

FEDERATION OF SMALL BUSINESSES

Annual Report and Financial Statements
2018-19



45 fsb⁰³
YEARS OF SUPPORTING
SMALL BUSINESSES
1974 - 2019



FSB member Orchard Employment Law.

CONTENTS

Foreword from the National Chairman	5
Chairman, Policy and Advocacy’s Report	6
Finance Director’s Report	7
Chief Executive’s Report	8
Who We Are	10
A Truly United Approach	11
At the Heart of Our Communities	13
Delivering for Our Members	14
Policy change through parliamentary engagement	14
Campaigns: influencing change and creating community	15
Services supporting our members	16
FSB Celebrating Small Business Awards	17
Financial Statements	19-45
Company Information	21
Group Strategic Report	22
Report of the Directors	25
Report of the Independent Auditors	27
Consolidated Statement of Comprehensive Income	29
Consolidated Balance Sheet	30
Company Balance Sheet	31
Consolidated Statement of Changes in Equity	32
Company Statement of Changes in Equity	32
Consolidated Cash Flow Statement	33
Notes to the Consolidated Cash Flow Statement	34
Notes to the Consolidated Financial Statements	35



FSB member Blackpool Model Village.

FOREWORD FROM THE NATIONAL CHAIRMAN

Small businesses are at the heart of communities right across the UK. They not only create jobs, prosperity and vital services, but FSB's research this year demonstrated that they give so much more.



Mike Cherry, OBE
National Chairman FSB



Four out of five small businesses have contributed to their local community or charity in the past three years; many help develop the next generation's skills through offering work experience or apprenticeships; and they are much more likely than big corporations to employ those furthest from the labour market.

During my visits across the UK this year, I met countless owners of thriving and innovative small businesses which enrich the communities in which they're based. The UK's 5.8 million small businesses and self-employed are integral to the UK's future economic and social development.

The breadth of talent and ingenuity among SMEs was showcased in the FSB Celebrating Small Business Awards 2019. Choosing winners across the various categories was extremely difficult, but I was pleased to announce as this year's overall winner the family-run Cruise Loch Ness.

The Ethical-Green Business of the Year category was a particularly interesting

one, demonstrating how sustainability is fast becoming not just a priority for small businesses, but in some cases absolutely core to their business model.

Another issue which I have been pleased to see growing in recognition and importance is mental health in the workplace and among the self-employed. FSB launched a campaign called It's OK to Talk about Mental Health, and I believe it is integral to promoting good mental health that people are able to talk about it.

That is why this year I chose Heads Together as FSB's Chairman's Charity. Heads Together, spearheaded by The Royal Foundation of The Duke and Duchess of Cambridge, does tremendous work in promoting mental wellbeing, and FSB is proud to support it.

FSB's members are at the heart of our organisation, and none more so than those who volunteer – giving their time and expertise to further the greater good of the UK's small

business community. Our member conference in March brought together volunteers from across the country, all doing tremendous work locally, regionally and nationally. It was a reminder, if one were needed, that we are stronger when we stand together, and I look forward to us doing so for a very long time to come.



FSB Chairman's Charity Heads Together.
Image courtesy of The Royal Foundation.

CHAIRMAN, POLICY AND ADVOCACY'S REPORT

FSB is member-led, and was set up to give small businesses a voice to be heard by those in power. This last year shows how many 'wins' we have achieved, right across public policy. I am grateful for all the brilliant activity undertaken by volunteer members at UK level, in the nations and regions, and for the incredible support and delivery by FSB staff.



Martin McTague
Chairman, Policy and Advocacy, FSB



The 2018-19 year began with the Chancellor's Budget on 29 October 2018, with a series of measures announced that were proposed by us, and credited to FSB in the Chancellor's speech. Highlights included freezing the VAT threshold; securing the Employment Allowance; a high streets package including business rates help; and secured future funding for Start-Up Loans, and for the New Enterprise Allowance which helps those on benefits become self-employed.

Through the next six months, FSB built up its policy, public affairs, public relations, campaigns and international work to persuade the Government to create a package to tackle late payments in its Spring Statement. It was a strategic choice to make late payments our number one issue for lobbying; using fresh evidence to persuade Ministers and MPs from all parties to take action.

In March 2019, we ran the Fair Pay, Fair Play campaign online with member videos saying why they wanted to be paid on time, and included a push within the EU to create a global alliance to stop late payments. In his

Spring Statement, the Chancellor confirmed our package would be adopted. The Chancellor went on to host an FSB late payments Downing Street roundtable in July to cement the package before the new Government took over. FSB's work on the issue was recognised with an award for its Fair Pay, Fair Play campaign at the PRCA's UK Public Affairs Awards 2019. At the Spring Statement we also secured a commitment that HMRC would adopt a 'safe harbour' approach and not levy fines for those struggling with Making Tax Digital.

FSB has published high-impact policy reports through the year, including Small Business, Big Heart, a flagship report on small business in our communities. Other publications focused on military service leavers setting up in business; on defence procurement; on apprenticeships; on the impact of regulation; on the future of business support; on the economic case to support women's enterprise; and on improving access to finance – all alongside our regular quarterly Small Business Index confidence monitor. FSB Scotland published

reports on migrant entrepreneurship and transforming towns; FSB Wales on the future of towns; and FSB Northern Ireland on its plans for an enhanced economic zone.

Reputation audits showed that MPs in the UK Parliament, and elected representatives in the Parliaments and Assemblies in Scotland, Wales and Northern Ireland, rank FSB as the number one business organisation. Despite turbulent politics, FSB is securing changes that make the UK, our nations and our regions better places to start-up, run and grow a small business. We remain the authentic voice for the UK's small businesses and the self-employed.



FSB Chairman, Policy and Advocacy
Martin McTague with Business Secretary
Andrea Leadsom MP.

FINANCE DIRECTOR'S REPORT

2018-19 saw FSB deliver another strong financial result, whilst maintaining a strong balance sheet which is critical to enable the group to invest in developments for the benefit of its members and aimed at securing its long term financial stability.

David Miles
Finance Director, FSB



The results for the group for the year ended 30 September 2019 showed a surplus for the financial year of £1.3m. This represents the second successive year in which a surplus has been generated.

Income from subscriptions and joining fees amounted to over £26.4m, consistent with the previous financial year, and remained the most significant source of revenue for FSB, providing over 95 per cent of the group's income. During the year, FSB continued to focus on the quality of its offering and service to members, enabling it to deliver strong retention rates in a challenging economic environment.

Other operating income reduced from £1.3m in 2017/18 to £1.1m in the year ended 30 September 2019. This resulted principally from a restructure of the range of paid-for services available to members, including the replacement of some historical services with exciting new services which have been well received and offer growth potential.

Administrative expenses, which had reduced by £1.9m in 2016/17 and £2.2m in 2017/18, increased by over £0.5m in the year ended 30 September 2019. This increase in expenditure has enabled FSB to invest further in its grassroots and policy activity, and to increase its capacity to deliver continuous improvement of its commercial offerings. Costs have continued to be well controlled, thanks to an ongoing focus on cost efficiency

throughout the organisation which ensures that spend remains closely aligned with corporate objectives.

As a result of the surplus generated in 2018/19, I am pleased to report an increase in FSB's net assets for the second year in a row. Net assets increased by £1.3m to more than £15.8m during the year ended 30 September 2019.

Capital expenditure on tangible and intangible fixed assets amounted to £209,389 in 2018/19, representing an increase of over 40 per cent compared with 2017/18. 2018/19 is the second year in a row in which expenditure on these assets has increased.

FSB holds funds in cash deposits and managed investments, and balances these in order to deliver an acceptable return whilst maintaining liquidity and managing risk.

During 2018/19, cash inflows from operating activities amounted to over £1.1m, and this translated into an increase in cash balances of over £1.1m. The group actively manages its cash deposits, and the interest on these deposits increased by circa 45 per cent to £140,991 in 2018/19 compared with £97,321 in 2017/18, despite continuing low interest rates in the deposit market.

FSB holds investments in two discretionary managed portfolio funds. These funds are held in portfolios which diversify risk via a range of asset types, sectors and geographies and

which are actively managed to a risk profile consistent with FSB's appetite for risk.

The market value of these funds increased by £144,710 (almost 4%) in 2018/19 to £3,866,436. This follows increases in 2016/17 and 2018/19. The original investment value was £3m, of which £1m was invested in 2014 and £2m in 2015.

FSB has approved a business plan for 2019/20 which continues the focus of the past two years on delivering the best possible support and services to small business owners. This plan includes continued investment in products, services and sales channels and will maximise FSB's ability to attract and retain members, which is fundamental to its success.



FSB welcomed Baroness Tanni Grey-Thompson DBE to a panel event about small businesses' contribution to stronger communities.

CHIEF EXECUTIVE'S REPORT

None of this would be possible without the continued hard work of our staff and volunteers who together do so much to ensure small businesses are supported and have their voice heard at all levels.

Julie Lilley
Chief Executive, FSB



This year marked FSB's 45th anniversary. In keeping with many UK membership organisations and associations, FSB was set up at a time when demands were very different. Back in the 70s and 80s, professional and trade bodies focussed on providing mostly intangible status-driven offerings. The tangible member benefits were more likely to be physical such as books or magazines, rather than virtual. Membership was also seen as exclusive – being part of a club.

Times have now changed though, and so too has FSB. We consider our membership to be a community of business people forming a vital part of the wider community. Our members need more support than ever and we are committed to delivering to those needs. Our aim is to help businesses to not just survive, but thrive. This is what drives us to continue to negotiate with governments at all levels to provide a fair environment for smaller businesses to grow; and in so doing, provide vital support that benefits and enriches our communities.

This year we published the report Small Business, Big Heart which looked at the impact smaller businesses have in their local communities. Our evidence suggests that small firms create strong civic

engagement networks which may help to foster greater trust within communities and, as a result, encourage more people to work together to help the community as a whole.

Another community which brings a unique perspective is made up of those who have served in the British Armed Forces. FSB research (2019) found that six per cent of people who run small businesses are veterans. We raised awareness of their journeys and contributions in our campaign and report A Force for Business, whilst calling for more Government support to encourage even more service leavers to consider small business as a career. The report was endorsed by X-Forces Enterprise, an organisation which we have had a public relations partnership with over the past year.

I believe, against the background of political turmoil, the support FSB provides is more valuable now than ever. FSB has worked tirelessly to focus on domestic issues such as business rates and late payments - crucial issues to those running their own business.

Despite the challenging conditions, there are more people choosing to run their own business than ever before. The latest figures show there are 5.8

million small businesses in the UK and an incredible 4.9 million of those are self-employed. Being self-employed can be extremely rewarding, but it also poses unique challenges.

For those who work for themselves, it is essential that they can access a network of support, and that's why FSB is so important – not only do we offer benefits including legal advice and insurance, we also offer the means of having a powerful voice which will be heard by those who have the power to make change.

Members tell us that one of the key things they value is access to training. In 2018-19, we rolled out a successful programme of masterclasses right across the UK covering how to prepare for Making Tax Digital, and also ran a series of digital skills training in partnerships with Facebook and Google.



FSB Members attended an audience with the Prime Minister at 10 Downing Street.



FSB member The Afghan Rug Shop.

WHO WE ARE

The Federation of Small Businesses' (FSB) mission is to help smaller businesses achieve their ambitions. We are a not-for-profit campaigning organisation, established 45 years ago, offering our members a powerful voice which is heard in governments at all levels, vital business services and products, as well as the opportunity to be part of the UK's biggest small business and self-employed community.



The 5.8 million small businesses and self-employed in the UK make up more than 99 per cent of all private sector businesses. They contribute a staggering amount to the UK's economy as well as being a major source of employment; more than 16 million people are employed by smaller firms.

We work to drive the interests of small businesses through research and engagement with our members; by effective campaigning and influencing those in power through

exceptional public affairs, media and public relations activity.

FSB is committed to fully representing the voice of our diverse membership, and in 2019 the number of new sign-ups to the FSB Big Voice research community, which all our members have the opportunity to take part in, doubled.

Offering our members occasions to be an active part of the FSB community is a priority to us. In addition to taking part in surveys and roundtables, they can join in with













campaigns and attend many of the 800 FSB events held throughout the year.

Our local and national activism helps shape policy and decisions that have a direct impact on the day to day running of smaller businesses. FSB is proud to have member volunteers from almost every industry and business sector in the UK and members are encouraged to be part of our vibrant, diverse and inclusive volunteer community, advised by a small team of expert, specialist staff.

Our corporate objectives are:

1. To be fully representative of the whole UK small business community
2. To provide support, advice and practical solutions to our membership community
3. To advocate on behalf of small businesses and the self-employed, providing a powerful voice heard by governments and key decision makers
4. To manage FSB's financial resources in a manner that ensures best value for members and safeguards FSB for the future

A TRULY UNITED APPROACH

-  FSB Scotland
-  FSB Yorkshire, the Humber and North East England
-  FSB North West
-  FSB Northern Ireland
-  FSB East Midlands
-  FSB East of England
-  FSB West Midlands
-  FSB South East
-  FSB Greater London
-  FSB South Central
-  FSB Wales
-  FSB South West

*Please note UK map for illustrative purposes only.

As the UK's largest business group and as a grassroots organisation, FSB's regional and devolved presence is central to its brand and its ethos.

FSB brings together small businesses and the self-employed from across all the UK to create a united voice, as well as making the particular voices of each nation and region heard on issues that affect them the most. We have member volunteers at each of FSB's 12 areas, supported by expert staff.



The First Minister of Scotland Nicola Sturgeon shares a selfie with FSB members, November 2018.



FSB member volunteer Michael Lassman at an FSB event.

SMALL BUSINESSES: AT THE HEART OF OUR COMMUNITIES

FSB's success in supporting small businesses and the self-employed not only drives the economy but also strengthens our communities. Smaller businesses help to make our towns, cities and rural spaces more vibrant, rich and diverse places in which to live, work, study and visit. They are often the heartbeat of our communities through numerous undertakings, such as volunteering activities and support of local schools and colleges.

As agents of social change, small businesses often provide jobs, skills and training to those furthest from the labour market, such as those with disabilities; people with a low level of educational attainment; people returning to work after a career break; the long-term unemployed; unpaid carers; ex-prisoners and those who have previously served in the Armed Forces.



80%

of **small businesses** actively **contribute** to their **local community**



95%

of all **small employers** have **taken on at least one worker** from a **labour market disadvantaged group** in the last three years



40%

of **small businesses** offer **work experience** as part of their **community outreach**



38%

of **small businesses** **donate time** to their **local community**



32%

of **small businesses** **contribute skills** to their **local community**

Source: FSB Social Value Survey, 2019

DELIVERING FOR OUR MEMBERS 2018-19

POLICY CHANGE THROUGH PARLIAMENTARY ENGAGEMENT



No.1 business group
for UK politicians



44 policy reports, briefings
and consultations published

LOBBYING WINS



Late payments reform
package agreed

VAT threshold kept at

£85,000



Employment Allowance
retained and focused on
small business



Reduction of a third off
Business Rates bills for
small businesses in England

£10m



Training pilot for
the self-employed



Future funding protected
for Start-Up Loans and
New Enterprise Allowance



Apprenticeship
co-investment halved
for small employers



Fuel Duty Frozen
for the ninth year
in a row



£420m
pothole funding



No HMRC fines for
those struggling with
Making Tax Digital

CAMPAIGNS: INFLUENCING CHANGE AND CREATING COMMUNITY

Throughout 2018-19, FSB delivered campaigns, reports and consultation responses on behalf of its members. Targeted at a range of audiences, these outputs highlighted and drove change on key business issues that affect our members the most, to a range of key audiences.

These reports and campaigns are founded in robust research of our members' opinions and experiences, and result in successfully influencing policy. Our campaigns engage with our members, amplifying their voices and making them an active part of the FSB community.



It's OK to Talk about Mental Health

Giving members guidance and understanding of mental health in the workplace and strengthening key partnerships.



Making Tax Digital

Giving members information about new Government rules on submitting tax returns.



Transforming Towns: Delivering a Sustainable Future for Local Places

Presenting governments at all levels with recommendations to provide more support for our towns in Scotland.



Going Global

Shining a light on members who export their goods and services.



Fair Pay Fair Play

An award-winning campaign leading Government to introduce new reforms to prevent late payments to small businesses.



The Future of Our Welsh Towns

Recommending and campaigning for innovative new ways to support businesses in Welsh towns.



FSB Village at the Balmoral Show

Showcasing FSB Northern Ireland's small businesses at Ireland's largest agricultural event to engage with political stakeholders.



A Force for Business

Reaching new audiences, encouraging more veteran entrepreneurs and leading Government to introduce new measures.



Are We There Yet? A Roadmap to Better Infrastructure for Wales

Highlighting how poor infrastructure is inhibiting businesses and recommending how the Welsh Government can alleviate these issues.



Starting Over: Migrant Entrepreneurship in Scotland

Quantifying the contribution that migrant-led businesses make to the Scottish economy and how they should be supported.



The Road to Ruin: Potholes in England

Leading to political prioritisation to address the issue.



FSB Flavours: The Spirit of Food and Drink Enterprise

Raising brand awareness and engaging with new audiences.

SERVICES SUPPORTING OUR MEMBERS

FSB provides its members with a range of benefits to help them run and grow their businesses. These include 24/7 legal advice; tax investigation protection; access to finance; a medical and health service and the award-winning First Voice magazine.

In the last financial year, FSB helped hundreds of its members with legal protection insurance, including employment tribunal cover and covering loss of earnings for jury service.



HIGHLIGHTS OF THE LAST FINANCIAL YEAR IN NUMBERS:

£833 million

transactions handled by FSB Payments on behalf of our members

£2.6 million

funding arranged for members through FSB Funding Platform

27K

members used FSB Insurance Service

6.5K

debt recovery letters sent on behalf of our members by FSB Debt Recovery

95K

members helped by FSB's Legal Advice Services

FSB CELEBRATING SMALL BUSINESS AWARDS

In their second year, the FSB Celebrating Small Business Awards recognised and celebrated all small businesses. From digital innovation to family business of the year, the award categories offered something for all smaller businesses and the self-employed to enter.

More than 2,000 entries were received from across the UK in 2019.

A series of 12 area award finals led to a UK final in May 2019.

A successful public relations strategy has positioned these awards as being a vital part of the small business calendar, not only attracting entries but also commercial sponsorship, earned media coverage and the support of politicians at all levels.



FSB Small Business of the Year 2019 Cruise Loch Ness Limited.



Meera Syal CBE hosts the FSB Celebrating Small Business Awards 2019.



FSB member The Mocha Lounge.

FINANCIAL STATEMENTS

Group Strategic Report, Report of the Directors
and Consolidated Financial Statements
for the Year Ended 30 September 2019

for

National Federation of Self Employed
and Small Businesses Limited



FSB member ShoeMed.

COMPANY INFORMATION

For the Year Ended 30 September 2019

DIRECTORS:	M H Cherry G M MacEwan M G McTague D J Miles P B C Davys G Lovatt A L Lay M D Coley I D O'Donnell T Lockwood S J T Askew
REGISTERED OFFICE:	Sir Frank Whittle Way Blackpool Business Park Blackpool Lancashire FY4 2FE
REGISTERED NUMBER:	01263540
AUDITORS:	Haines Watts Statutory Auditor 3rd Floor Pacific Chambers 11-13 Victoria Street Liverpool Merseyside L2 5QQ

GROUP STRATEGIC REPORT

For the Year Ended 30 September 2019

The directors present their strategic report of the company and the group for the year ended 30 September 2019.

REVIEW OF BUSINESS

The principal activity of the National Federation of Self Employed and Small Businesses Limited (the Federation) continues to be that of the promotion and furtherance of the interests of persons who are self-employed, direct or control small businesses, and the provision of a national voice and platform for such persons.

The results for the group (FSB) show a surplus for the financial year of £1.3m (2018: surplus £1.8m). This is after accounting for an unrealised gain of £0.14m resulting from an increase in the carrying value of investments (2018: unrealised gain of £0.17m). Income from subscriptions and joining fees, which provided over 96% of the group's income (2018: 95%) amounted to £26.5m (2018: £26.4m). General reserves increased to £15.8m (2018: £14.6m) and the net cash inflow from operating activities was £1.2m (2018: £2.1m).

The consolidated financial statements include the results of its three subsidiary companies; FSB Publications Limited, the principal activity of which is the publication of First Voice magazine, F.S.B. (Member Services) Limited, which arranges additional benefits on behalf of FSB members and FSB Recruitment Limited, which provides recruitment services for FSB.

FSB is organised across the UK through geographical areas in the devolved nations and English regions. As well as UK-wide events and campaigns, local events and campaigns are delivered throughout these regions and nations to engage with members and create a real small business community.

Throughout the year, FSB delivers campaigns and publishes a members' magazine, First Voice, policy reports and digital content that raises awareness of issues that affect small businesses and the self-employed to a range of key audiences. These outputs are founded on robust research of its members' opinions and experiences, and often result in successfully influencing policy.

A crucial aim of FSB's campaigns is to engage with members, amplifying their voices and making them an

active part of the FSB community. Over the last financial year, FSB raised awareness of and campaigned on numerous important issues that affect its members. These included:

It's Okay to Talk about Mental Health

Following the success of FSB's first wellbeing campaign in 2017, in winter 2018 FSB focused on mental health in the workplace. The campaign It's Okay to Talk about Mental Health gave small business owners and the self-employed an understanding of mental health and guidance on how they could play a part in destigmatising it in their businesses. The campaign strengthened FSB's partnership with key organisations like Mind, Public Health England, Mental Health First Aid and the Royal Foundation's charity Heads Together.

Going Global

There are more small businesses exporting their goods and services across the globe than ever before. Despite this, Government policy often overlooks the impact these smaller traders make and the support that is needed to get even more small firms going global. This campaign shone a light on these entrepreneurs and told their stories.

Making Tax Digital

In April 2019, the Government brought in major changes to the way small businesses submit their VAT returns. To raise awareness of these changes, and to help small firms understand what they needed to do to comply, FSB ran an engaging campaign.

Fair Pay Fair Play

Late payments are still one of the biggest issues facing small businesses in the UK. To force real Government change to curb this behaviour, FSB delivered this award winning campaign to raise awareness of the problem, pressuring Government to introduce new reforms. The campaign led to significant Government change; The Chancellor of the Exchequer announced that FSB's recommendations were to be adopted in the 2019 Spring Statement. These included making corporate boards fully accountable for poor supply chain treatment, properly empowering a new Small Business Commissioner, and banning late payers from all public sector procurement opportunities.

Group Strategic Report

For the Year Ended 30 September 2019

A Force for Business

There are almost one million military veterans of working age in Great Britain and FSB research found that six per cent of its members are veterans. Research also found that veterans are particularly well-suited to starting up and running their own businesses. This campaign encouraged more of them to think about doing so as well calling for specific measures to be taken by Government to better support veteran entrepreneurship and start-ups. Following the campaign, the first ever Minister for Defence People and Veterans was appointed by the Prime Minister and a number of FSB's recommendations have been adopted into the major parties' manifestos. The campaign has also attracted new FSB members from this audience.

Food and Drink Entrepreneurship

Innovation and consumer trends are driving an increase in the number of small food and drink enterprises in the UK. A trend which is expected to continue. Public relations activity focused on raising FSB brand awareness within the sector through a variety of tactics and positioned policy asks as relevant to the sector.

The Road to Ruin: Potholes in England

A high impact campaign, affecting not only business owners, but all road users, that ran concurrently across all English regions and resulting in FSB's recommendations to address the issue being prioritised in the major political parties' promises.

Transforming Towns: Delivering a Sustainable Future for Local Places

A majority of people in Scotland live in towns. But in recent years these important local places have sustained hundreds of bank branch, public sector and chain-shop closures. This campaign brought together a wide range of research and policy asks on a range of topics crucial to the future of our town centres. The report is spearheading calls for long-term investment in Scotland's local towns and high streets, and generated three front page stories and top-billing on television news.

Starting Over: Migrant Entrepreneurship in Scotland

A campaign that quantified the contribution that migrant-led businesses make to the Scottish economy and how they could be better supported.

FSB Village at the Northern Ireland Balmoral Show

A special pop-up FSB Village showcased the diverse products and services of twenty FSB Northern Ireland members at Ireland's largest agricultural event the Balmoral Show. FSB also engaged with political stakeholders about key issues affecting rural businesses.

The Future of Our Welsh Towns

Forty per cent of the Welsh population live in small towns of fewer than 20,000 people, and a significant proportion of day-to-day economic activity in Wales takes place in towns. This FSB Wales campaign focused on innovative new ways to support these towns. The campaign led to Welsh Government taking positive action on the future of our Welsh towns and supporting those businesses based there.

Are We There Yet?: A Roadmap to Better Infrastructure for Wales

Businesses across Wales are faced with infrastructure issues every day: from public transport, to the standard of local roads and digital connectivity, these issues inhibit business. FSB Wales' campaign highlighted this and focused on how Welsh Government and the National Infrastructure Commission for Wales could alleviate these issues and provide a long-term infrastructure strategy that delivers for Welsh businesses.

Group Strategic Report

For the Year Ended 30 September 2019

PRINCIPAL RISKS AND UNCERTAINTIES

The responsibility for risk management and the internal control environment resides with the Board of Directors. FSB has subsidiary companies and various committees reporting to the Board of Directors, including the Finance Committee, the UK Policy Committee and the Commercial Committee, that control and manage various activities, identifying on an on-going basis any potential risks faced by the organisation and proposing solutions to mitigate these.

The list below includes the principal risks that may impact the group achieving its strategic objectives. The list does not include all of the risks faced by the group, nor does it list the risks in order of priority.

STRATEGY

FSB's vision is to be recognised as the most influential and trusted organisation representing the voice of all small businesses, in every region and nation of the UK. FSB's strategy is to continue to pursue the corporate objectives (to be fully representative of the whole UK small business community, to provide support, advice and practical solutions to our membership community, to advocate on behalf of small businesses and the self-employed, providing a powerful voice heard by governments and key decision makers, and to create a financial culture which ensures best value for members and safeguards FSB for the future).

FSB takes seriously all issues with regard to recycling and the environment. Within the organisation there is an active preference towards recycling wherever possible and minimising any impact on the environment. Internally there has been a move to reduce the use of paper and aim for a paperless office environment, together with investment in virtual meeting technology to reduce overall travel requirements. Communications with members, including membership renewal and publications, are also now being distributed digitally. We also look towards best practise in terms of refurbishment projects on our property, and adopting energy saving options wherever possible.

The organisation's strategy for growth is underpinned by excellence in representation and service, and ongoing development of relevant products and services to enhance the experience of members, improve retention levels and attract growing numbers of new members.

ECONOMIC CONDITIONS

The company operates in a competitive industry, and its ability to attract and retain members may be impacted by economic conditions, business confidence and the behaviour of competitors. The Board of Directors reviews performance and ensures that management is focused on key priorities to mitigate this risk, including enhancing the range of services offered to members, maintaining excellence in service and ensuring prices are competitive.

BRAND AND REPUTATION

The organisation is non-political, engaged in representing and promoting the interests of its members. Failure to meet the expectations of members may impact on the brand and reputation and member loyalty. The Board of Directors ensures that procedures are in place to ensure that its non-political position and service level expectations are not compromised.

TREASURY MEASUREMENT

The group has £19.7m cash and £3.9m investment balances as at 30 September 2019 and changes in investment conditions may expose the company to risks of poor returns. The company invests its funds for a combination of liquidity and returns, ensuring that cash is deposited on varying terms and with various financial institutions, and that investments are made into mixed portfolios with long term rather than short term growth aims.

KEY PERFORMANCE INDICATORS

The directors consider the surplus or deficit on ordinary activities before taxation to be the main financial KPI for the business, and monitor a range of non-financial KPIs, the principal ones being as follows;

- Membership numbers
- New member numbers
- Member retention

ON BEHALF OF THE BOARD:

M H Cherry OBE

Director

Date: 7 January 2020

REPORT OF THE DIRECTORS

For the Year Ended 30 September 2019

The directors present their report with the financial statements of the company and the group for the year ended 30 September 2019.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 October 2018 to the date of this report.

M H Cherry
M G McTague
D J Miles
P B C Davys
G M MacEwan
G Lovatt
I D O'Donnell
A L Lay
M D Coley

Other changes in directors holding office are as follows:

V Weisweiller	– resigned 10.04.19
T Lockwood	– appointed 11.04.19
S Askew	– appointed 10.05.19
D Stallon	– resigned 02.09.19

FUTURE DEVELOPMENTS

The Board of Directors continues to progress a programme of modernisation to enable the group to continue to provide excellent representation and service to members from the whole UK smaller business community. This programme involves continuous improvement in all areas of the group's operations, including enhancements to services offered and developments in communication.

EMPLOYEE INVOLVEMENT

The group has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the group. This is achieved through departmental meetings and presentations to all employees.

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retain them in order that the employment with the group may continue.

It is the policy of the group that training, career development and promotion opportunities should be available to all employees.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the surplus or deficit 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 judgements 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.

Report of the Directors

For the Year Ended 30 September 2019

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Haines Watts, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

M H Cherry OBE

Director

Date: 7 January 2020

REPORT OF THE INDEPENDENT AUDITORS

To the Members of National Federation of Self Employed and Small Businesses Limited

OPINION

We have audited the financial statements of National Federation of Self Employed and Small Businesses Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2019 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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 group's and of the parent company affairs as at 30 September 2019 and of the group's surplus 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 Auditors' 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 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 group's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Report of the Independent Auditors

To the Members of National Federation of
Self Employed and Small Businesses Limited

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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors 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 Report of the Directors.

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

- adequate accounting records have not been kept 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.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Statement of Directors' Responsibilities set out on page twenty-five, 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 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.

AUDITORS' 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 a Report of the Auditors 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 Report of the Auditors.

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 a Report of the Auditors 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.

Mr Francis Murphy (Senior Statutory Auditor) for and on behalf of Haines Watts

Statutory Auditor
3rd Floor Pacific Chambers
11-13 Victoria Street
Liverpool
Merseyside
L2 5QQ

Date: 7 January 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 September 2019

	Notes	30.9.19 (£)	30.9.18 (£)
Turnover		26,478,570	26,432,668
Cost of sales		2,575,095	2,617,852
Gross Surplus		23,903,475	23,814,816
Administrative expenses		24,066,263	23,540,856
		(162,788)	273,960
Other operating income		1,132,293	1,317,848
Operating Surplus	4	969,505	1,591,808
Unrealised gain on investment	5	144,710	171,670
		1,114,215	1,763,478
Interest receivable and similar income		140,991	97,321
Surplus Before Taxation		1,255,206	1,860,799
Tax on surplus	6	(8,020)	52,283
Surplus for the Financial Year		1,263,226	1,808,516
Other Comprehensive Income		-	-
Total Comprehensive Income for The Year		1,263,226	1,808,516
Surplus attributable to: Owners of the parent		1,263,226	1,808,516
Total comprehensive income attributable to: Owners of the parent		1,263,226	1,808,516

The notes form part of these financial statements

CONSOLIDATED BALANCE SHEET

30 September 2019

	Notes	30.9.19 (£)	30.9.18 (£)
Fixed Assets			
Intangible assets	8	40,797	55,235
Tangible assets	9	4,959,489	5,079,932
Investments	10	-	-
		5,000,286	5,135,167
Current Assets			
Debtors	11	1,142,848	1,630,694
Investments	12	3,866,436	3,721,726
Cash at bank		19,691,629	18,520,169
		24,700,913	23,872,589
Creditors			
Amounts falling due within one year	13	13,687,527	14,284,805
		11,013,386	9,587,784
Net Current Assets		16,013,672	14,722,951
Total Assets Less Current Liabilities		164,623	137,128
Provisions for Liabilities	16		
Net Assets		15,849,049	14,585,823
Reserves			
Profit and loss account	17	15,849,049	14,585,823
		15,849,049	14,585,823

The financial statements were approved by the Board of Directors on 7 January 2020 and were signed on its behalf by:
M H Cherry OBE, Director

The notes form part of these financial statements

COMPANY BALANCE SHEET

30 September 2019

	Notes	30.9.19 (£)	30.9.18 (£)
Fixed Assets			
Intangible assets	8	40,797	55,235
Tangible assets	9	4,953,734	5,069,793
Investments	10	2,101	2,101
		4,996,632	5,127,129
Current Assets			
Debtors	11	2,793,317	2,706,216
Investments	12	3,866,436	3,721,726
Cash at bank		19,187,374	17,281,828
		25,847,127	23,709,770
Creditors			
Amounts falling due within one year	13	15,069,999	14,455,953
		10,777,128	9,253,817
Net Current Assets		15,773,760	14,380,946
Total Assets Less Current Liabilities		164,623	137,128
Provisions for Liabilities	16		
Net Assets		15,609,137	14,243,818
Reserves			
Profit and loss account		15,609,137	14,243,818
		15,609,137	14,243,818
Company's profit for the financial year		1,365,319	1,748,020

The financial statements were approved by the Board of Directors on 7 January 2020 and were signed on its behalf by:
M H Cherry OBE, Director

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 September 2019

	Retained earnings (£)	Total equity (£)
Balance at 1 October 2017	12,777,307	12,777,307
Changes in equity		
Total comprehensive income	1,808,516	1,808,516
Balance at 30 September 2018	14,585,823	14,585,823
Changes in equity		
Total comprehensive income	1,263,226	1,263,226
Balance at 30 September 2019	15,849,049	15,849,049

COMPANY STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 September 2019

	Retained earnings (£)	Total equity (£)
Balance at 1 October 2017	12,495,798	12,495,798
Changes in equity		
Total comprehensive income	1,748,020	1,748,020
Balance at 30 September 2018	14,243,818	14,243,818
Changes in equity		
Total comprehensive income	1,365,319	1,365,319
Balance at 30 September 2019	15,609,137	15,609,137

The notes form part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT

For the Year Ended 30 September 2019

	Notes	30.9.19 (£)	30.9.18 (£)
Cash flows from operating activities			
Cash generated from operations	1	1,198,034	2,078,920
Tax received/(paid)		41,204	(18,493)
		1,239,238	2,060,427
Cash flows from investing activities			
Purchase of intangible fixed assets		(10,102)	(43,727)
Purchase of tangible fixed assets		(199,287)	(104,295)
Sale of tangible fixed assets		620	5,915
Interest received		140,991	97,321
		(67,778)	(44,786)
Increase in cash and cash equivalents			
Cash and cash equivalents at beginning of year	2	18,520,169	16,504,528
Cash and cash equivalents at end of year	2	19,691,629	18,520,169

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

For the Year Ended 30 September 2019

1. Reconciliation of Deficit Before Taxation to Cash Generated from Operations

	30.9.19 (£)	30.9.18 (£)
Surplus- before taxation	1,255,206	1,860,799
Depreciation charges	319,341	326,402
(Profit)/loss on disposal of fixed assets	(231)	(648)
Amortisation charges	24,540	534,881
Unrealised gain on investment	(144,710)	(171,670)
Finance income	(140,991)	(97,321)
	1,313,155	2,452,443
Decrease in stocks	-	21,744
Decrease/(increase) in trade and other debtors	487,846	(56,863)
(Decrease) in trade and other creditors	(602,967)	(338,404)
Cash generated from operations	1,198,034	2,078,920

2. Cash and Cash Equivalents

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

	30.9.19 (£)	1.10.18 (£)
Year ended 30 September 2019		
Cash and cash equivalents	19,691,629	18,520,169
	30.9.18 (£)	1.10.17 (£)
Year ended 30 September 2018		
Cash and cash equivalents	18,520,169	16,504,528

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 September 2019

1. GENERAL INFORMATION

The company is a private company limited by guarantee without share capital (Co No 01263540) and is incorporated in England and Wales. The address of the registered office is Sir Frank Whittle Way, Blackpool Business Park, Blackpool, Lancashire, FY4 2FE.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The accounts of the subsidiaries FSB Publications Limited, F.S.B. (Member Services) Limited and FSB Recruitment Limited have been prepared on a going concern basis. This has only been possible as a result of the Federation's continued contractual arrangements with these businesses.

Basis of consolidation

The consolidated financial statements of the Federation (which include Federation offices, regions and committees) include the financial statements of FSB Publications Limited, F.S.B. (Member Services) Limited and FSB Recruitment Limited, all being 100% owned subsidiaries of the Federation.

Turnover

Turnover comprises membership subscriptions.

Membership subscriptions, on receipt, are deferred and released to income over the period to which the membership relates.

Other operating income consists of events, sponsorship and service provider income.

Intangible fixed assets

Geographical Recruitment Areas acquired by FSB Recruitment Limited have been amortised over their expected useful economic lives as determined by the directors. The useful economic lives of the Areas will vary depending upon a number of factors including location and size. The Areas are amortised on a straight line basis over periods of between three and six years.

Intangible fixed assets are stated at cost less accumulated amortisation. Amortisation is provided at rates calculated using the straight-line method, to write off the cost of the fixed assets over their expected useful lives.

Goodwill	3 - 6 years	Straight line basis
Computer software	3 years	Straight line basis

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost of fixed assets over their expected useful lives.

Freehold and long leasehold buildings	50 years	Straight line basis
Motor vehicles	4 years	Straight line basis
Fixtures, fittings and office equipment	5 years	Straight line basis
Computer equipment	3 years	Straight line basis

Investments in associates

Investments in associate undertakings are recognised at cost.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Continued...

Notes to the Consolidated Financial Statements - continued

For the Year Ended 30 September 2019

2. ACCOUNTING POLICIES (continued)**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Investments

The company has investments, in discretionary managed portfolio funds, and as these are considered by the directors to be readily convertible into cash in the short term, they are held under current assets in the financial statements.

The unrealised gains and losses on these investments are included in the consolidated income statement.

Members liability

Every member of the Federation undertakes to contribute to the assets of the Federation, in the event of the same being wound up while he is a member, or within one year after he ceased to be a member, for payment of the debts and liabilities of the Federation contracted before he ceased to be a member, and the costs, charges and expenses of winding up, and the adjustment of the rights of the contributories among themselves such amount as may be required not exceeding £1.

Operating leases

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against profit on a straight line basis over the period of the lease.

Debtors

Short term debtors are measured at transaction price, less any impairment.

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.

Creditors

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

Financial instruments

The group and company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans to related parties and investments in shares.

Debt instruments (other than those wholly repayable or receivable within one year), including other debtors and creditors, 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 creditors or debtors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

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

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Interest income

Interest income is recognised in the consolidated statement of comprehensive income using the effective interest method.

Notes to the Consolidated Financial Statements - continued

For the Year Ended 30 September 2019

3. EMPLOYEES AND DIRECTORS**Staff costs, excluding directors' remuneration, were as follows:**

	30.9.19 (£)	30.9.18 (£)
Wages and salaries	8,313,706	7,645,626
Social security costs	865,402	772,623
Other pension costs	465,336	419,078
	9,644,444	8,837,327

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

	30.9.19	30.9.18
Head office	48	45
Press and parliamentary offices	44	42
Regions	59	54
Recruitment	52	51
Member Services	7	6
	210	198

	30.9.19 (£)	30.9.18 (£)
Directors' remuneration	325,843	330,969

Information regarding the highest paid director is as follows:

	30.9.19 (£)	30.9.18 (£)
Emoluments etc.	65,000	65,000

No retirement benefits were accruing for directors (2018 – nil) in respect of defined contribution pension schemes.

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the group are considered to be key management personnel. Total remuneration in respect of these individuals is £1,534,093 (2018 – £1,449,337).

Continued...

Notes to the Consolidated Financial Statements - continued

For the Year Ended 30 September 2019

4. OPERATING SURPLUS**The operating surplus stated after charging/(crediting):**

	30.9.19 (£)	30.9.18 (£)
Depreciation – owned assets	319,341	326,402
Profit on disposal of fixed assets	(231)	(648)
Goodwill amortisation	-	456,016
Computer software amortisation	24,540	78,865
Auditors' remuneration – company	18,688	18,668
Auditors' remuneration – subsidiaries	9,995	10,336
Non-audit services – other services	23,719	12,752

5. EXCEPTIONAL ITEMS

	30.9.19 (£)	30.9.18 (£)
Unrealised gain on investment	144,710	171,670

6. TAXATION**Analysis of the tax charge**

The tax charge on the surplus/deficit for the year was as follows:

	30.9.19 (£)	30.9.18 (£)
Current tax:		
UK corporation tax	27,479	19,666
R&D tax reclaim	(62,994)	-
Deferred tax	27,495	32,617
Tax on surplus	(8,020)	52,283

UK corporation tax was charged at 19% in 2019 (2018 – 19%).

The company is taxable on the commissions and interest received in the year. The company received gross taxable commissions of £NIL (2018 - £8,644) and interest of £140,991 (2018 - £97,231).

7. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

Notes to the Consolidated Financial Statements - continued
For the Year Ended 30 September 2019

8. INTANGIBLE FIXED ASSETS

Group	Goodwill (£)	Computer software (£)	Totals (£)
COST			
At 1 October 2018	3,013,503	2,067,287	5,080,790
Additions	-	10,102	10,102
Disposals	-	(1,186,251)	(1,186,251)
At 30 September 2019	3,013,503	891,138	3,904,641
AMORTISATION			
At 1 October 2018	3,013,503	2,012,052	5,025,555
Amortisation for year	-	24,540	24,540
Eliminated on disposal	-	(1,186,251)	(1,186,251)
At 30 September 2019	3,013,503	850,341	3,863,844
NET BOOK VALUE			
At 30 September 2019	-	40,797	40,797
At 30 September 2018	-	55,235	55,235

Company	Computer software (£)
COST	
At 1 October 2018	1,910,154
Additions	10,102
Disposals	(1,186,251)
At 30 September 2019	734,005
AMORTISATION	
At 1 October 2018	1,854,919
Amortisation for year	24,540
Eliminated on disposal	(1,186,251)
At 30 September 2019	693,208
NET BOOK VALUE	
At 30 September 2019	40,797
At 30 September 2018	55,235

Continued...

Notes to the Consolidated Financial Statements - continued

For the Year Ended 30 September 2019

9. TANGIBLE FIXED ASSETS

Group	Freehold property (£)	Fixtures and fittings (£)	Motor vehicles (£)	Computer equipment (£)	Totals (£)
COST					
At 1 October 2018	6,662,762	1,268,537	28,839	1,119,978	9,080,116
Additions	11,071	11,640	500	176,076	199,287
Disposals	-	(199,852)	-	(508,200)	(708,052)
At 30 September 2019	6,673,833	1,080,325	29,339	787,854	8,571,351

DEPRECIATION

At 1 October 2018	1,879,025	1,081,654	15,327	1,024,178	4,000,184
Charge for year	133,792	92,854	3,630	89,065	319,341
Eliminated on disposal	-	(199,852)	-	(507,811)	(707,663)
At 30 September 2019	2,012,817	974,656	18,957	605,432	3,611,862

NET BOOK VALUE

At 30 September 2019	4,661,016	105,669	10,382	182,422	4,959,489
At 30 September 2018	4,783,737	186,883	13,512	95,800	5,079,932

Company	Freehold property (£)	Fixtures and fittings (£)	Motor vehicles (£)	Computer equipment (£)	Totals (£)
COST					
At 1 October 2018	6,662,761	1,246,615	28,839	1,115,359	9,053,574
Additions	11,071	11,640	500	176,076	199,287
Disposals	-	(199,852)	-	(508,200)	(708,052)
At 30 September 2019	6,673,832	1,058,403	29,339	783,235	8,544,809

DEPRECIATION

At 1 October 2018	1,879,024	1,069,871	15,327	1,019,559	3,983,781
Charge for year	133,792	88,470	3,630	89,065	314,957
Eliminated on disposal	-	(199,852)	-	(507,811)	(707,663)
At 30 September 2019	2,012,816	958,489	18,957	600,813	3,591,075

NET BOOK VALUE

At 30 September 2019	4,661,016	99,914	10,382	182,422	4,953,734
At 30 September 2018	4,783,737	176,744	13,512	95,800	5,069,793

Notes to the Consolidated Financial Statements - continued

For the Year Ended 30 September 2019

10. FIXED ASSET INVESTMENTS**Group**

On 21 December 2017, F.S.B. (Member Services) Limited acquired 30% of the share capital in FSB Insurance Service Limited (formerly Ruskin Square Limited) for a value less than £1, a company incorporated within England and Wales. The transaction acquired 100% of the B Ordinary shares.

Associate undertakings

The following is an associate of the company. The aggregate of the share capital and reserves and loss for the year has been taken at 31 December 2018.

	Ownership	Aggregate capital and reserves	Profit/(loss) for the year	Activity
FSB Insurance Service Limited	30%	(577,411)	(665,234)	Insurance services

Due to a non-recourse nature in the arrangement within the joint venture, the group does not take its share of FSB Insurance Service Limited's results into the group's accounts unless the Associate has positive reserves.

Company**Investments in subsidiaries £****COST**

At 1 October 2018 and 30 September 2019	2,101
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NET BOOK VALUE

At 30 September 2019	2,101
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At 30 September 2018	2,101
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	Aggregate capital and reserves	Profit/(Loss) for the year	Activity
FSB Publications Limited	1,212	-	Publication of magazine
F.S.B. (Member Services) Limited	22,470	(151,648)	Arrange member benefits
FSB Recruitment Limited	218,234	49,555	Recruitment
FSB Gold Club Limited	100	-	Dormant
Federation of Small Businesses Limited	-	-	Dormant
Real Life Entrepreneur Limited	1	-	Dormant
Keep Trade Local Ltd	1	-	Dormant

All subsidiaries are wholly owned and incorporated within England and Wales. All subsidiaries are registered at Sir Frank Whittle Way, Blackpool Business Park, Blackpool, Lancashire, FY4 2FE.

Continued...

Notes to the Consolidated Financial Statements - continued

For the Year Ended 30 September 2019

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	30.9.19 (£)	30.9.18 (£)	30.9.19 (£)	30.9.18 (£)
Trade debtors	162,081	146,033	59,407	1,654
Amounts owed by group undertakings	-	-	2,198,986	1,658,895
Other debtors	8,215	21,769	8,215	21,163
VAT	-	-	14,743	13,399
Accrued income	185,983	260,034	18,106	75,952
Prepayments	786,569	1,202,858	493,860	935,153
	1,142,848	1,630,694	2,793,317	2,706,216

Amounts owed by group undertakings are repayable on demand and attract no interest.

12. CURRENT ASSET INVESTMENTS

	Group		Company	
	30.9.19 (£)	30.9.18 (£)	30.9.19 (£)	30.9.18 (£)
Listed investments	3,866,436	3,721,726	3,866,436	3,721,726

Market value of listed investments at 30 September 2019 held by the group and the company - £3,866,436.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	30.9.19 (£)	30.9.18 (£)	30.9.19 (£)	30.9.18 (£)
Trade creditors	140,269	693,856	113,016	469,569
Amounts owed to group undertakings	-	-	2,079,036	1,133,007
Social security and other taxes	244,684	231,167	244,684	231,167
VAT	18,668	41,474	-	-
Other creditors	8,305	15,015	8,305	15,015
Accrued expenses	1,497,973	1,352,423	847,330	656,325
Prepaid subscriptions	11,777,628	11,950,870	11,777,628	11,950,870
	13,687,527	14,284,805	15,069,999	14,455,953

Amounts owed to group undertakings are repayable on demand and attract no interest.

Notes to the Consolidated Financial Statements - continued

For the Year Ended 30 September 2019

14. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group	Non-cancellable operating leases	
	30.9.19 (£)	30.9.18 (£)
Within one year	31,108	31,108
Between one and five years	5,185	36,293
	36,293	67,401

Company	Non-cancellable operating leases	
	30.9.19 (£)	30.9.18 (£)
Within one year	31,108	31,108
Between one and five years	5,185	36,293
	36,293	67,401

15. FINANCIAL INSTRUMENTS

Group Financial Instruments	2019 (£)	2018 (£)
Financial assets		
Cash and cash equivalents	23,558,065	22,241,895
Financial assets measured at amortised cost	356,279	427,836
	23,914,344	22,669,731
Financial liabilities		
Financial liabilities measured at amortised cost	13,424,175	14,012,164
	13,424,175	14,012,164

Company Financial Instruments	2019 (£)	2018 (£)
Financial assets		
Cash and cash equivalents	23,053,810	21,003,554
Financial assets measured at amortised cost	2,299,457	1,771,063
	25,353,267	22,774,617
Financial liabilities		
Financial liabilities measured at amortised cost	14,825,315	14,224,786
	14,825,315	14,224,786

Cash and cash equivalents comprise cash in hand and deposits with financial institutions and investments.

Financial assets that are debt instruments measured at amortised cost comprise all current debtors (other than prepayments).

Continued...

Notes to the Consolidated Financial Statements - continued

For the Year Ended 30 September 2019

Financial liabilities measured at amortised cost comprise all of the current liabilities other than tax liabilities.

16. PROVISIONS FOR LIABILITIES

	Group		Company	
	30.9.19 (£)	30.9.18 (£)	30.9.19 (£)	30.9.18 (£)
Deferred tax				
Other timing differences	164,623	137,128	164,623	137,128

Group	Deferred tax (£)
On unrealised investment gains	164,623
Balance at 30 September 2019	164,623

Company	Deferred tax £
On unrealised investment gains	164,623
Balance at 30 September 2019	164,623

17. RESERVES

Group	Profit and loss account (£)
At 1 October 2018	14,585,823
Surplus for the year	1,263,226
At 30 September 2019	15,849,049

Profit and loss account

Includes all current and prior period retained profits and losses.

18. PENSION COMMITMENTS

The National Federation of Self Employed and Small Businesses Limited operates a defined contribution scheme on behalf of its employees. The scheme is held in a separately administered fund independent from the group. Contributions in the year amounted to £465,336 (2018 - £419,078). There were £1,172 contributions outstanding at 30 September 2019 (2018 - £7,042).

Notes to the Consolidated Financial Statements - continued

For the Year Ended 30 September 2019

19. CAPITAL COMMITMENTS

	30.9.19 (£)	30.9.18 (£)
Contracted but not provided for in the financial statements	14,012	111,969

20. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

At the year end, F.S.B. (Member Services) Limited was owed £20,019 (2018 - £nil) by FSB Insurance Service Limited.

During the year, the directors paid membership subscriptions totalling £2,456 (2018 - £2,552) to the National Federation of Self Employed and Small Businesses Limited. They also received remuneration which is detailed in note 22.

21. ULTIMATE CONTROLLING PARTY

National Federation of Self Employed and Small Businesses Limited is a company limited by guarantee. The company is controlled by the Board of Directors.

22. DIRECTORS HONORARIA

The following is a list of honoraria paid to directors for their term of office during the year:

Director	Honoraria (£)	Position
Cherry, Michael	65,000	National Chairman
Stallon, David	49,484	Commercial Director
Lay, Alexis	5,000	Director
McTague, Martin	50,000	Chairman, Policy and Advocacy
Coley, Melanie	25,000	Vice Chairman
Miles, David	45,000	Finance Director
MacEwan, Gillian	23,827	Operations Director (from 11/04/19) Non-operational Director (to 10/04/19)
O'Donnell, Ian	5,000	Non-operational Director
Weisweiller, Veronika	2,654	Non-operational Director
Lovatt, Gary	5,000	Non-operational Director
Davys, Peter	5,000	Non-operational Director
Lockwood, Terence	2,352	Non-operational Director
Askew, Stephen	1,974	Non-operational Director

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