate industry's efforts to enhance its productivity through greater use of data and technology.

Directors' Indemnity

The Company has provided qualifying third-party indemnities for the benefit of its Directors. These were provided during the year and remain in force at the date of this report.

Results for the year

The results are set out in the consolidated statement of comprehensive income on page 8. The deficit for the year after taxation was £380,770 (2017 – surplus of £213,793).

Health and safety

The Board is committed to achieving the highest standards of care in its attention to health, safety and fire prevention. The Board requires safe working practices to ensure that employees, tenants and the general public are not harmed by the BPF's activities. Regular checks are made of office equipment, staff welfare and working practices to ensure that correct standards are maintained, and health and safety specialists undertake an annual inspection of fire prevention equipment.

Membership of the Board

The BPF wishes to thank the Directors for their contribution to its affairs during the year. The Directors serving during the year and up to the date of this report are set out on page 2.

Provision of Information to Auditors

So far as each of the Directors is aware at the time this report is approved:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditor:

PKF Littlejohn LLP has expressed its willingness to continue in office. A resolution proposing the reappointment of PKF Littlejohn LLP will be proposed at the next Annual General Meeting.

This report is prepared in accordance with the small companies' regime under the Companies Act 2006.

By order of the Board



M J Leech
Chief Executive

5th Floor
St Albans House
57 – 59 Haymarket
London SW1Y 4QX

13 June 2019

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 Group and Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102). 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 Group and Company 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 and then apply them consistently;
- * make judgments and accounting estimates that are reasonable and prudent; and
- * 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 Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BRITISH PROPERTY FEDERATION**Opinion**

We have audited the financial statements of British Property Federation (the 'company') for the year ended 31 December 2018 which comprise the Group Statement of Comprehensive Income, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, the Group and Parent Company Statement of Changes in Equity and notes to the financial statements, 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 company's affairs as at 31 December 2018 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.

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 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 other information comprises the information included in the Report of the Directors, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 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.

Opinions 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 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, 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; 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 strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 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 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.

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.



Alastair Duke (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

17 June

2019

1 Westferry Circus
Canary Wharf
London E14 4HD

BRITISH PROPERTY FEDERATION CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2018

	Note	Total 2018	Total 2017
Subscription income		2,648,510	2,583,217
Operating and administrative expenses	5	(3,404,156)	(3,189,871)
Event and other income		491,331	613,994
		<hr/>	<hr/>
Operating (deficit)/surplus		(264,315)	7,340
Interest receivable and similar income	7	111,320	106,358
(Loss)/Profit on sale of and movement in value of investments	10	(236,929)	120,952
Bank interest and charges payable		(5,552)	(6,301)
		<hr/>	<hr/>
(Deficit)/Surplus on ordinary activities before taxation		(395,476)	228,349
Taxation	8	14,706	(14,556)
		<hr/>	<hr/>
(Deficit)/Surplus on ordinary activities after taxation		(380,770)	213,793
 Income and Expenditure account			
Balance at beginning of year		3,459,657	3,245,864
		<hr/>	<hr/>
Balance at end of year		£3,078,887	£3,459,657
		<hr/>	<hr/>
		<hr/>	<hr/>
Total comprehensive (expenditure)/income for the year		(£380,770)	£213,793
		<hr/>	<hr/>

All income and expenditure relates to continuing operations.



The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company profit and loss account. The loss for the Company for the year was £187,839 (2017: profit of £55,964).

The notes on pages 12 to 23 form part of these financial statements.

		Group		Company	
	Note	2018	2017	2018	2017
Fixed Assets					
Tangible fixed assets	9	74,903	40,942	-	-
Investments	10	3,206,569	3,213,548	-	-
Investment in group undertaking	19	-	-	100	100
Current Assets					
Debtors	11	304,575	339,369	2,727,861	3,002,257
Investments	12	936,807	701,443	936,807	701,443
Cash at bank and In hand		392,089	991,623	184,364	202,837
		<u>1,633,471</u>	<u>2,032,435</u>	<u>3,849,032</u>	<u>3,906,537</u>
Creditors:					
Amounts falling due within one year	13	(1,796,056)	(1,787,268)	(1,687,416)	(1,557,082)
		<u>(162,585)</u>	<u>245,167</u>	<u>2,161,616</u>	<u>2,349,455</u>
Net Current Assets					
		(162,585)	245,167	2,161,616	2,349,455
Provisions for liabilities	14	(40,000)	(40,000)	-	-
		<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>	<u>-</u>
Net Assets		<u>£3,078,887</u>	<u>£3,459,657</u>	<u>£2,161,716</u>	<u>£2,349,555</u>
Members' funds					
		<u>£3,078,887</u>	<u>£3,459,657</u>	<u>£2,161,716</u>	<u>£2,349,555</u>
Income and Expenditure account		£3,078,887	£3,459,657	£2,161,716	£2,349,555

The financial statements were approved and authorised for issue by the Board of Directors on 13 June 2019 and were signed on its behalf by:

Alan Leibowitz

) 
)
) Directors
) 

Melanie J Leech

The Accounting Policies and Notes on pages 12 to 23 form part of these Financial Statements.

	Notes	Group		Company	
		Members' Funds	Total	Members' Funds	Total
Balance as at 1 January 2017		3,245,864	3,245,864	2,293,591	2,293,591
Profit for the year		213,793	213,793	55,964	55,964
Balance as at 31 December 2017		£3,459,657	£3,459,657	£2,349,555	£2,349,555
Balance at 1 January 2018		3,459,657	3,459,657	2,349,555	2,349,555
Loss for the year		(380,770)	(380,770)	(187,839)	(187,839)
Balance as at 31 December 2018		£3,078,887	£3,078,887	£2,161,716	£2,161,716

The Accounting Policies and Notes on pages 12 to 23 form part of these Financial Statements.

BRITISH PROPERTY FEDERATION

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2018

	Note	2018	2017
Cash from Operating Activities	15	(185,897)	190,924
Taxation paid		-	(14,556)
Net cash generated from operating activities		£(185,897)	£176,368
Cash flow from investing activities			
Purchase of tangible assets		(54,091)	(45,566)
Purchase of fixed asset investments		(705,586)	(280,656)
Proceeds from disposal of fixed asset investment		459,246	343,137
Interest received		227	84
Dividends received		111,093	106,274
Net cash from investing activities		£(189,111)	£123,273
Cash flow from financing activities			
Bank charges		(5,552)	(6,301)
Net cash from financing activities		£(5,552)	£(6,301)
Net increase/decrease in cash and cash equivalents		(380,560)	293,340
Cash and cash equivalents at the beginning of the year		1,882,354	1,589,014
Cash and cash equivalents at the end of the year		£1,501,794	£1,882,354
Cash and cash equivalents consists of:			
Cash at bank and in hand		392,089	991,623
Short term deposits (included in current asset investments)		936,807	701,443
Cash held at stockbrokers		172,898	189,288
Cash and cash equivalents		£1,501,794	£1,882,354

The Accounting Policies and Notes on pages 12 to 23 form part of these financial statements.

1. General information

British Property Federation ("the Company") and its subsidiary (together "the Group") develop partnerships with the UK and Scottish Governments and other decision making bodies, to encourage the development of policies and regulations that will enable the industry to grow and thrive.

The Company is a private Company limited by guarantee and is incorporated and domiciled in England. The address of its registered office is 5th Floor, St Albans House, 57 – 59 Haymarket, London, SW1Y 4QX.

2. Statement of compliance

The Group and individual financial statements of British Property Federation have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

These consolidated and separate financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The Company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

(b) Going concern

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

(c) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with. The Company has taken advantage of the exemption from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows.

3. Summary of significant accounting policies (continued)**(d) Basis of consolidation**

The Group consolidated financial statements include the financial statements of the Company and its subsidiary undertaking made up to 31 December.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

(e) Tangible Assets

Tangible assets are stated at cost (or deemed cost), less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

(i) Depreciation and residual values

Depreciation is calculated, using the straight-line method, to allocate the cost to their residual values over their estimated useful lives, as follows:

Leasehold improvements	– over the period of the lease
Furniture, fittings and office equipment	– 4 years
Computer equipment	– 3 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

(ii) Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating (losses)/gains'.

(f) Revenue recognition

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 Group and value added taxes.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

The Group recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Group 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 the each of Group's sales channels have been met, as described below.

(i) Subscription income

Income comprises subscriptions from members which are treated as income in the year to which they relate. Income received in the year relating to future years is credited to deferred income.

3. Summary of significant accounting policies (continued)*(ii) Other operating income*

Other operating income comprises rental income and revenue in providing the Federation's annual conference and other events. Revenue is recognised in the accounting period in which the events are held. Income received in the current year relating to future years is credited to deferred income.

(iii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(g) Employee benefits

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

(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 plans

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 are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

(iii) Annual bonus plan

The Group operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the Group has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

(h) Taxation

The current tax charge is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current taxation assets and liabilities are not discounted.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(i) Leased assets

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

3. Summary of significant accounting policies (continued)**(i) Operating leased assets**

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

(k) Investments - Company**(i) Investment in subsidiary company**

Investment in the subsidiary company is held at cost less accumulated impairment losses.

(l) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(m) Provisions and contingencies**(i) Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

(o) Financial instruments

The Group has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(p) Related party transactions

The Group 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 transactions on the Group financial statements.

4. Critical accounting judgements and estimation uncertainty

Estimates and judgements 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.

(a) Key accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

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.

5. Operating and administrative expenses

	Group	
	2018	2017
Administration and overheads		
Employment costs (see note 6)	1,695,104	1,602,598
Other employee costs	107,042	107,045
Operating costs	385,227	316,039
Auditors remuneration – audit services	16,716	16,500
Auditors remuneration – tax advisory services	4,230	2,600
Depreciation	20,130	23,384
Bad debt expense	1,940	280
Other losses	11,740	-
Premises costs		
Rent – operating lease charge	178,224	172,723
Service charge	68,171	56,888
Business rates	98,272	94,975
Advocacy and member services		
Consultant, research and information	328,754	342,681
Subscriptions and membership of other bodies	103,546	90,237
Event costs and meetings	367,930	346,681
Website and publications	17,130	17,240
	<hr/>	<hr/>
	£3,404,156	£3,189,871
	<hr/>	<hr/>

6. Employment costs

Staff costs consist of:

	2018	2017
Wages and salaries	1,367,428	1,286,556
Social security costs	142,590	137,154
Pension contributions	185,086	178,888
	<u>£1,695,104</u>	<u>£1,602,598</u>

	2018	2017
Average number of employees during the year (calculated on a monthly basis)	No.	No.
Full time	<u>25</u>	<u>23</u>

The Federation operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Federation in independently administered funds.

Directors

The Directors' emoluments were as follows:

	2018	2017
Aggregate emoluments	<u>£265,155</u>	<u>£263,432</u>

One director (2016: one) was a member of a defined contribution schemes.

Highest Paid Director

Total amount of emoluments (excluding pension contributions)	233,416	221,727
Company pension contributions to money purchase schemes	31,739	41,705
	<u>£265,155</u>	<u>£263,432</u>

Key management compensation

Key management includes the Directors and members of senior management. The compensation, including employer's national insurance, paid or payable to key management for employee services is shown below:

	2018	2017
Salaries and other short-term benefits	665,193	631,106
Post-employment benefits	103,512	110,470
	<u>£768,705</u>	<u>£741,576</u>
Total key management compensation	<u>£768,705</u>	<u>£741,576</u>

7. Interest receivable and similar income

	2018	2017
Other interest – short term deposits	227	84
Income from fixed asset investments and dividends	111,093	106,274
	<hr/>	<hr/>
	£111,320	£106,358
	<hr/>	<hr/>

8. Taxation

(a) Tax expense included in profit and loss	2018	2017
Current tax:		
UK Corporation tax on profits for the year	-	14,556
Adjustment in respect of prior years	(14,706)	-
	<hr/>	<hr/>
Total current tax	(14,706)	14,556
	<hr/>	<hr/>
Tax on profit on ordinary activities	£(14,706)	£14,556
	<hr/>	<hr/>

(b) Reconciliation of tax charge

The tax assessed for the period is lower (2017: higher) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2018 of 19% (2017: 19.25%). The differences are explained below:

	2018	2017
(Loss)/Profit multiplied by the standard effective rate of tax in the UK of 19% (2017: 19.25%)	(75,257)	43,957
Effects of:		
Income not subject to tax	(20,077)	(20,289)
Unrecognised deferred tax	3,620	-
Capital allowances	-	(9,112)
Expenses not deductible	91,714	-
Adjustment in respect of prior years	(14,706)	-
	<hr/>	<hr/>
Tax charge for the year	£(14,706)	£14,556
	<hr/>	<hr/>

9. Tangible fixed assets

Group					
Cost	CRM	Computer	Furniture fittings and office equipment	Leasehold improvements	Total
At beginning of year	-	109,657	113,495	113,177	336,329
Additions	43,250	8,499	2,342	-	54,091
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Cost at end of year	43,250	118,156	115,837	113,177	390,420
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At beginning of year	-	82,356	104,805	108,226	295,387
Provision for year	-	16,482	1,171	2,477	20,130
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	-	98,838	105,976	110,703	315,517
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value					
At 31 December 2018	43,250	£19,318	£9,861	£2,474	£74,903
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	-	£27,301	£8,690	£4,951	£40,942
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Company					

The Company had no tangible assets at 31 December 2018 (2017: £nil).

10. Investments – fixed assets

	2018	2017
Equity Investments	2,164,411	2,213,267
Fixed rate bonds	869,260	810,993
Cash held at stockbrokers	172,898	189,288
	<hr/>	<hr/>
Total investments	£3,206,569	£3,213,548
	<hr/>	<hr/>

Movements in fixed asset investments during the year were as follows

	2018	2017
As at 1 January	3,213,548	3,112,438
Additions	705,586	280,656
Disposals and redemptions	(459,246)	(343,137)
Movement in cash held at stockbrokers	(16,390)	42,639
Net gains on revaluation	(236,929)	120,952
	<hr/>	<hr/>
As at 31 December	£3,206,569	£3,213,548
	<hr/>	<hr/>

11. Debtors

	2018	Group 2017	Company 2018	2017
Trade debtors	41,158	104,306	4,951	21,258
Loan to subsidiary company	-	-	2,633,005	2,633,005
Amount due from subsidiary	-	-	-	275,806
Prepayments and other debtors	263,417	235,063	89,905	72,188
	<hr/>	<hr/>	<hr/>	<hr/>
	£304,575	£339,369	£2,727,861	£3,002,257
	<hr/>	<hr/>	<hr/>	<hr/>

The loan to BPF Commercial Limited is unsecured, interest free, has no fixed date of repayment and is repayable upon demand.

12. Current asset investments

	2018	Group 2017	Company 2018	Company 2017
Short term deposits	£936,807	£701,443	£936,807	£701,443

13. Creditors: amounts falling due within one year

	2018	Group 2017	Company 2018	Company 2017
Trade creditors	228,432	137,709	110,915	23,340
Amounts due to subsidiary	-	-	89,643	-
Other taxation and social security	70,009	66,433	70,009	64,467
Accruals and other creditors	125,220	114,377	66,715	69,636
Deferred income	1,372,395	1,454,193	1,350,134	1,399,623
Corporation tax payable	-	14,556	-	16
	<u>£1,796,056</u>	<u>£1,787,268</u>	<u>£1,687,416</u>	<u>£1,557,082</u>

14. Provisions for liabilities

	2018	Group 2017	Company 2018	Company 2017
Provision for dilapidations	£40,000	£40,000	£-	£-

As part of the Group's property leasing arrangements there is an obligation to repair damages which incur during the life of the lease, such as wear and tear. The cost is charged to profit and loss as the obligation arises. The lease terminates in 2019.

15. Notes to the statement of cash flows

Reconciliation of profit to net cash inflow from operating activities:

	2018	2017
(Loss)/Profit for the financial year	(380,770)	210,711
Adjustment for:		
Tax on profit on ordinary activities	-	17,638
Interest and investment income	(111,320)	(106,358)
Bank charges	5,552	6,301
Loss/(Profit) on sale of and movement in value of investments	236,929	(120,952)
	<u>(249,609)</u>	<u>£7,340</u>
	2018	2017
Operating (Loss)/profit	(249,609)	7,340
Depreciation of tangible assets	20,130	23,384
Working capital movements:		
Decrease/(increase) in debtors	34,794	(46,100)
Increase in creditors	8,788	206,300
	<u>(£185,897)</u>	<u>£190,924</u>
Cash flow from operating activities		

Analysis of changes in net debt

	At 1 January 2018	Cash flows	At 31 December 2018
Cash at bank and in hand	991,623	(599,534)	392,089
Short-term deposits	701,443	235,364	936,807
Cash held at stockbrokers	189,288	(16,390)	172,898
Total	<u>1,882,354</u>	<u>(380,560)</u>	<u>1,501,794</u>

Cash held at stockbrokers represents cash held for future investments, but is available at relatively short notice if needed by the Group.

16. Capital and other commitments**Group**

The Group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2018	2017
Payments due		
Not later than one year and not later than five years	134,351	156,150
Later than one year and not later than five years	16,488	117,863
Later than five years	-	-
	<hr/>	<hr/>
	£150,839	£274,013
	<hr/>	<hr/>

Company

The Company had capital commitments of £230,000 as at 31 December 2018 for the development of the CRM system. (2017: £nil).

17. Related party transactions

The Company's only related party transactions were with a wholly owned subsidiary and so have not been disclosed.

18. Controlling parties**Group and Company**

The Company is limited by guarantee and has no share capital. Every member of the Company undertakes to contribute such amount as may be required (not exceeding £1) to the Company's assets if it should be wound up whilst the member is a member or within one year of ceasing to be a member.

19. Subsidiaries and related undertakings

The related undertakings whose results or financial performance principally affect the figures shown in the consolidated financial statements are as follows:

Name	Country of incorporation	Nature of business	Interest
BPF Commercial Limited	UK	Managing events and working capital	100% Ordinary Shares

The above subsidiary is included in the consolidation.