

FEDERATION OF SMALL BUSINESSES

ANNUAL REPORT AND FINANCIAL STATEMENTS

2020-21



FSB Member | **Celia Gaze**



FSB Member | **Esther Stanhope**



FSB Member | **Alan Lowry**



FSB Member | **Eli's Pop Up**

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FOREWORD FROM THE NATIONAL CHAIRMAN

“ We continued to push strongly for help for those left out of the early versions of government support schemes, including directors of limited companies and those in supply chains; and we successfully secured support for those who had recently become self-employed at the time the pandemic struck. ”

This has been yet another year of change, uncertainty, challenge and opportunity for UK small businesses; and a year in which FSB stepped up again to support its members throughout.

From COVID-19 lockdowns through to the start of recovery, alongside the end of the Brexit transition period and the adaptation to new trading conditions and international trade agreements, FSB has been at the forefront of giving small businesses and the self-employed a powerful voice. This voice has been heard by both political decision-makers and the media. As well as this, FSB has continued to provide a raft of invaluable business support services to members.

From Autumn 2020, it became increasingly clear that COVID-19's impact on our way of life, way of doing business, and on the economy, was far from over. FSB successfully lobbied for extensions of government COVID-19 support schemes for small businesses to match the scale and impact of renewed restrictions – from furlough and the Self-Employed Income Support Scheme to cash grants, business rates relief and, for some of the worst-hit sectors, an extended reduction in VAT.

We continued to push strongly for help for those left out of the early versions of government support schemes, including directors of limited companies and those in supply chains; and we successfully secured support for those who had recently become self-employed at the time the pandemic struck.

Our business support services, available as part of FSB membership, were a lifeline to many, backed up by countless virtual events at local, regional and national level, plus streams of information through our social media channels, our COVID-19 online hub, direct member communications, and bespoke support and guidance through our dedicated customer services team.

As COVID-19 restrictions finally began to ease, albeit at different paces in the four corners of the UK, our Recovery Ready campaign provided resources for small business owners trying to get back to some degree of normal trading.

Our volunteers at local, regional and national level continued to play a crucial role in FSB, and their efforts and achievements were celebrated in our Volunteer Awards, held virtually in February 2021. Volunteering within FSB evolved further during the year, underpinned by our ongoing commitment to equality, diversity and inclusion – ensuring that FSB remains representative of the whole small business and self-employed community in every part of the UK.

While times have been tough, small businesses have proved more than ever how innovative, creative and nimble they can be, even in the face of adversity. Our FSB Celebrating Small Business Awards UK Final was the ultimate showcase of that, with a tremendously diverse range of amazing and creative small businesses in every category.

That spirit of innovation, resilience and determination from small businesses and the self-employed will be crucial to securing economic recovery and making the most of post-Brexit international trade opportunities throughout the next financial year, 2021-22, as we continue to represent members and small businesses across the UK.

A handwritten signature in black ink, appearing to read 'Mike Cherry', written in a cursive style.

Mike Cherry OBE

National Chairman, Federation of Small Businesses



REPORT FROM THE NATIONAL VICE CHAIR, INTERNAL AFFAIRS

“ The business recognises that climate change is a real issue and found new and innovative ways of connecting due to the pandemic which further reduced its carbon footprint. ”

FSB has continued to focus on the quality of its offering and service to members, and retention rates have remained strong. As a result, income from subscriptions and joining fees remains FSB's most significant source of revenue. It was a further year without subscription increases, with the aim of supporting our members at a vulnerable time for many of them.

Investment in development of the business has continued during the year, however costs have been well controlled and total administrative expenses have reduced. FSB generated a surplus and remained cash generative during the year, further strengthening the balance sheet.

The first version of the FSB App was launched in November 2020 giving members access to account details, events and services. Further investment in a new contact centre management infrastructure has enabled the business to be more efficient and customer-centred providing the customer service team with the capability to manage more than 80,000 member calls during the financial year.

Our magazine, First Voice, further developed and launched a new First Voice podcast series, which attracted a combined audience of over 40,000 people, as well as a new YouTube channel, which attracted 60,000 views.

FSB continued to focus on equality, diversity, and inclusion (EDI) having seen the establishment of member training programmes and volunteer-led networks. This will help to ensure that the business remains representative of the UK's small business and self-employed community. The business recognises that climate change is a real issue and it addressed this in the last year by commissioning an internal carbon footprint survey and by recycling tech equipment in the most sustainable and responsible ways.

The business found new and innovative ways of connecting due to the pandemic which further reduced its carbon footprint. The introduction of a new business communication platform in March 2021 has enabled even better internal contact and collaboration across the organisation in a more efficient and sustainable way.

To strengthen our governance, the organisation established a scrutiny body to act as a critical friend to the Board in assessing its performance and effectiveness. Its overall purpose is to obtain assurance on behalf of our members that the strategic direction of FSB is in line with the principles and objectives set out in our constitution.

FSB is at an exciting stage of evolution following the changes our members approved at the last Annual General Meeting, whereby our directors and members of the national scrutiny body are now selected based on merit to ensure the best possible mix and breadth of skills, expertise and knowledge on both bodies.

Melanie Ulyatt.

Melanie Ulyatt

National Vice Chair, Internal Affairs, Federation of Small Businesses



REPORT FROM THE NATIONAL VICE CHAIR, POLICY AND ADVOCACY

“ FSB’s strong, independent policy research programme allowed us to present political decision-makers at all levels with powerful evidence of the direct impact of policy decisions on small businesses. ”

The word ‘unprecedented’ can be over-used. But, as I come to the end of my term as FSB’s National Vice Chair, Policy and Advocacy, the 2020-21 year is one genuinely without precedent.

The National Chairman has already mentioned our lobbying wins around extending flagship UK COVID-19 support schemes for our members as the pandemic lengthened from 2020 through 2021. Along with extensions, we expanded help to include the newly self-employed, and the creation of flexible furlough to better suit small employers. We also changed the terms and payment holidays for those with Bounce Back Loans.

In addition to direct financial support, other important moments included getting some momentum into the Kickstart scheme - with 100,000 young people in funded placements in businesses by the year end, including through FSB’s own scheme with Adecco. In England, we extended the eviction moratorium for small business tenants, along with the creation of a future mediation system for arrears; and negotiated to get thousands of small firms into the Government’s free workplace testing programme. FSB influenced the four nation-level grant support programmes and rules in England, Scotland, Wales and Northern Ireland.

Outside of COVID-19, we secured an SME Brexit Support Fund for 5,000 small firms struggling to trade with the EU and hosted an online ‘SME7’ to coincide with the ‘G7’ conference to create an international small business agenda with our counterparts in the biggest global economies. We saw the initial plans for Help to Grow-funded schemes for SME management skills and digital software, that now need to deliver. We campaigned successfully for a £3,000 small employer incentive for apprenticeships, and our campaign with X-Forces Enterprise saw legislation around our idea for a National Insurance Contributions (NICS) holiday for small employers who take on veterans come to fruition. The focus on the Net Zero agenda and COP26 increased through the year, as did policy work looking at the future of both regulation and the tax system.

FSB’s strong, independent policy research programme allows us to present political decision-makers at all levels with powerful evidence of the direct impact of policy decisions on small businesses, based on the real-life experiences of thousands of members. A cornerstone of this is our quarterly Small Business Index (SBI), a barometer of business confidence which is pored over by leading policy makers.

In the last financial year, the SBI found small business confidence fluctuated drastically. In the final quarter of 2020, the headline confidence measure tumbled to -49.3, one of the lowest readings in history; second only to the moment that the COVID pandemic started. The dip was driven by the Government making a sudden change to social contact rules in the lead up to Christmas, resulting in many small firms temporarily closing their doors once again.

Matters then went on to improve, with confidence recovering at the start of 2021 as members began to hope the worst of the pandemic was behind them. However, optimism was once again significantly dented later in the year when the Government unveiled plans to increase national insurance contributions and dividends taxation, which FSB has already begun to make the case against.

A handwritten signature in black ink, appearing to read 'M. McTague', written in a cursive style.

Martin McTague

National Vice Chair, Policy & Advocacy, Federation of Small Businesses



CHIEF EXECUTIVE'S REPORT

“ We relentlessly innovated and developed to strengthen FSB’s position as the UK’s leading membership organisation for small businesses and the self-employed. ”

The overriding focus of the last financial year was to increase support to our members in the face of the ongoing COVID-19 pandemic, and my condolences go to all members and staff who have lost loved ones to this pandemic.

The health and safety of our volunteers and staff has been paramount and through continuous risk assessment we continued delivering our business priorities, seamlessly adapting to changing circumstances, which often fluctuated by nation and region.

We relentlessly innovated and developed to strengthen FSB’s position as the UK’s leading membership organisation for small businesses and the self-employed. We delivered exceptional lobbying to governments across the UK, relying on first class public affairs, policy and media and communications strategies. Our First Voice webinar series went on to win Best Membership Engagement during COVID-19 at the Covid Response Awards 2021.

Our social media footprint - an important part of our digital advocacy and public relations strategies - continued to flourish, headed up by our expert communications team. We upgraded our customer service to members, delivered online resources through our Recovery Ready campaign and invested in our employees to develop and retain our talented staff team.

The technological world of contact centres has changed hugely over the last five years, and this has accelerated through the global pandemic. Importantly, FSB member expectation has also changed in line with other modern organisations. Consumers now expect to use a range of channels from telephony to chat and social media, with all engagements joined up so there are no longer silos or disconnected journeys. Our investment in new contact centre and knowledge management systems has been key to achieving this. Our drive for customer service excellence has also been supported by FSB becoming an accredited member of the Institute of Customer Services.

Our external events programme went from strength to strength, delivering more than 2,000 events, including virtual networking events and business bootcamps, attracting almost 50,000 attendees. In May, we awarded the UK’s best small businesses and self-employed across several categories in a virtual FSB ‘Celebrating Small Business Awards UK’ final 2020. The awards ceremony, hosted by broadcaster Clare Balding, was a fitting celebration of all the finalists and winners. We are proud to run these awards, and entries are growing year on year.

To ensure we support our members to the highest standard, we continued to invest in our people; some employees began apprenticeships and some were sponsored to complete professional qualifications. Despite an incredibly difficult employment market, we have been impressed with the high calibre of newly appointed employees wishing to work for FSB.

Our sole aim is to serve our members - but ever more so through these unpredictable times, and I am proud that our staff have seamlessly met that challenge.

Julie Lilley

Chief Executive, Federation of Small Businesses

WHO WE ARE

Our purpose is to help smaller businesses survive through these difficult times and ultimately achieve their ambitions. Our 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 is the UK's biggest business membership organisation, established in 1974, offering our members a powerful voice which is heard in governments at all levels; vital business services and products and the opportunity to be part of the UK's biggest and most supportive small business and self-employed community.

The UK's 5.5 million small businesses and self-employed 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 16.3 million people are employed by smaller firms.

We work to drive the interests of small businesses and the self-employed through research and engagement with our members; by effective campaigning and influencing those in power through exceptional public affairs, media and public relations activity.

We provide our members with vital business products and services, from legal advice to access to finance, and opportunities to be an active part of the FSB community, by volunteering, taking part in surveys and roundtables and joining 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. We strive to ensure that the range of member benefits we offer are relevant, positive and competitive.



OUR CORPORATE OBJECTIVES:

1. To be fully representative of the whole UK small business community
2. To provide support, advice and practical solutions to our community of members
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 create a financial climate which ensures best value for members and safeguards FSB for the future

HIGHLIGHTS

2020-21

1 October 2020 - 30 September 2021

*“ This has been yet another **year of change, uncertainty, challenge and opportunity** for UK small businesses; and a year in which **FSB stepped up again to support its members throughout.** ”*



Prime Minister Boris Johnson speaking at FSB Northern Ireland event, 2021



FSB National Chairman Mike Cherry (left) with Chancellor of the Exchequer Rishi Sunak (right), 2021



FSB National Chairman Mike Cherry (right) with Leader of Her Majesty's Opposition Sir Keir Starmer (left), 2021



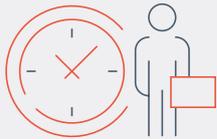
FSB National Vice Chair Martin McTague (left) with Shadow Chancellor of the Exchequer Rachel Reeves (right), 2021



FSB National Vice Chair Martin McTague (left) with Secretary of State at the Department for Business, Energy and Industrial Strategy Kwasi Kwarteng (right), 2021

SUPPORTING OUR MEMBERS THROUGH THE COVID-19 PANDEMIC

What we achieved:



Creation of **flexible (part-time) furlough**



11.7 million

jobs in **1.3 million small businesses** protected by **furlough scheme extension**

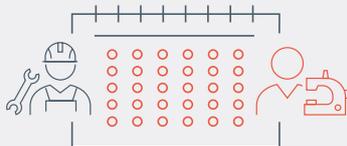


30,000

small businesses accessed **free workplace testing**



Expansion of **Self-Employment Income Support Scheme (SEISS)** to the newly self-employed



Extension of SEISS to September 2021, **supporting the income of 2.9 million of the self-employed**



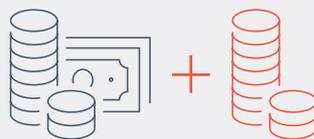
4 million

grants for small businesses distributed via local authorities



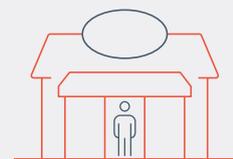
1.6 million

small businesses had access to **Pay as You Grow** scheme for Bounce Back Loans



107,000

small businesses helped by introduction of **Bounce Back Loan 'top-ups'**



3.4 million

small businesses benefited from **extension of moratorium on rent evictions** and could access a new **mediation system**

fsb^{GB}

COVID-19

SUPPORTING SMALL BUSINESSES



FSB Member | Eli's Pop Up

Member story: Eli's Pop Up, Hertfordshire

Eli's Pop Up, a street food chicken business in Hatfield, was established by a group of friends in their twenties after some of them lost their jobs at the beginning of the coronavirus pandemic.

Having previously had to travel to London for independent street food, they saw an opportunity in their local community. Each of the founders has different skills, and so they have been able to do everything from cooking the food to designing the website in-house. At its heart, Eli's is a community business, and has been able to employ other local people who have lost their jobs during the pandemic.

“ While Eli's has been a success, there were lots of obstacles to get here. It was difficult to know where to start when setting up, and we'd like to see more conversations about how to set up a business – from school to sector-based events. Clarity around funding would also be useful, as we were unsure about what approach to take, eventually settling on using our own savings. But we'd still recommend just going for it to anyone with a hospitality business idea! ”



ELI'S 

UNLOCKING INTERNATIONAL TRADE FOR SMALL BUSINESSES

“ FSB has been at the **forefront of lobbying Government** to help **drive growth and economic recovery** through **unlocking the export potential** of the UK’s smallest businesses. ”



▲ FSB Trade Advisory Hub website



◀ Helping FSB members through webinars

What we achieved:



5,000 small businesses helped by new **SME Brexit Support Fund**



Small Business Chapter in the Government's **UK-EU Trade and Cooperation Agreement (TCA)**



Small Business Chapter in **free trade deal with Japan**



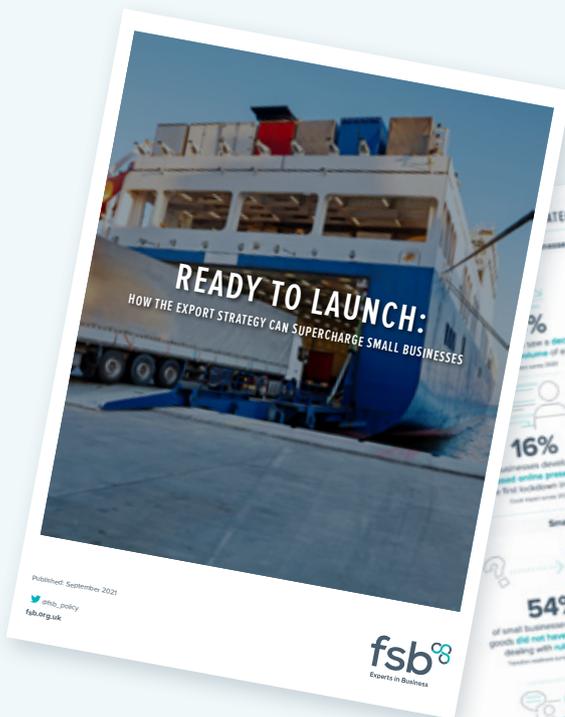
Small Business Chapter in **free trade deal with Australia**



WTO adopts **FSB** asks in its first ever small business policy package



Establishment of SME7 summit to coincide with G7 summit



FSB 'Ready to Launch' report



Member story: Environmental Street Furniture, Belfast

Environmental Street Furniture (ESF), FSB Award winner, is a Northern Ireland based, global designer and supplier of street, themed and site furnishings, as well as solar and security products. The company began trading in 2013 and entered the export market in 2015.

This small business has supplied products to 27 different countries, across five continents, due to its aggressive export strategy and by harnessing innovations and new technologies. The strategy was based on products that could travel and be in areas where weather and economic growth could sustain profitable business. This policy was further enhanced by developing a themed experience attraction offering for theme parks, zoos, museums, water parks et cetera to provide IP and branded products.

The increase in sales to international markets has positively impacted ESF with a strong percentage of turnover attributed to export. Throughout his career, Alan Lowry, CEO & Founder, has gained respect from prestigious industry figures, enabling ESF to tender for projects that, under different circumstances, a relatively small company from Northern Ireland might not have been considered for. Their clients include companies such as Disney, McDonalds, Coco Cola, Apple, Marriott and many more.

“ We’ve sought to remove the complexity of business across countries and borders, and whilst we regularly work and ship products all over the world, we want to make sure our clients receive the best service, and that often means establishing partnerships in countries. ”

Despite the constraints of the COVID-19 pandemic, ESF focused on maintaining excellent relationships with the markets they had established, with a focus on generating repeat business and targeting new ‘closer to home markets’, and in 2021 this was rewarded with the prestigious Queens Award for International Trade.



FSB Member | Alan Lowry

FSB National Chairman Mike Cherry attends the WTO Public Forum, 30 September 2021
Image courtesy of UK Mission Geneva



WTO | 2021
PUBLIC
FORUM



HELPING OUR MEMBERS WITH GOOD BUSINESS PRACTICE AND CARBON REDUCTION

Small businesses are embedded in our communities and many do so much good for their employees, supply chains and for the planet. This is not often recognised or celebrated, therefore FSB worked with the Good Business Charter to adapt the Charter to be suitable for small businesses, creating the new Good Small Business Charter.



Small businesses need to play a huge role in achieving carbon net zero ambitions. FSB made it clear to Government that its approach to net zero policymaking must be underpinned by five fair values – or principles – that will enable and inspire smaller businesses to take actions:

1. Ambition

Climate change policies must be ambitious enough to have definite impact on the climate change challenge, both in their timescales and their scope and they must be informed by the latest scientific evidence.

2. Accountability

Government, alongside regulators, should provide clear and accountable governance and ensure that climate change policies are coordinated.

3. Diversity of delivery

Government should support, empower, and incentivise smaller businesses to find their own ways to net zero targets, acknowledging that a one-size-fits-all approach to policy delivery may not work; and that a diverse set of business-led solutions and incentives will be needed.

4. Opportunity

Government must provide a level playing field, ensuring businesses of all sizes, in all sectors, across every region and nation, can contribute to a net zero economy through their innovations, their investments, and their markets.

5. Cost

Government climate change policies must be affordable and achievable. The costs of transition to net zero must be distributed fairly among businesses, workers, and consumers, based on their environmental impact; their ability to pay; their ability to adapt and the potential for gain.



Member story: The Wellbeing Farm, Bolton



FSB Member | **Celia Gaze**

The Wellbeing Farm is a fun, quirky and ‘magical’ events venue that prides itself on sustainability, zero carbon and business-for-good principles. The venue has implemented a stringent COVID-19 plan to ensure it is secure.

Founder Celia Gaze started the business several years ago when she had had enough of being a stressed-out new mum working at a senior position in the NHS. From that moment, Celia vowed never again to have regrets and to always make the most of her life. She went on to transform a dilapidated barn into a wedding and events venue: The Wellbeing Farm.

Corporate social responsibility is at the heart of the business. It uses self-sufficient methods, such as use of a wind turbine and is working towards a zero single-use plastic policy. The business now strives to be one of the most sustainable green and carbon-neutral venues in the UK. In 2021, it became a signatory of the Good Business Charter, following FSB’s work with the Charter to devise a scheme suitable for smaller businesses. It is also working towards becoming one of the first UK hospitality businesses to become B Corp certified, which means meeting rigorous social and environmental standards.

The business model is paying off: “Millennials seek out socially conscious brands; investors look for organisations that impact environmental and social change; global consumers will pay more for sustainable products and practices and potential employees seek out employers that reflect their values,” said Celia.

““ We love supporting the local economy and developing young people who work at the farm. We’re enthusiastic about working with wellbeing providers to raise wellbeing to the highest priority in Lancashire and we’re committed to doing our part in preserving the future of the planet. ””



The Wellbeing Farm, Bolton



Member story: The Impact Guru

Esther Stanhope first set up her business, The Impact Guru, in 2013, having previously had a successful career as a senior producer at the BBC. Her aim was to turn her passion for helping people to find their voices into a successful business, inspiring and guiding clients on how to make an impact and become more confident and charismatic with their public speaking – for presentations, pitches, or potential promotions. Her watchword is “Oomph!”

She built a strong client base across the UK and globally, leading in-person coaching in boardrooms, meetings rooms, and auditoriums; as well as becoming a successful author on the subject. Then the pandemic hit and in March 2020 it went from a full diary to zero bookings. “All my public speaking events were cancelled all over the world,” says Esther. But she successfully pivoted and went from a guru of in-person public speaking to a guru of virtual presentation.



FSB Member | **Esther Stanhope**

“Everything looked doom and gloom as COVID hit. Speakers, like me, took a heavy beating with the overnight collapse of the event industry. Yet here we are...not only did I manage to get my business back on track but, by a lot of hard work, pivoting and re-planning I managed to grow and expand.”

“I forced myself to embrace virtual meetings and events,” says Esther. “It wasn’t easy. I wasn’t 100 per cent comfortable in front of the camera! I really had to stretch my comfort zone to the max. Before, I helped senior leaders to be more charismatic during boardroom meetings. Now, I help them to make an impact on Zoom and Teams.”

FINANCIAL STATEMENTS

Group Strategic Report, Report of the Directors and Consolidated
Financial Statements for the Year Ended 30 September 2021

for

**National Federation of Self Employed
and Small Businesses Limited**

COMPANY INFORMATION

For the Year Ended 30 September 2021

DIRECTORS:

M H Cherry

M G McTague

P B C Davys

G Lovatt

A L Lay

M D Ulyatt

T Lockwood

S J T Askew

O A Odeniyi

A North

M E McKenzie

REGISTERED OFFICE:

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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 2021

The directors present their strategic report of the company and the group for the year ended 30 September 2021.

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 £1.7m (2020: surplus £0.7m). This is after accounting for an unrealised gain of £0.45m resulting from an increase in the carrying value of investments (2020: unrealised gain of £0.06m). Income from subscriptions and joining fees, which provided 97% of the group's income (2020: 97%) amounted to £25.9m (2020: £26.1m). General reserves increased to £18.3m (2020: £16.6m) and the net cash inflow from operating activities was £1.6m (2020: £1.0m).

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 also publishes First Voice magazine and policy reports and digital content that raises awareness of issues that affect small businesses and the self-employed to a range of key audiences. This is founded on robust research of its members' opinions and experiences, and often results in successfully influencing Government policy.

A crucial aim of FSB's campaigns is to engage with policy-makers as well as delivering marketing campaigns to drive the business forward. Over the last financial year, FSB campaigned on numerous important issues that affect its members, not least ensuring that government support continued for as many members as possible that were affected by the national coronavirus pandemic.

FSB ran the Recovery Ready campaign in August and September 2021. Recovery Ready was about highlighting everything FSB had done to support small businesses and the self-employed throughout the pandemic and to show

that when other support came to an end, FSB would still be there, supporting small business and the self-employed with our events, networking, benefits and lobbying, and this campaign ensured that our members were recovery ready.

FSB Scotland delivered a Scottish Parliament election campaign from December 2020, with the publication of the manifesto, up until elections day in May 2021. The campaign aimed to ensure that small business issues were at the centre of public policy debate. As Scotland's leading voice for small businesses, FSB was obliged to quickly step into action to protect Scotland's independent and local business community which was hit hard by the coronavirus pandemic. To give these businesses the best chance of recovery, FSB Scotland had to ensure decision-makers at Holyrood considered their interests at every turn. FSB Scotland met with key-decision makers across Scotland's political spectrum. In parallel, FSB produced a short digital manifesto: From Recovery to Prosperity. The campaign included media relations work, online interviews with the party leaders discussing FSB Scotland's key policy proposals and a personalised e-mailshot to all mainstream candidates, with tailored information about small businesses in the area they stood in, alongside social media cards for candidates to signal their support for small business recovery.

FSB Northern Ireland delivered the Festive Fortnight campaign in December 2020. This campaign was sensitively managed in the run up to Christmas, to encourage people to continue to support small, independent businesses. This campaign had to be particularly nimble given sensitivity around lockdown restrictions and an increasingly uncertain landscape. All Northern Ireland political parties backed the campaign, and it received significant coverage across Northern Ireland print and broadcast media.

FSB Northern Ireland collaborated with Ulster University Business School to deliver the Back to the Start-up campaign in March 2021. The campaign aimed to change the mindset in Northern Ireland, enabling a greater entrepreneurial culture, to overturn traditionally poor rates of business births. Coverage was achieved across Northern Ireland's business press, and an interview was broadcast on flagship radio programme 'Inside Business'. FSB's marketing team also contributed by creating a campaign page and graphics to be used on social. Following the initial launch, the campaign has now progressed to the next stage with FSB and Ulster University Business School continuing to work with stakeholders, with a view to providing a practical offering to increase the rate of business start-ups in Northern Ireland.

PRINCIPAL RISKS AND UNCERTAINTIES

The responsibility for risk management and the internal control environment resides with the Board of Directors.

Group Strategic Report

For the Year Ended 30 September 2021

FSB has a senior management team, subsidiary companies and various committees reporting to the Board of Directors, 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 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.

STRATEGY

FSB's purpose is to help smaller businesses survive through these difficult times and ultimately achieve their ambitions. The group'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 community of members, 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 climate 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. FSB is aiming to increase digital consumption of its First Voice magazine content whilst reducing print circulation. 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.

BUSINESS INTERRUPTION AS A RESULT OF COVID-19

Business disruption due to the COVID-19 pandemic has provided the group with a present and future risk to consider. The group has taken steps to ensure the safety of its employees and stakeholders, and to ensure that it remains able to operate efficiently and effectively. The directors have assessed the potential impact on income

and costs of a range of possible scenarios relating to the evolving Covid-19 situation. The directors have developed business plans to address this risk, which will continue to be monitored closely. It is their opinion that the group is sufficiently resilient to prosper through this difficult period.

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 determine that procedures are in place to ensure that its non-political position and service level expectations are not compromised.

TREASURY MEASUREMENT

The group has £21.9m cash and £4.4m investment balances as at 30 September 2021 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: 8 December 2021

REPORT OF THE DIRECTORS

For the Year Ended 30 September 2021

The directors present their report with the financial statements of the company and the group for the year ended 30 September 2021.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 October 2020 to the date of this report.

M H Cherry
 M G McTague
 P B C Davys
 G Lovatt
 A L Lay
 M D Ulyatt
 S J T Askew
 T Lockwood

Other changes in directors holding office are as follows:

I D O'Donnell – resigned 15.03.21
 O A Odeniyi – appointed 07.04.21
 A North – appointed 07.04.21
 M E McKenzie – appointed 07.04.21

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The company has in place professional indemnity and management liability insurance which covers the directors during the year and up to the date of signing the financial statements.

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.

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.

Report of the Directors

For the Year Ended 30 September 2021

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: 8 December 2021

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 2021 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 2021 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 company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, not all future events or conditions can be predicted. The COVID-19 viral pandemic is one of the most significant economic events for the UK with unprecedented levels of uncertainty of outcomes. It is therefore difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and wider economy. The Directors' view on the impact of COVID-19 is disclosed in the Group Strategic Report.

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.

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.

Report of the Independent Auditors

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

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 23, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks applicable to the group's financial statements or that had a fundamental effect on the operations of the group. We determined that the most significant laws and regulations included, but were not limited to, United Kingdom Generally Accepted Accounting Practice, Companies Act 2006, distributable profits legislation and tax legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statements items. Our tests including agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management and review of correspondence with external legal advisors.

We assessed the susceptibility of the group's financial statements to material misstatement including how fraud might occur. Audit procedures performed by the engagement team included:

- Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
- Inquiring of management and those charged with governance about any known actual, suspected or alleged fraud;
- Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Identifying and testing journal entries, in particular any journal entries with unusual characteristics or posted by senior management.

Our audit did not identify any significant matters relating to the detection of irregularities including fraud. However, despite the audit being planned and conducted in accordance with ISAs (UK) there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularity likely involve collusion, forgery, intentional misrepresentations, or the override of internal controls.

Report of the Independent Auditors

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

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 Michael Forshaw (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: 8 December 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 September 2021

| | Notes | 30.9.21 (£) | 30.9.20 (£) |
|---|-------|-------------------|-------------|
| Turnover | | 25,859,398 | 26,104,478 |
| Cost of sales | | 2,376,637 | 2,567,819 |
| Gross Surplus | | 23,482,761 | 23,536,659 |
| Administrative expenses | | 22,986,554 | 23,895,246 |
| | | 496,207 | (358,587) |
| Other operating income | | 710,335 | 785,757 |
| Operating Surplus | 4 | 1,206,542 | 427,170 |
| Unrealised gain on investment | 5 | 451,029 | 64,752 |
| | | 1,657,571 | 491,922 |
| Interest receivable and similar income | | 78,673 | 155,840 |
| Surplus Before Taxation | | 1,736,244 | 647,762 |
| Tax on surplus | 6 | (10,593) | 97,006 |
| Surplus for the Financial Year | | 1,725,651 | 744,768 |
| Other Comprehensive Income | | - | - |
| Total Comprehensive Income for the Year | | 1,725,651 | 744,768 |
| Surplus attributable to: Owners of the parent | | 1,725,651 | 744,768 |
| Total comprehensive income attributable to: Owners of the parent | | 1,725,651 | 744,768 |

The notes form part of these financial statements

CONSOLIDATED BALANCE SHEET

30 September 2021

| | Notes | 30.9.21 (£) | 30.9.20 (£) |
|--|-------|-------------------|-------------|
| Fixed Assets | | | |
| Intangible assets | 8 | - | 16,636 |
| Tangible assets | 9 | 5,040,994 | 4,745,398 |
| Investments | 10 | - | - |
| | | 5,040,994 | 4,762,034 |
| Current Assets | | | |
| Debtors | 11 | 1,045,246 | 956,936 |
| Investments | 12 | 4,382,216 | 3,931,187 |
| Cash at bank | | 21,891,465 | 20,760,130 |
| | | 27,318,927 | 25,648,253 |
| Creditors | | | |
| Amounts falling due within one year | 13 | 13,777,832 | 13,639,545 |
| | | 13,541,095 | 12,008,708 |
| Net Current Assets | | 13,541,095 | 12,008,708 |
| Total Assets Less Current Liabilities | | 18,582,089 | 16,770,742 |
| Provisions for Liabilities | 16 | 262,621 | 176,925 |
| Net Assets | | 18,319,468 | 16,593,817 |
| Reserves | | | |
| Profit and loss account | 17 | 18,319,468 | 16,593,817 |
| | | 18,319,468 | 16,593,817 |

The financial statements were approved by the Board of Directors on 8 December 2021 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 2021

| | Notes | 30.9.21 (£) | 30.9.20 (£) |
|--|-------|-------------------|-------------|
| Fixed Assets | | | |
| Intangible assets | 8 | - | 16,636 |
| Tangible assets | 9 | 5,040,994 | 4,744,031 |
| Investments | 10 | 2,101 | 2,101 |
| | | 5,043,095 | 4,762,768 |
| Current Assets | | | |
| Debtors | 11 | 3,395,992 | 3,083,088 |
| Investments | 12 | 4,382,216 | 3,931,187 |
| Cash at bank | | 21,605,553 | 20,457,672 |
| | | 29,383,761 | 27,471,947 |
| Creditors | | | |
| Amounts falling due within one year | 13 | 16,134,375 | 15,719,481 |
| | | 13,249,386 | 11,752,466 |
| Net Current Assets | | 18,292,481 | 16,515,234 |
| Total Assets Less Current Liabilities | | 18,292,481 | 16,515,234 |
| Provisions for Liabilities | 16 | 262,621 | 176,925 |
| Net Assets | | 18,029,860 | 16,338,309 |
| Reserves | | | |
| Profit and loss account | 17 | 18,029,860 | 16,338,309 |
| | | 18,029,860 | 16,338,309 |
| Company's profit for the financial year | | 1,691,551 | 729,172 |

The financial statements were approved by the Board of Directors on 8 December 2021 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 2021

| | Retained earnings (£) | Total equity (£) |
|-------------------------------------|-----------------------|------------------|
| Balance at 1 October 2019 | 15,849,049 | 15,849,049 |
| Changes in equity | | |
| Total comprehensive income | 744,768 | 744,768 |
| Balance at 30 September 2020 | 16,593,817 | 16,593,817 |
| Changes in equity | | |
| Total comprehensive income | 1,725,651 | 1,725,651 |
| Balance at 30 September 2021 | 18,319,468 | 18,319,468 |

COMPANY STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 September 2021

| | Retained earnings (£) | Total equity (£) |
|-------------------------------------|-----------------------|------------------|
| Balance at 1 October 2019 | 15,609,137 | 15,609,137 |
| Changes in equity | | |
| Total comprehensive income | 729,172 | 729,172 |
| Balance at 30 September 2020 | 16,338,309 | 16,338,309 |
| Changes in equity | | |
| Total comprehensive income | 1,691,551 | 1,691,551 |
| Balance at 30 September 2021 | 18,029,860 | 18,029,860 |

The notes form part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT

For the Year Ended 30 September 2021

| | Notes | 30.9.21 (£) | 30.9.20 (£) |
|--|-------|-------------|-------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 1 | 1,566,053 | 1,010,586 |
| Tax received | | 60,405 | 22,863 |
| | | <hr/> | <hr/> |
| Net cash from operating activities | | 1,626,458 | 1,033,449 |
| | | <hr/> | <hr/> |
| Cash flows from investing activities | | | |
| Purchase of intangible fixed assets | | - | - |
| Purchase of tangible fixed assets | | (574,666) | (120,788) |
| Sale of tangible fixed assets | | 870 | - |
| Interest received | | 78,673 | 155,840 |
| | | <hr/> | <hr/> |
| Net cash from investing activities | | (495,123) | 35,052 |
| | | <hr/> | <hr/> |
| Increase in cash and cash equivalents | | 1,131,335 | 1,068,501 |
| Cash and cash equivalents at beginning of year | 2 | 20,760,130 | 19,691,629 |
| | | <hr/> | <hr/> |
| Cash and cash equivalents at end of year | 2 | 21,891,465 | 20,760,130 |
| | | <hr/> | <hr/> |

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

For the Year Ended 30 September 2021

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

| | 30.9.21 (£) | 30.9.20 (£) |
|---------------------------------------|------------------|-------------|
| Surplus - before taxation | 1,736,244 | 647,762 |
| Depreciation charges | 278,201 | 334,878 |
| Profit on disposal of fixed assets | - | - |
| Amortisation charges | 16,638 | 24,161 |
| Unrealised gain on investment | (451,029) | (64,752) |
| Finance income | (78,673) | (155,840) |
| | 1,501,381 | 786,209 |
| Decrease in trade and other debtors | 1,050 | 185,915 |
| Increase in trade and other creditors | 63,622 | 38,462 |
| Cash generated from operations | 1,566,053 | 1,010,586 |

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:

| | 30.9.21 (£) | 30.9.20 (£) |
|-------------------------------------|--------------------|-------------|
| Year ended 30 September 2021 | | |
| Cash and cash equivalents | 21,891,465 | 20,760,130 |
| | 30.9.20 (£) | 110.19 (£) |
| Year ended 30 September 2020 | | |
| Cash and cash equivalents | 20,760,130 | 19,691,629 |

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 September 2021

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.

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

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.

Critical accounting judgements and key sources of estimation uncertainty

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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

Other operating income relates to commissions received from service providers which are recognised in the period in which they are earned.

Interest income

Interest income is recognised in the consolidated

statement of comprehensive income using the effective interest method.

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

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.

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 12 months.

Notes to the Consolidated Financial Statements - continued

For the Year Ended 30 September 2021

2. ACCOUNTING POLICIES (continued)

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 only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors.

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.

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.

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.

Going concern

The Directors have reviewed and considered relevant information, including the annual budget and future cash flows for the group in making their assessment. In particular, in response to the COVID-19 pandemic, the Directors have tested their group cash flow analysis to take into account the impact on their business of possible scenarios brought on by the impact of COVID-19, alongside the measures that they can take to mitigate the impact. Based on these assessments, given the measures that could be undertaken to mitigate the current adverse conditions, and the current resources available, the Directors have concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts.

Continued...

Notes to the Consolidated Financial Statements - continued

For the Year Ended 30 September 2021

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

| | 30.9.21 (£) | 30.9.20 (£) |
|-----------------------|--------------------|-------------|
| Wages and salaries | 8,715,348 | 8,605,646 |
| Social security costs | 899,978 | 882,048 |
| Other pension costs | 479,640 | 492,222 |
| | 10,094,966 | 9,979,916 |

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

| | 30.9.21 | 30.9.20 |
|---------------------------------|----------------|---------|
| Head office | 55 | 53 |
| Press and parliamentary offices | 41 | 43 |
| Regions | 56 | 58 |
| Recruitment | 54 | 50 |
| Member Services | 7 | 7 |
| | 213 | 211 |

| | 30.9.21 (£) | 30.9.20 (£) |
|-------------------------|--------------------|-------------|
| Directors' remuneration | 312,171 | 317,631 |

Information regarding the highest paid director is as follows:

| | 30.9.21 (£) | 30.9.20 (£) |
|-----------------|--------------------|-------------|
| Emoluments etc. | 65,000 | 65,000 |

No retirement benefits were accruing for directors (2020 – 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 £1,851,139 (2020 – £1,829,026).

Notes to the Consolidated Financial Statements - continued

For the Year Ended 30 September 2021

4. OPERATING SURPLUS

The operating surplus (2020 - operating surplus) is stated after charging:

| | 30.9.21 (£) | 30.9.20 (£) |
|---------------------------------------|-------------|-------------|
| Depreciation – owned assets | 278,201 | 334,879 |
| Profit on disposal of fixed assets | - | - |
| Computer software amortisation | 16,638 | 24,161 |
| Auditors' remuneration – company | 24,865 | 18,933 |
| Auditors' remuneration – subsidiaries | 14,891 | 11,643 |
| Non-audit services – other services | 819 | 45,351 |

5. GAIN ON INVESTMENTS

| | 30.9.21 (£) | 30.9.20 (£) |
|-------------------------------|-------------|-------------|
| Unrealised gain on investment | 451,029 | 64,752 |

6. TAXATION

Analysis of the tax charge

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

| | 30.9.21 (£) | 30.9.20 (£) |
|--------------------|-------------|-------------|
| Current tax: | | |
| UK corporation tax | 14,948 | 34,289 |
| R&D tax reclaim | (90,051) | (143,598) |
| Deferred tax | 85,696 | 12,303 |
| Tax on surplus | 10,593 | (97,006) |

UK corporation tax was charged at 19% in 2021 (2020 – 19%).

The company is taxable on interest received in the year. The company received interest of £78,673 (2020 - £155,840).

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.

Continued...

Notes to the Consolidated Financial Statements - continued
For the Year Ended 30 September 2021

8. INTANGIBLE FIXED ASSETS

| Group | Goodwill (£) | Computer software (£) | Totals (£) |
|------------------------|---------------------|------------------------------|-------------------|
| COST | | | |
| At 1 October 2020 | 3,013,504 | 888,543 | 3,902,047 |
| Additions | - | - | - |
| Disposals | - | - | - |
| At 30 September 2021 | 3,013,504 | 888,543 | 3,902,047 |
| AMORTISATION | | | |
| At 1 October 2020 | 3,013,504 | 871,905 | 3,885,409 |
| Amortisation for year | - | 16,638 | 16,638 |
| Eliminated on disposal | - | - | - |
| At 30 September 2021 | 3,013,504 | 888,543 | 3,902,047 |
| NET BOOK VALUE | | | |
| At 30 September 2021 | - | - | - |
| At 30 September 2020 | - | 16,636 | 16,636 |

| Company | Computer software (£) |
|------------------------|------------------------------|
| COST | |
| At 1 October 2020 | 731,410 |
| Additions | - |
| Disposals | - |
| At 30 September 2021 | 731,410 |
| AMORTISATION | |
| At 1 October 2020 | 714,772 |
| Amortisation for year | 16,638 |
| Eliminated on disposal | - |
| At 30 September 2021 | 731,410 |
| NET BOOK VALUE | |
| At 30 September 2021 | - |
| At 30 September 2020 | 16,636 |

Notes to the Consolidated Financial Statements - continued

For the Year Ended 30 September 2021

9. TANGIBLE FIXED ASSETS

| Group | Freehold property (£) | Fixtures and fittings (£) | Motor vehicles (£) | Computer equipment (£) | Totals (£) |
|----------------------|------------------------------|----------------------------------|---------------------------|-------------------------------|-------------------|
| COST | | | | | |
| At 1 October 2020 | 6,685,430 | 1,071,781 | 29,339 | 842,638 | 8,629,188 |
| Additions | 483,999 | - | - | 90,667 | 574,666 |
| Disposals | - | - | - | (148,609) | (148,609) |
| At 30 September 2021 | 7,169,429 | 1,071,781 | 29,339 | 784,696 | 9,055,245 |

DEPRECIATION

| | | | | | |
|------------------------|-----------|-----------|--------|-----------|-----------|
| At 1 October 2020 | 2,146,858 | 1,049,315 | 22,574 | 665,042 | 3,883,789 |
| Charge for year | 137,424 | 14,174 | 3,603 | 123,000 | 278,201 |
| Eliminated on disposal | - | - | - | (147,739) | (147,739) |
| At 30 September 2021 | 2,284,282 | 1,063,489 | 26,177 | 640,303 | 4,014,251 |

NET BOOK VALUE

| | | | | | |
|----------------------|-----------|--------|-------|---------|-----------|
| At 30 September 2021 | 4,885,147 | 8,292 | 3,162 | 144,393 | 5,040,994 |
| At 30 September 2020 | 4,538,573 | 22,463 | 6,766 | 177,596 | 4,745,398 |

| Company | Freehold property (£) | Fixtures and fittings (£) | Motor vehicles (£) | Computer equipment (£) | Totals (£) |
|----------------------|------------------------------|----------------------------------|---------------------------|-------------------------------|-------------------|
| COST | | | | | |
| At 1 October 2020 | 6,685,430 | 1,049,860 | 29,339 | 838,019 | 8,602,648 |
| Additions | 483,999 | - | - | 90,667 | 574,666 |
| Disposals | - | - | - | (148,609) | (148,609) |
| At 30 September 2021 | 7,169,429 | 1,049,860 | 29,339 | 780,077 | 9,028,705 |

DEPRECIATION

| | | | | | |
|------------------------|-----------|-----------|--------|-----------|-----------|
| At 1 October 2020 | 2,146,858 | 1,028,764 | 22,574 | 660,423 | 3,858,619 |
| Charge for year | 137,424 | 12,804 | 3,603 | 123,000 | 276,831 |
| Eliminated on disposal | - | - | - | (147,739) | (147,739) |
| At 30 September 2021 | 2,284,282 | 1,041,568 | 26,177 | 635,684 | 3,987,711 |

NET BOOK VALUE

| | | | | | |
|----------------------|-----------|--------|-------|---------|-----------|
| At 30 September 2021 | 4,885,147 | 8,292 | 3,162 | 144,393 | 5,040,994 |
| At 30 September 2020 | 4,538,573 | 21,096 | 6,766 | 177,596 | 4,744,031 |

Continued...

Notes to the Consolidated Financial Statements - continued

For the Year Ended 30 September 2021

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), a company incorporated within England and Wales. Its registered office is 20 Fenchurch Street, London, EC3M 3AZ. 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 2020.

| | Ownership | Aggregate capital and reserves | Profit/(loss) for the year | Activity |
|-------------------------------|-----------|--------------------------------|----------------------------|--------------------|
| FSB Insurance Service Limited | 30% | 290,499 | (172,018) | 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, excluding deferred share capital. As at 31st December 2020, FSB Insurance Service Limited had aggregate capital and reserves of £290,499 which consisted of ordinary share capital of £1, deferred share capital of £1,850,000 and accumulated retained losses of (£1,559,502).

Company**Unlisted investments £****COST**

| | |
|---|--------------|
| At 1 October 2020 and 30 September 2021 | 2,101 |
|---|--------------|

NET BOOK VALUE

| | |
|----------------------|--------------|
| At 30 September 2021 | 2,101 |
| At 30 September 2020 | 2,101 |

| | Aggregate capital and reserves | Profit/(Loss) for the year | Activity |
|--|--------------------------------|----------------------------|-------------------------|
| FSB Publications Limited | 1,212 | - | Publication of magazine |
| F.S.B. (Member Services) Limited | 22,469 | - | Arrange member benefits |
| FSB Recruitment Limited | 267,925 | 34,097 | 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 |
| FSB Sales 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.

Notes to the Consolidated Financial Statements - continued

For the Year Ended 30 September 2021

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group | | Company | |
|------------------------------------|--------------------|-------------|--------------------|-------------|
| | 30.9.21 (£) | 30.9.20 (£) | 30.9.21 (£) | 30.9.20 (£) |
| Trade debtors | 139,261 | 34,254 | 23,453 | 1,550 |
| Amounts owed by group undertakings | - | - | 2,904,536 | 2,612,866 |
| Other debtors | 7,461 | 5,728 | 7,461 | 5,728 |
| VAT | - | - | 1,804 | 10,721 |
| Accrued income | 199,273 | 284,013 | 21,980 | 25,547 |
| Prepayments | 699,251 | 632,941 | 436,758 | 426,676 |
| | 1,045,246 | 956,936 | 3,395,992 | 3,083,088 |

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

12. CURRENT ASSET INVESTMENTS

| | Group | | Company | |
|--------------------|--------------------|-------------|--------------------|-------------|
| | 30.9.21 (£) | 30.9.20 (£) | 30.9.21 (£) | 30.9.20 (£) |
| Listed investments | 4,382,216 | 3,931,187 | 4,382,216 | 3,931,187 |

Market value of listed investments at 30 September 2021 held by the group and the company - £4,382,216.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group | | Company | |
|------------------------------------|--------------------|-------------|--------------------|-------------|
| | 30.9.21 (£) | 30.9.20 (£) | 30.9.21 (£) | 30.9.20 (£) |
| Trade creditors | 269,124 | 153,520 | 167,450 | 147,068 |
| Amounts owed to group undertakings | - | - | 3,172,215 | 2,808,373 |
| Social security and other taxes | 268,359 | 249,144 | 268,359 | 249,144 |
| VAT | 24,497 | 15,160 | - | - |
| Other creditors | 4,794 | 51,637 | 4,794 | 51,637 |
| Accrued expenses | 1,652,071 | 1,528,013 | 962,570 | 821,188 |
| Prepaid subscriptions | 11,558,987 | 11,642,071 | 11,558,987 | 11,642,071 |
| | 13,777,832 | 13,639,545 | 16,134,375 | 15,719,481 |

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

Continued...

Notes to the Consolidated Financial Statements - continued

For the Year Ended 30 September 2021

14. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

| Group | Non-cancellable operating leases | |
|----------------------------|----------------------------------|--------------------|
| | 30.9.21 (£) | 30.9.20 (£) |
| Within one year | 16,391 | 5,185 |
| Between one and five years | 53,272 | - |
| | 69,663 | 5,185 |

| Company | Non-cancellable operating leases | |
|----------------------------|----------------------------------|--------------------|
| | 30.9.21 (£) | 30.9.20 (£) |
| Within one year | 16,391 | 5,185 |
| Between one and five years | 53,272 | - |
| | 69,663 | 5,185 |

15. FINANCIAL INSTRUMENTS**Group Financial Instruments**

| | 2021 (£) | 2020 (£) |
|---|-------------------|-----------------|
| Financial assets | | |
| Financial assets that are debt instruments measured at amortised cost | 26,619,676 | 25,015,312 |
| | 26,619,676 | 25,015,312 |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | 13,484,976 | 13,375,241 |
| | 13,484,976 | 13,375,241 |

Company Financial Instruments

| | 2021 (£) | 2020 (£) |
|---|-------------------|-----------------|
| Financial assets | | |
| Financial assets that are debt instruments measured at amortised cost | 28,947,003 | 27,045,271 |
| | 28,947,003 | 27,045,271 |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | 15,866,016 | 15,470,337 |
| | 15,866,016 | 15,470,337 |

Financial assets that are debt instruments measured at amortised cost comprise all current debtors (other than prepayments), cash at bank and in hand and deposits with financial institutions and investments.

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

Notes to the Consolidated Financial Statements - continued

For the Year Ended 30 September 2021

16. PROVISIONS FOR LIABILITIES

| | Group | | Company | |
|--------------------------|--------------------|-------------|--------------------|-------------|
| | 30.9.21 (£) | 30.9.20 (£) | 30.9.21 (£) | 30.9.20 (£) |
| Deferred tax | | | | |
| Other timing differences | 262,621 | 176,925 | 262,621 | 176,925 |

| Group | Deferred tax (£) |
|---|-------------------------|
| At 1 October 2020 | 176,925 |
| On unrealised investment gains charged to profit and loss account | 85,696 |
| Balance at 30 September 2021 | 262,621 |

| Company | Deferred tax £ |
|---|-----------------------|
| At 1 October 2020 | 176,925 |
| On unrealised investment gains charged to profit and loss account | 85,696 |
| Balance at 30 September 2021 | 262,621 |

17. RESERVES

| Group | Profit and loss account (£) |
|----------------------|------------------------------------|
| At 1 October 2020 | 16,593,817 |
| Surplus for the year | 1,725,651 |
| At 30 September 2021 | 18,319,468 |

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 £479,640 (2020 - £492,222). There were NIL contributions outstanding at 30 September 2021 (2020 - NIL).

Continued...

Notes to the Consolidated Financial Statements - continued

For the Year Ended 30 September 2021

19. CAPITAL COMMITMENTS

| | 30.9.21 (£) | 30.9.20 (£) |
|---|--------------------|-------------|
| Contracted but not provided for in the financial statements | 8,598 | 9,977 |

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 NIL (2020 - NIL) by FSB Insurance Service Limited.

During the year, the Directors paid membership subscriptions totalling £2,277 (2020 - £2,130) 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 |
| McTague, Martin | 50,000 | NVC Policy & Advocacy |
| Ulyatt, Melanie | 45,000 | NVC Internal Affairs |
| O'Donnell, Ian | 8,262 | Director to 15.03.21 |
| Lay, Alexis | 18,000 | Director |
| Lovatt, Gary | 18,000 | Director |
| Davys, Peter | 18,000 | Director |
| Lockwood, Terence | 18,000 | Director |
| Askew, Stephen | 18,000 | Director |
| Odeniyi, Olu | 8,746 | Director from 07.04.21 |
| North, Alison | 8,746 | Director from 07.04.21 |
| McKenzie, Martina | 8,746 | Director from 07.04.21 |

Notes to the Consolidated Financial Statements - continuedFor the Year Ended 30 September 2021

23. 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.

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