

/16



Federation of Small Businesses

Annual Report
and Financial Statements

CHAIRMAN'S REPORT

In the UK, running a small business and being your own boss is one of the most challenging yet satisfying things you can choose to do. The UK now has a record 5.5 million smaller businesses and self-employed, but rate of growth for their business has started to slow.

Our country's prosperity in 2017 will be founded on the success of our small businesses. In turn, that success rests upon all of us truly creating a new entrepreneurial culture. This means the whole of society – Government and business, customers and employees, public and private sectors – all choosing to support smaller businesses and the self-employed. Politicians need to pursue policies that make it not just easier to set up a business, but also to run it, putting small businesses at the very heart of policymaking. Teachers need to include running a smaller business as a viable option within careers advice. Customers need to spend more of their money with innovative local businesses, supporting their local communities, rather than with distant multinational brands.

The UK's decision to leave the European Union and the resulting change of Government in 2016 did create a huge amount of uncertainty, but new Ministers from the Prime Minister down have been listening to our concerns and suggestions, as has the Opposition. Brexit will bring opportunities and risks for our members, and the strategy adopted in the upcoming negotiations must manage those risks, whilst accelerating the opportunities it provides. FSB's research and policy programme will conclude in the coming months to inform that process.

FSB is growing its offering to members, and those aspiring to start their own business. In 2017, we want to directly assist those looking to start a new business with a package of benefits specifically designed for pre start-ups. Our aim is

to reduce the risks of setting up on your own and increase the proportion of new businesses to help them to thrive. As an organisation, we also need to constantly respond to the new challenges that all smaller businesses face. With most now potentially at risk of cyber attacks, we are widening our core offering to introduce comprehensive protection and advice, an area where small and micro businesses are underserved. This both encourages better preparation and a rapid response to those targeted.

It's been our responsibility, since FSB was set up in 1974, to shine a light on the challenges that the self-employed face. We are in effect the trade union for the self-employed, and we champion their interests in everything that we do. We're proud of our roots and our ambition, but we must also ensure we are ready for what comes next. FSB has already begun a modernisation programme to ensure we are also fit for the future. In the last 40 years, our region and branch structure has grown and developed. It has served us well, but remains largely unchanged despite the world of business being transformed. The aim is to ensure we give greater support to members locally on the ground.

FSB is funded by members, for members – and they set our strategy and participate fully in our work at every stage. In late 2016, FSB's Board invited all members to take part in a survey in order to hear their views on our plans for change. We are taking that feedback and using it to inform our decision making as we work to look at our structure and set the right course for the next few decades.

This has been my first year as National Chairman. I want to thank all our members and staff in the success of our great organisation. As we look to the coming 12 months, I along with the Board will ensure that FSB is here to support you both in your business, and in helping to get your views heard by policy makers at the highest level.

Mike Cherry, National Chairman
Federation of Small Businesses

WE MUST
ENSURE WE ARE
READY FOR WHAT
COMES NEXT

Mike Cherry
FSB National Chairman

POLICY

British politics is now almost unrecognisable from a year ago. It's hard to believe that we started the year with a one-party Conservative Government elected for the first time since 1992 – and it looked stable, with a Prime Minister re-elected with a majority. Labour was turning left, the Liberal Democrats had collapsed, the SNP became the third party of British politics, and UKIP's groundswell of 3.8 million votes led, it seemed, to defeat – winning just one MP. An EU referendum was coming, with most parties, the establishment, pollsters, media and indeed the bookies all preparing for a 'Remain' victory.

But on June 23rd when the 'Leave' campaign was victorious, everything changed. Few predicted the result, but there had been signs. FSB research meant we were the only business group that came close to predicting the outcome, even back at the end of 2015. We used this to influence both sides of the Brexit debate, securing policy wins around our key areas – and pressing both campaigns hard with questions from our members. As it did during the referendum campaign in Scotland, FSB emerged with an even better reputation from both sides of the debate.

Our engagement was effective – within days the first event held at No.10 was a Prime Ministerial roundtable on small business, where FSB's Policy Director Martin McTague sat next to the Prime Minister and told her what members needed to boost confidence in the coming months. Within

weeks we organised an FSB Roundtable at the Treasury with new Chancellor Philip Hammond to influence his Autumn Statement.

One key theme FSB keeps coming back to with our political stakeholders and indeed with members is 'Don't Forget The Domestic'. Brexit remains the dominant issue of our times, and so it should – in two years' time, the whole framework for our economy is going to look very different. But there are other huge issues we need to face – right now – for members. We have faced this working with the Policy Chairs from Scotland, Wales and Northern Ireland to ensure a full-UK approach.

Despite Brexit taking up a big proportion of our resources, we have made significant gains on the domestic front through the year:

- In March, in arguably our biggest win of the year, we secured £6.7bn to be taken out of the iniquitous Business Rates system. This builds on previous successes in the devolved nations, and is a massive step – and only won after two years of intense lobbying.
- In July, we secured the first concessions on the Government's planned Mandatory Quarterly Tax Reporting, which means the majority of small businesses will now not have to take part. This is just the first stage of our lobbying – we are pressing hard on dates, phasing and thresholds to get more members out of scope.
- In September, we worked closely with No.10 on the abolition of the previous PM's Big Business Advisory Group. This reflects our growing importance and the diminishing influence of larger firms.
- Since 1st November 2016, when one of the 'big nine' banks turn down a small business for credit, they will – by law – have to pass the application to one of three alternative finance platforms, as long as the small business agrees. This is a win for us, which has now been delivered.
- Also in November, at an Autumn Statement tightly constrained by finances, we secured a number of wins – not least a clear commitment to infrastructure investment, focused on local roads. Along with a freeze in fuel duty, the other stand-out win was to correct the iniquity in rural rates relief that meant that many small firms in the countryside could not access 100% Small Business Rates Relief. This change was fair and right, and came from a request based on an individual member's contact with us, which we worked up into a policy ask.
- As we approached the end of the year, we persuaded the Prime Minister to include late payments/small suppliers

Top Tweet earned 35.8K impressions

High-level @MayorofLondon @SadiqKhan meeting with @fsb_policy's own @MMcTagueFSB and @craigie_b to talk biz rates reform and Brexit #Lab16 pic.twitter.com/w5BexdED1g



Martin McTague and Craig Beaumont meet the new Mayor of London Sadiq Khan at Labour Party Conference.

in her drive on Corporate Governance – along with the Duty To Report and Small Business Commissioner, 2017 should be the year we finally make progress on late payments, which hurts most of our members.



The Small Business Saturday bus visits FSB HQ in Blackpool for the first time.

Throughout the year we have published a number of excellent policy projects on Bank Branch Closures, Exports, Apprenticeships, Dispute Resolution, Late Payments and our quarterly confidence measure, the Small Business Index – which gives us so much material to use at key moments like The Budget, Autumn Statement, and key Party Conferences. When we develop good policy, we get change for members. Good policy stems from good evidence from our Big Voice survey community. Looking forward to 2017, we will be focused on Brexit, on Quarterly Tax Reporting, on Late Payments and on Self-Employment.

Looking back on the previous tumultuous 12 months, we will need all of our members and staff to work together to face whatever 2017 may bring.

Martin McTague, Policy Director



Martin McTague represents FSB at Prime Minister's first event at Downing Street - a small business roundtable.

COMMERCIAL

The most high profile development of 2015-2016 year was FSB's rebrand; the modern, fresh image being reflected in everything we do. This coincided with the launch of the new website and by the end of the year website traffic had grown by almost 20%. Feedback from both members and other organisations we work with has been almost universally positive.

Our rebrand is only the start of our modernisation programme. These changes are designed to both enhance our support for smaller businesses and appeal to the widest possible group of business owners. We have also updated our long term corporate objectives and the organisation's values to reflect our future goals.

The year has seen many other significant developments. FSB Energy has been added to our stable of comprehensive benefits. This has been very successful – the average energy cost savings achieved by FSB members using the service has been just under £1000. Our FSB Workplace Pension has been used by thousands of members, and we have added a managed service to assist employers with their ongoing responsibilities.

We have launched a First Voice website for those that prefer to get their news online. This allows us to provide more

topical news content and creates many additional income streams, including sponsored news, webinars and advertising.

For the first time we have run a series of roadshows across the UK in conjunction with partners such as Microsoft and Facebook, as well as our member services partners including FSB Insurance. The first events were held in Leeds, Bristol and Windsor and we are already planning more for 2017.

We also introduced modern contact centre technology. This has not only enabled call recording – which is essential to developing the quality of how we handle calls – but allows more efficient ways of working.

The pace of change accelerates into 2016-2017 and we will be improving not just existing benefits but introducing new products and services. Research amongst smaller businesses shows the biggest single reason for joining a business support organisation is networking. We will be launching our own nationwide networking approach in 2017, which will be both face-to-face and social media based. National networking organisations can charge more than £500 as an annual fee to participate, and we will be offering the networking as part of our annual membership.



Rhian Daniel and Helen Jenkins
Raspberry Cakery

One of the biggest threats members face today relates to cyber security. No longer is the target only larger corporates; smaller businesses and even sole-traders are at risk so we are providing new rights of membership, with both a helpline, and basic insurance, free to all members. A comprehensive market leading paid for product will also be available.

A completely new benefit, FSB Business Profiling, has been launched to aid business growth. This assesses what changes a business needs to make to improve its web presence and social media profile.

New membership categories are also being launched so we can provide relevant services etc. tailored to the widest possible group of those involved in small business. This

includes a start-up package to help those seeking to set up in business, and a premium category for the more established and ambitious business owner.

We will also be launching our own FSB Marketplace, where members can promote and sell their products and services to both members and non-members. This important development gives us all a chance to support each other. FSB has a strong track record of encouraging businesses to work together and if we all use FSB Marketplace to buy from other smaller businesses we will all benefit.

Dave Stallon, Commercial Director

THIS YEAR HAS BEEN ANOTHER BUSY ONE IN OPERATIONS, WHERE OUR FOCUS, AS ALWAYS, HAS BEEN ON SUPPORTING OUR MEMBERS, BOTH TODAY AND IN THE FUTURE

Chris Green
every1

OPERATIONS

Towards the end of 2015 the Board initiated a review of the Region and Branch structure. UK-wide, our region and branch structure has grown and developed since we were founded in 1974.

It has served us well, but remains largely unchanged despite the world of business and communications being transformed. As we modernise across other areas of our business, the Board wanted to ensure this vital element of our member-led organisation was also fit for purpose. The Board convened a Panel, comprised of members, National Councillors, Directors and key staff, who worked over nine months to review the existing arrangements and make recommendations on what a future member grassroots

structure could look like. Following receipt of the report from the Panel, the Board opened up a consultation and invited all our members to take part. The Board will consider and share the results of this consultation before any future changes are made.

In 2016 we also reviewed the Operational Support we provide to our Development Managers. Development Managers are a key element of our field teams and have a vital role working with and supporting members at a local level. We had identified that as the nature of business and communication changes – and as we roll out our new business plan to deliver new products and services for members – the way that Development Managers work and the support they require is also changing. We wanted to ensure there was a consistent level of support across the UK, embracing new technology and social media, so that Development Managers could effectively engage with, and advocate for, our members at a local level. We also wanted to ensure this was delivered in a way which was flexible and represented the best value for our members' money. This led to changes for some employees who had been working in the traditional Regional Office Administrator roles and many have taken up the new Operational Support roles and are now working closely with Development Managers across regions to support our members.

Julie Lilley, Chief Operating Officer

FINANCE

A deficit of £2.1m for the year is reported in these financial statements, however this is slightly lower than budgeted, since a budget was approved which allowed for investment in ongoing improvements.

In particular, expenditure for the year included almost £1.0m of costs, funded from reserves, to support the modernisation of the organisation. This represented the last stage in a plan, agreed in January 2013, to utilise up to £1.8m of funding from reserves for the purpose of investing in the modernisation and expansion of FSB. This investment has enabled FSB to test, shape and then embed recent developments such as the introduction of the telephone contact centre into business as usual activity.

Additionally, during November 2015, FSB completed a successful rebrand and website launch, and almost £0.3m of one-off costs relating to this are included in the financial statements for the year.

Furthermore, the results are after accounting for £0.6m of amortisation relating to the purchase of all sales patches which had been completed by the end of 2014. This cost, which will be completely amortised by 30th September 2018, enabled FSB to develop and embed a consistent organisation-wide sales strategy and sales incentives.

FSB continues to rely upon subscriptions and joining fees from its members, which provide more than 92% of its income. Consequently, delivering strong subscription income levels continues to be a key success factor for the organisation. During 2016, new incentive structures were agreed with Membership Advisors, aimed at protecting the momentum in new joiner growth generated during the year, and also aimed at increasing retention levels. This is one of a number of projects supported by the Finance Department during the year which form part of a wider strategy to enhance retention.

A significant amount of time and resource was committed during the year into the development of an integrated five year business plan. This was a comprehensive exercise which will result in valuable enhancements to the rights and services available to members. This planning exercise enabled the Board of Directors to assess the level of investment required over the next two to three years to deliver our vision. This investment has been planned in detail over recent months.

During the year, we have initiated a project to enhance cost efficiency across the organisation, which we expect to continue for the foreseeable future. Whilst the organisation continues to invest in developments to grow the business, visibility and control of costs remains critical. Expenditure has remained well within budget for the year ended September 2016.

Interest receivable on bank deposits has fallen from 2015 to 2016 by 11.5%, whilst year end bank balances were just 6.3% lower at September 2016 than September 2015, demonstrating the low level of interest rates available in the market. However FSB continues to manage the funds it holds on deposit in line with an agreed investment strategy which balances low risk with modest returns. At the end of the year FSB bank balances amounted to more than £15.9m whilst the market value of listed investments was more than £3.3m, having increased in value by over £450,000 during the year.

FSB has a strong balance sheet as at the end of the financial year, with reserves in excess of £13.1m, cash and investments exceeding working capital by over £6.1m and tangible fixed assets in excess of £5.6m. As a result the organisation is well positioned financially to pursue its long term strategy and business plan.

Janet Jack, Finance Director



2016 HAS SEEN
FSB CONTINUE TO
PROGRESS WITH
ITS PROGRAMME OF
CHANGE, WHICH
IS AT THE CENTRE
OF ITS LONG TERM
STRATEGY

Mike and Becky Prason
Little Red Rooster

COMPANY INFORMATION

For the Year Ended 30 September 2016

Carl Morenikeji & his team
Scaramanga

Directors

M H Cherry

D A Stallon

J Jack

S C Dexter

M G McTague

S Wilson

G M MacEwan

W J Mitchell

J Brazkiewicz

D J Miles

V Weisweiler

Secretary

S Wilson

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 2016

BUSINESS REVIEW AND PRINCIPAL ACTIVITY

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 deficit for the financial year of £2,053,751 (2015: deficit £348,495). This is after accounting for an unrealised gain of £450,675 resulting from an increase in the carrying value of investments (2015: unrealised loss of £62,578). Income from subscriptions and joining fees, which provided over 92% of the Group's income (2015: 92%) amounted to £25,679,384 (2015: £26,101,862). General reserves reduced to £13,107,167 (2016: £15,160,918) and the net cash outflow from operating activities was £777,021 (2015: net cash inflow of £878,365).

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

STRATEGY

FSB's business strategy is to continue to pursue the five corporate objectives (to be recognised as the most influential and trusted business organisation, to value diversity and inclusion in everything we do, to be fully representative of the whole UK smaller business community, to provide the most valued package of business benefits and services, and to provide the most effective network for smaller businesses across the UK) to achieve the organisation's mission which is to help smaller businesses achieve their ambitions.

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.

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, overseeing and identifying on an ongoing 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 company achieving its strategic objectives. The list does not include all of the risks faced by the company, nor does it list the risks in order of priority.

Economic Conditions

The company operates in a competitive arena, 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 focussed 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 Management

The group has £15,928,127 cash and £3,388,097 investment balances as at 30th September 2016 and changes in investment conditions may expose the company to risks



Mike Cherry, National Chairman and Nicola Sturgeon, First Minister of Scotland

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

National Chairman



Mike Cherry, National Chairman and John McDonnell, Shadow Chancellor of the Exchequer

REPORT OF THE DIRECTORS

For the year ended 30 September 2016

Directors

The Directors shown below have held office during the whole of the period from 1 October 2015 to the date of this report.

- M H Cherry
- S C Dexter
- W J Mitchell
- D A Stallon
- J Jack
- J Brazkiewicz
- G M MacEwan
- D J Miles

Other changes in Directors holding office are as follows:

- J Allan - resigned 19 March 2016
- M G McTague - appointed 19 March 2016
- V Weisweiler - appointed 19 March 2016
- S Wilson - appointed 16 June 2016
- N W Wilkinson - appointed 6 April 2016
- resigned 1 June 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

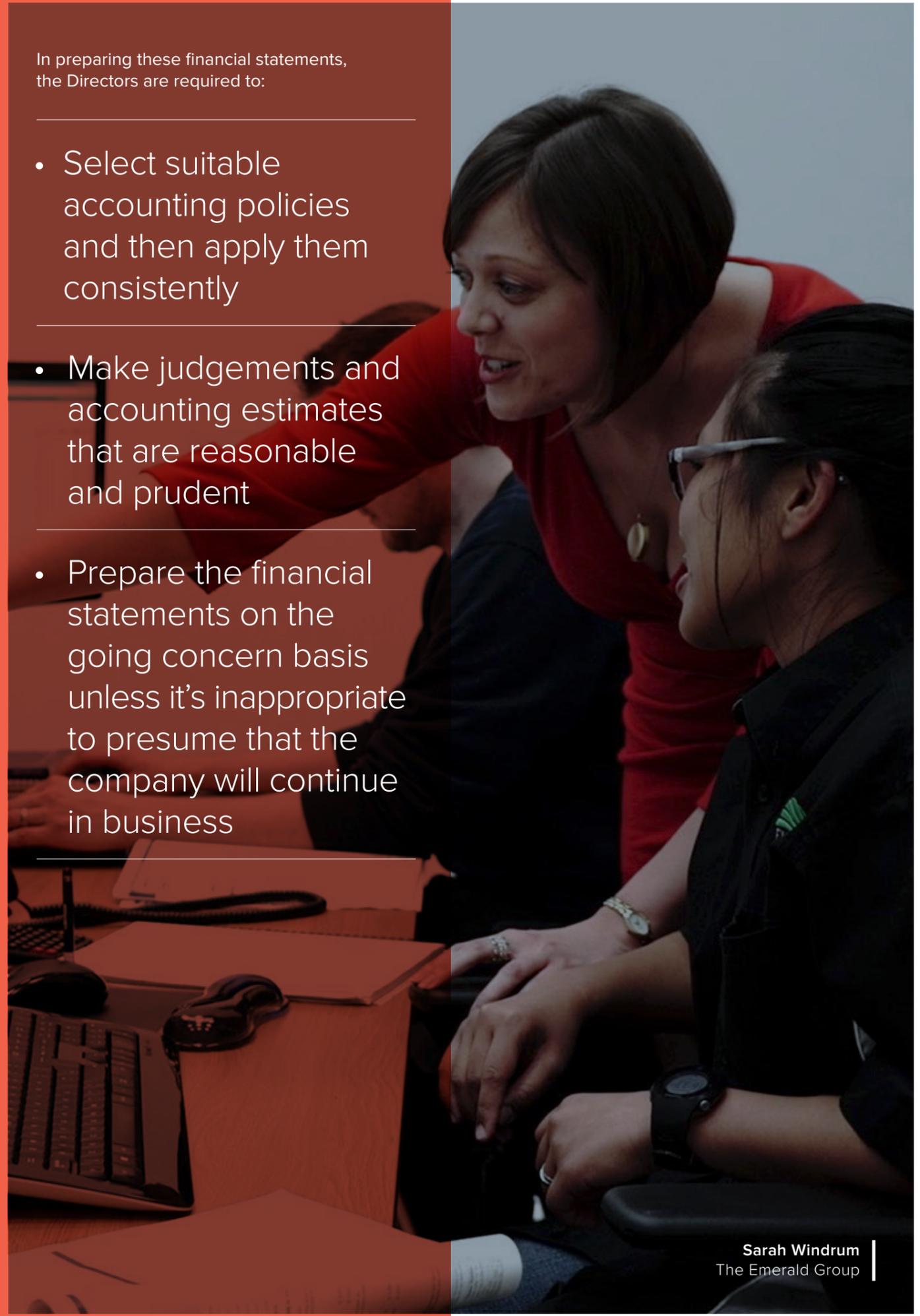
The Directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

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.

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

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
- Prepare the financial statements on the going concern basis unless it's inappropriate to presume that the company will continue in business



Sarah Windrum
The Emerald Group



During the past year, we have continued to drive forward the programme of modernisation and development for FSB

Steven McIntosh
Saltire Roofing

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
National Chairman

AUDITORS' REPORT

For the year ended 30 September 2016

Sweet Cumin

We have audited the financial statements of National Federation of Self Employed and Small Businesses Limited for the year ended 30 September 2016 on pages 22 to 42. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Bini Ludlow
Sweet Cumin

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.

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 16, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2016 and of the group's deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

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

- Adequate accounting records have not been kept 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.

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

CONSOLIDATED STATEMENT OF

COMPREHENSIVE INCOME

For the year ended 30 September 2016

	Notes	30.09.16 (£)	30.09.15 (£)
Turnover		25,679,384	26,101,862
Cost of sales		(2,623,465)	(2,202,524)
Gross Surplus		23,055,919	23,899,338
Administrative expenses		(27,679,155)	(26,315,404)
Other operating income		(4,623,236)	(2,416,066)
		2,015,303	2,010,514
Operating Deficit	4	(2,607,933)	(405,552)
Unrealised gain/(loss) on investment		450,675	(62,578)
Interest receivable and similar income		(2,157,258)	(468,130)
		133,221	150,528
Deficit on Ordinary Activities Before Taxation		(2,024,037)	(317,602)
Tax on deficit on ordinary activities	5	(29,714)	(30,893)
Deficit for the Financial Year		(2,053,751)	(348,495)
Other Comprehensive Income		-	-
Total Comprehensive Income for the Year		(2,053,751)	(348,495)
Deficit attributable to: Owners of Parent		(2,053,751)	(348,495)
Total comprehensive income attributable to: Owners of Parent		(2,053,751)	(348,495)



CONSOLIDATED BALANCE SHEET

As at 30 September 2016

	Notes	30.09.16 (£)	30.09.15 (£)
Fixed Assets			
Intangible assets	7	1,281,714	1,899,752
Tangible assets	8	5,632,024	5,828,518
		6,913,738	7,728,270
Current Assets			
Debtors	10	1,191,051	1,281,621
Investments	11	3,388,097	2,937,422
Cash at bank		15,928,127	17,001,011
		20,507,275	21,220,054
Creditors			
Amounts falling due within one year	12	14,313,846	13,787,406
		6,193,429	7,432,648
Net Current Assets			
		13,107,167	15,160,918
Total Assets Less Current Liabilities			
		13,107,167	15,160,918
Reserves			
Profit and loss account	13	13,107,167	15,160,918
		13,107,167	15,160,918

COMPANY BALANCE SHEET

As at 30 September 2016

	Notes	30.09.16 (£)	30.09.15 (£)
Fixed Assets			
Intangible assets	7	131,148	313,639
Tangible assets	8	5,613,116	5,155,987
Investments	9	2,101	2,101
		5,746,365	5,471,727
Current Assets			
Debtors	10	3,007,167	3,255,908
Investments	11	3,388,099	2,937,422
Cash at bank		14,182,941	16,340,560
		20,578,207	22,533,890
Creditors			
Amounts falling due within one year	12	13,217,611	12,844,905
		7,360,596	9,688,985
Net Current Assets			
		13,106,961	15,160,712
Total Assets Less Current Liabilities			
		13,106,961	15,160,712
Reserves			
Profit and loss account	13	13,106,961	15,160,712
		13,106,961	15,160,712

The financial statements were approved by the Board of Directors on 12 January 2017
and were signed on its behalf by:

M H Cherry
National Chairman

J Jack
Finance Director

CONSOLIDATED STATEMENT OF

CHANGES IN EQUITY

For the year ended 30 September 2016

Abs Hussain
Aqua Food and Mood

Consolidated

	Retained Earnings (£)	Total Equity (£)
Balance at 1 October 2014	15,509,413	15,509,413

Changes in Equity

Total comprehensive income	(348,495)	(348,495)
Balance at 30 September 2015	15,160,918	15,160,918

Changes in Equity

Total comprehensive income	(2,053,751)	(2,053,751)
Balance at 30 September 2016	13,107,167	13,107,167

Company

	Retained Earnings (£)	Total Equity (£)
Balance at 1 October 2014	16,257,233	16,257,233

Changes in Equity

Total comprehensive income	(1,096,521)	(1,096,521)
Balance at 30 September 2015	15,160,712	15,160,712

Changes in Equity

Total comprehensive income	(2,053,751)	(2,053,751)
Balance at 30 September 2016	13,106,961	13,106,961

CONSOLIDATED

CASH FLOW
STATEMENT

For the year ended 30 September 2016

	Notes	30.09.16 (£)	30.09.15 (£)
Cash Flows from Operating Activities			
Cash generated from operations	1	(777,021)	878,365
Tax paid		(20,747)	(27,725)
Net cash from operating activities		(797,768)	850,640
Cash Flows from Investing Activities			
Purchase of intangible fixed assets		(211,081)	(1,975)
Purchase of tangible fixed assets		(217,913)	(498,792)
Sale of tangible fixed assets		20,657	-
Purchase of current asset investments		-	(2,000,000)
Interest received		133,221	150,528
Net cash from investing activities		(275,116)	(2,350,239)
Decrease in Cash and Cash Equivalents		(1,072,884)	(1,499,599)
Cash and Cash Equivalents at Beginning of Year	2	17,001,011	18,500,610
Cash and Cash Equivalents at end of Year	2	15,928,127	17,001,011

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 September 2016

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

	30.09.16 (£)	30.09.15 (£)
Deficit before taxation	(2,024,037)	(317,602)
Depreciation charges	393,750	324,928
Amortisation charges	829,119	787,957
Unrealised (gain)/loss on investment	(450,675)	62,578
Finance income	(133,221)	(150,528)
	(1,385,064)	707,332
Decrease/(increase) in trade and other debtors	90,570	(285,929)
Increase in trade and other creditors	517,473	456,962
Cash Generated from Operations	(777,021)	878,365

2. Cash and Cash Equivalents.

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

	30.09.16 (£)	30.09.15 (£)
Year Ended 30 September 2016		
Cash and cash equivalents	15,928,127	17,001,011
Year Ended 30 September 2015		
Cash and cash equivalents	17,001,011	18,500,610

NOTES TO THE

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2016

Mark Woodward
The Paper Cup Company

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, FSB (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.

The company transitioned from previously extant UK GAAP to FRS 102 as at 1 October 2015. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 18.

Basis of consolidation

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

Turnover

Turnover comprises membership subscriptions, commissions received, income from marketing, advertising and related services.

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

Intangible fixed assets

Geographical Recruitment Areas acquired by FSB Recruitment Ltd are 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 3 and 6 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**



Computer Software: **3 years**



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 & Long Leasehold Buildings: **50 years**



Motor Vehicles: **4 years**



Fixtures, Fittings & Office Equipment: **5 years**



Computer Equipment: **3 years**



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 statement of comprehensive income.

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 they are a member, or within one year after they ceased to be a member, for payment of the debts and liabilities of the Federation contracted before they 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.

3. Staff Costs

	30.09.16 (£)	30.09.15 (£)
Wages and salaries	7,572,129	6,998,714
Social security costs	761,272	692,526
Other pension costs	371,169	312,993
	8,704,570	8,004,233

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

	30.09.16	30.09.15
Head office	64	57
Press and parliamentary offices	42	41
Regions	48	49
Recruitment	51	51
Member services	6	6
	211	204

4. Operating Deficit

The operating deficit is stated after charging:

	30.09.16 (£)	30.09.15 (£)
Depreciation - owned assets	393,750	324,928
Goodwill amortisation	602,697	602,697
Computer software amortisation	226,422	185,260
Auditors' remuneration	23,850	23,848
Other non- audit services	9,016	20,273
Directors' remuneration	298,644	456,689

Included in auditors' remuneration is £15,000 (2015: £15,000) relating to the company.

In addition, included in auditors' remuneration for non audit services is £9,016 (2015: £20,273) relating to the company.

Information regarding the highest paid Director is as follows:

	30.09.16 (£)	30.09.15 (£)
Emoluments etc	53,750	55,500

5. Taxation

Analysis of the tax charge

The tax charge on the deficit on ordinary activities for the year was as follows:

	30.09.16 (£)	30.09.15 (£)
Current tax:		
UK corporation tax	29,714	30,893
Tax on deficit on ordinary activities	29,714	30,893

UK corporation tax has been charged at 20%.

The company is taxable on the commissions and interest received in the year. The company received gross taxable commissions of £18,059 (2015 - £18,942) and interest of £133,221 (2015 - £150,528). Also during the year the company made charitable donations of £Nil (2015 - £6,000).

6. Surplus of Parent Company

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements. The parent company's deficit for the financial year was £2,053,751 (2015 - £1,096,521).

7. Intangible Fixed Assets

Group	Goodwill (£)	Computer Software (£)	Totals (£)
COST			
At 1 October 2015	3,013,503	1,842,043	4,855,546
Additions	-	211,081	211,081
At 30 September 2016	3,013,503	2,053,124	5,066,627
AMORTISATION			
At 1 October 2015	1,427,390	1,528,404	2,955,794
Amortisation for year	602,697	226,422	829,119
At 30 September 2016	2,030,087	1,754,826	3,784,913
NET BOOK VALUE			
At 30 September 2016	983,416	298,298	1,281,714
At 30 September 2015	1,586,113	313,639	1,899,752

Company

	Computer Software (£)
COST	
At 1 October 2015	1,842,043
Additions	4,648
At 30 September 2016	1,846,691
AMORTISATION	
At 1 October 2015	1,528,404
Amortisation for year	187,139
At 30 September 2016	1,715,543
NET BOOK VALUE	
At 30 September 2016	131,148
At 30 September 2015	313,639





Laura Pride
OMGrenegade

8. Tangible Fixed Assets

Group	Freehold Property (£)	Fixtures & Fittings (£)	Motor Vehicles (£)	Computer Equipment (£)	Totals (£)
COST					
At 1 October 2015	6,658,665	1,213,821	94,523	995,033	8,962,042
Additions	-	120,352	-	97,561	217,913
Disposals	-	(27,790)	(21,550)	(12,087)	(61,427)
At 30 September 2016	6,658,665	1,306,383	72,973	1,080,507	9,118,528
DEPRECIATION					
At 1 October 2015	1,497,841	840,970	39,488	755,225	3,133,524
Charge for year	132,059	102,188	15,381	144,122	393,750
Eliminated on disposal	-	(20,327)	(8,979)	(11,464)	(40,770)
At 30 September 2016	1,629,900	922,831	45,890	887,883	3,486,504
NET BOOK VALUE					
At 30 September 2016	5,028,765	383,552	27,083	192,624	5,632,024
At 30 September 2015	5,160,824	372,851	55,035	239,808	5,828,518

Company	Freehold Property (£)	Fixtures & Fittings (£)	Motor Vehicles (£)	Computer Equipment (£)	Totals (£)
COST					
At 1 October 2015	5,991,927	1,181,546	94,523	990,414	8,258,410
Additions	648,958	119,618	-	97,561	866,137
Disposals	-	(27,790)	(21,550)	(12,087)	(61,427)
At 30 September 2016	6,640,885	1,273,374	72,973	1,075,888	9,063,120
DEPRECIATION					
At 1 October 2015	1,480,061	832,268	39,488	750,606	3,102,423
Charge for year	132,059	96,789	15,381	144,122	388,351
Eliminated on disposal	-	(20,327)	(8,979)	(11,464)	(40,770)
At 30 September 2016	1,612,120	908,730	45,890	883,264	3,450,004
NET BOOK VALUE					
At 30 September 2016	5,028,765	364,644	27,083	192,624	5,613,116
At 30 September 2015	4,511,866	349,278	55,035	239,808	5,155,987

9. Fixed Asset Investments

Company	Unlisted Investments (£)
COST	
At 1 October 2015	
and 30 September 2016	2,101
NET BOOK VALUE	
At 30 September 2016	2,101
At 30 September 2015	2,101

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

FSB Publications Limited Nature of business: Publication of magazine for the Federation	Class of shares: Ordinary Shares	%		
			30.09.16 (£)	30.09.15 (£)
		holding 100.00		
Aggregate capital and reserves			1,212	1,212
(Loss) / profit for the year			-	-
<hr/>				
FSB (Member Services) Limited Nature of business: Arranges additional benefits on behalf of Federation	Class of shares: Ordinary Shares	%		
			30.09.16 (£)	30.09.15 (£)
		holding 100.00		
Aggregate capital and reserves			997	997
(Loss) / profit for the year			-	-
<hr/>				
FSB Recruitment Limited Nature of business: Recruitment Services on behalf of Federation	Class of shares: Ordinary Shares	%		
			30.09.16 (£)	30.09.15 (£)
		holding 100.00		
Aggregate capital and reserves			1	1
(Loss) / profit for the year			-	748,028

Company

	Aggregate Capital & Reserves	Profit / (Loss) for the Year	Activity
FSB Gold Club Ltd	100	-	Dormant
Federation of Small Business Ltd	1	-	Dormant
Real Life Entrepreneur Ltd	1	-	Dormant
FSB Sales Ltd	1	-	Dormant
Keep Trade Local Ltd	1	-	Dormant

All subsidiaries are wholly owned and incorporated within England and Wales.

10. Debtors: Amounts Falling Due Within One Year

	Group		Company	
	30.09.16 (£)	30.09.15 (£)	30.09.16 (£)	30.09.15 (£)
Trade debtors	373,133	294,016	15,445	10,777
Amounts owed by group undertakings	-	-	2,376,183	2,726,828
Other debtors	15,982	18,439	15,982	18,439
VAT	-	-	-	27,770
Accrued income	34,763	272,704	-	-
Prepayments	767,173	696,462	599,557	472,094
	1,191,051	1,281,621	3,007,167	3,255,908

11. Current Asset Investments

	Group		Company	
	30.09.16 (£)	30.09.15 (£)	30.09.16 (£)	30.09.15 (£)
Listed investments	3,388,097	2,937,422	3,388,097	2,937,422

12. Creditors: Amounts Falling Due Within One Year

	Group		Company	
	30.09.16 (£)	30.09.15 (£)	30.09.16 (£)	30.09.15 (£)
Trade creditors	362,328	365,323	242,913	281,601
Tax	12,135	3,168	12,135	3,165
Social security	211,495	198,754	211,495	198,754
VAT	41,517	6,746	53,567	-
Other creditors	88,355	207,824	7,236	5,363
Accrued expenses	2,160,305	1,279,591	1,252,554	630,022
Prepaid subscriptions	11,437,711	11,726,000	11,437,711	11,726,000
	14,313,846	13,787,406	13,217,611	12,844,905

13. Reserves

Group

	Profit and loss account (£)
At 1 October 2015	15,160,918
Deficit for the year	(2,053,751)
At 30 September 2016	13,107,167

Company

	Profit and loss account (£)
At 1 October 2015	15,160,712
Deficit for the year	(2,053,751)
At 30 September 2016	13,106,961

14. Creditors: Amounts Falling Due Within One Year

	30.09.16 (£)	30.09.15 (£)
Contracted but not provided for in the financial statements	185,051	365,914

15. Directors' Advances, Credits & Guarantees

The following is a list of honoraria, consultancy fees and attendance allowances paid to Directors for their term of office during the year, all of which are subject to National Insurance.

Director	Honoraria (£)	Position
Cherry, Michael	52,625	National Chairman (Policy Director to 19/03/16)
Stallon, David	53,750	Commercial Director (Operations Director to 19/03/16)
Jack, Janet	42,500	Finance Director
Dexter, Sandra	31,250	Vice Chairman
Allan, John	25,104	National Chairman (to 19/03/16)
McTague, Martin	22,500	Policy Director (from 19/03/16)
Wilson, Simon	15,712	Operations Director (from 16/06/16)
MacEwan, Gillian	11,740	Non operational Director
Mitchell, Wilfred	10,748	Non operational Director
Brazkiewicz, Judi	10,388	Non operational Director
Miles, David	9,753	Non operational Director
Weisweiller, Veronika	4,374	Non operational Director
Wilkinson, Nigel	8,200	Operations Director (from 06/04/16 to 01/06/16)

During the year the group sold a motor vehicle to D Stallon for £8,000. This arrangement was on arms' length commercial terms and was fully paid at the year end.

16. 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.

17. 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.

18. First Year Adoption

This is the first year that the company has presented its financial statements under Financial Reporting Standard 102 ("FRS 102") issued by the Financial Reporting Council.

The last financial statements for the year ended 30 September 2015 were prepared under previous UK GAAP, and the transition date to FRS 102 is therefore 1 October 2015.

The following adjustment has arisen as a result of a change in accounting policy:

Computer software, with a net book value of £496,923 at 1 October 2014, has been reclassified from tangible to intangible assets as required under FRS 102. This adjustment has no effect on the Group's net assets nor on the profit for the year, except that the previous depreciation charge is now described as amortisation.



Mike Cherry, National Chairman and
James McGregor The Royal McGregor

