

Group Strategic Report, Report of the Directors and
Consolidated Financial Statements for the Year Ended 30 September 2020
for
National Federation of Self Employed and
Small Businesses Limited

Haines Watts
Statutory Auditor
3rd Floor Pacific Chambers
11-13 Victoria Street
Liverpool
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National Federation of Self Employed and
Small Businesses Limited

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for the Year Ended 30 September 2020

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National Federation of Self Employed and
Small Businesses Limited

Company Information
for the Year Ended 30 September 2020

DIRECTORS:

M H Cherry
M G McTague
P B C Davys
G Lovatt
A L Lay
M D Ulyatt
I D O'Donnell
T Lockwood
S J T Askew

REGISTERED OFFICE:

Sir Frank Whittle Way
Blackpool Business Park
Blackpool
Lancashire
FY4 2FE

REGISTERED NUMBER:

01263540

AUDITORS:

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

The directors present their strategic report of the company and the group for the year ended 30 September 2020.

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 £0.7m (2019: surplus £1.3m). This is after accounting for an unrealised gain of £0.06m resulting from an increase in the carrying value of investments (2019: unrealised gain of £0.14m). Income from subscriptions and joining fees, which provided 97% of the group's income (2019: 96%) amounted to £26.1m (2019: £26.5m). General reserves increased to £16.6m (2019: £15.8m) and the net cash inflow from operating activities was £1.1m (2019: £1.2m).

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, 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 members, amplifying their voices and making them an active part of the FSB community whilst effectively engaging with policy-makers and ultimately affecting change. Over the last financial year, FSB campaigned on numerous important issues that affect its members, not least ensuring that generous government support was put in place for as many members as possible that were affected by the national coronavirus pandemic; whilst communicating effectively to members to support them through an unprecedented crisis and providing them with numerous resources and tools to help them with their survival in the first instance, and opportunities for new growth in the midst of a very different world.

As the coronavirus (COVID-19) pandemic began to take hold, in February 2020, FSB's public relations strategy quickly pivoted to deliver the FSB COVID-19 Supporting Small Businesses campaign, rapidly positioning FSB as the leading voice of the UK's business community on the crisis to all key audiences, including governments, the media and the small business and self-employed community. The focus of the first half of the financial year had been on delivering the *Back to Business* campaign to influence UK party General Election manifestos to adopt key FSB policy recommendations.

Back to Business: FSB General Election Manifesto 2019

In autumn 2019, FSB delivered an integrated public relations and public affairs campaign, *Back to Business*, for the UK General Election. Hinging around a new FSB manifesto publication, it was supported by strategic social media content, media coverage, owned-media, stakeholder engagement and a hustings event held in central London. The hustings gave FSB members the opportunity to question directly the then-Chancellor of the Exchequer, Shadow Chancellor of the Exchequer and Liberal Democrat Deputy Leader.

Our engagement around the Parties' manifestos resulted, in particular, in the commitments in the Conservative Party Manifesto, to increase the Employment Allowance for small firms and reduce national insurance for the employment of ex-Armed Forces personnel, both of which were subsequently delivered in Spring Budget 2020. We also secured specific commitments in the Governing Party's programme to reduce business rates in England through a fundamental review, to clamp down on late payment, and to expand Start-Up Loans.

Apprenticeships: Growing Small Businesses in Northern Ireland

Northern Ireland had its first ever Apprenticeship Week in February 2020 and through this campaign, FSB raised awareness to its members of the benefits of taking on apprenticeships, showcasing members who have successfully offered apprenticeships in businesses.

She Means STEM: Breaking stereotypes in small business

This campaign in March 2020 increased the visibility of self-employed and small business owner women in the science, technology, engineering and maths (STEM) sector and communicated FSB's key recommendations to support women in enterprise to policy makers, using International Women's Day as the opportunity.

Our Business is Wales

In January 2020, FSB Wales launched its headline campaign *Our Business is Wales* which has focused on engaging with members and business owners in order to hear directly from small firms ahead of the 2021 Senedd election. During the course of the year, FSB Wales spoke to hundreds of businesses through survey work, virtual events, social media activity and many other conversations in order to draw together the views of the Welsh business community and make a number of asks of the next Welsh Government in the upcoming FSB Wales manifesto.

#FSBmyTown

FSB Scotland launched this campaign to tackle the big challenges facing Scottish towns and to secure their long-term future. The campaign centred around pushing FSB's practical proposals for dealing with key town centre issues – from filling empty units to creating shared banking hubs – outlined in the FSB report, *Transforming Towns*. The public and politicians got involved and showed their support by, for example, by taking a video or selfie in their town and sharing it on social media with the hashtag #FSBmyTown, and by sharing the campaign infographics made available on the dedicated campaign hub.

COVID-19: Supporting Small Businesses

This agile and responsive campaign was developed and delivered in real time as this unprecedented national and global crisis unfolded, launching in mid-February 2020. The objectives were to position FSB as the leading voice of the small business and self-employed community in the media and across digital to retain members; position FSB effectively to political decision makers; broker wider public support for small businesses and the self-employed and provide members and small businesses with as much genuine and salient support as possible.

An imaginative campaign that used key public relations and communications strategies to communicate effectively that FSB was proactively and creatively supporting small businesses and the self-employed through the pandemic crisis, emotionally, financially, practically and politically. Members were actively engaged and played a huge role in supporting the campaign efforts in a spontaneous and passionate way. In effect, acting as brand ambassadors.

The campaign created a narrative and content that was highly engaging, bringing people together, at a time of isolation and enabling member-to-member support – the linchpin of the FSB brand. It positioned the UK's small businesses and the self-employed in a positive light by sharing their constructive contribution to helping with the national emergency, building wide support of the sector and helping to strengthen FSB's case for the government support achieved.

A fully integrated campaign that utilised media relations; digital; out of home (OOH); web and event tactics with a strong emphasis on real-time social media communications and engagement.

PRINCIPAL RISKS AND UNCERTAINTIES

The responsibility for risk management and the internal control environment resides with the Board of Directors. 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 mission is to help smaller businesses 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 £20.8m cash and £3.9m investment balances as at 30 September 2020 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.

National Federation of Self Employed and
Small Businesses Limited

Group Strategic Report
for the Year Ended 30 September 2020

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: 02/12/2020

National Federation of Self Employed and
Small Businesses Limited

Report of the Directors
for the Year Ended 30 September 2020

The directors present their report with the financial statements of the company and the group for the year ended 30 September 2020.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 October 2019 to the date of this report.

M H Cherry
M G McTague
P B C Davys
G Lovatt
I D O'Donnell
A L Lay
M D Ulyatt
S J T Askew
T Lockwood

Other changes in directors holding office are as follows:

D Miles – resigned 22.04.20
G M MacEwan – resigned 13.08.20

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.

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: 02/12/2020

Report of the Independent Auditors to the Members of

National Federation of Self Employed and Small Businesses Limited

Opinion

We have audited the financial statements of National Federation of Self Employed and Small Businesses Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2020 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 2020 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 seven, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

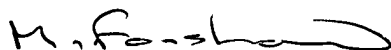
Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Mr 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: 21/12/2020

National Federation of Self Employed and
Small Businesses Limited

Consolidated Statement of Comprehensive Income
for the Year Ended 30 September 2020

	Notes	30.9.20 £	30.9.19 £
TURNOVER		26,104,478	26,478,570
Cost of sales		<u>2,567,819</u>	<u>2,575,095</u>
GROSS SURPLUS		23,536,659	23,903,475
Administrative expenses		<u>23,895,246</u>	<u>24,066,263</u>
		(358,587)	(162,788)
Other operating income		<u>785,757</u>	<u>1,132,293</u>
OPERATING SURPLUS	4	427,170	969,505
Unrealised gain on investment	5	<u>64,752</u>	<u>144,710</u>
		491,922	1,114,215
Interest receivable and similar income		<u>155,840</u>	<u>140,991</u>
SURPLUS BEFORE TAXATION		647,762	1,255,206
Tax on surplus	6	<u>97,006</u>	<u>8,020</u>
SURPLUS FOR THE FINANCIAL YEAR		744,768	1,263,226
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>744,768</u>	<u>1,263,226</u>
Surplus attributable to: Owners of the parent		<u>744,768</u>	<u>1,263,226</u>
Total comprehensive income attributable to: Owners of the parent		<u>744,768</u>	<u>1,263,226</u>

The notes form part of these financial statements

**National Federation of Self Employed and
Small Businesses Limited (Registered number: 01263540)**

**Consolidated Balance Sheet
30 September 2020**

	Notes	30.9.20 £	30.9.19 £
FIXED ASSETS			
Intangible assets	8	16,636	40,797
Tangible assets	9	4,745,398	4,959,489
Investments	10	-	-
		4,762,034	5,000,286
CURRENT ASSETS			
Debtors	11	956,936	1,142,848
Investments	12	3,931,187	3,866,436
Cash at bank		20,760,130	19,691,629
		25,648,253	24,700,913
CREDITORS			
Amounts falling due within one year	13	13,639,545	13,687,527
NET CURRENT ASSETS		12,008,708	11,013,386
TOTAL ASSETS LESS CURRENT LIABILITIES		16,770,742	16,013,672
PROVISIONS FOR LIABILITIES	16	176,925	164,623
NET ASSETS		16,593,817	15,849,049
RESERVES			
Profit and loss account	17	16,593,817	15,849,049
		16,593,817	15,849,049

The financial statements were approved by the Board of Directors on 2 December 2020 and were signed on its behalf by:



M H Cherry OBE
Director

The notes form part of these financial statements

**National Federation of Self Employed and
Small Businesses Limited (Registered number: 01263540)**

**Company Balance Sheet
30 September 2020**

	Notes	30.9.20 £	30.9.19 £
FIXED ASSETS			
Intangible assets	8	16,636	40,797
Tangible assets	9	4,744,031	4,953,734
Investments	10	<u>2,101</u>	<u>2,101</u>
		4,762,768	4,996,632
CURRENT ASSETS			
Debtors	11	3,083,088	2,793,317
Investments	12	3,931,187	3,866,436
Cash at bank		<u>20,457,672</u>	<u>19,187,374</u>
		27,471,947	25,847,127
CREDITORS			
Amounts falling due within one year	13	<u>15,719,481</u>	<u>15,069,999</u>
NET CURRENT ASSETS		<u>11,752,466</u>	<u>10,777,128</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		16,515,234	15,773,760
PROVISIONS FOR LIABILITIES	16	<u>176,925</u>	<u>164,623</u>
NET ASSETS		<u><u>16,338,309</u></u>	<u><u>15,609,137</u></u>
RESERVES			
Profit and loss account	17	<u>16,338,309</u>	<u>15,609,137</u>
		<u><u>16,338,309</u></u>	<u><u>15,609,137</u></u>
Company's profit for the financial year		<u><u>729,172</u></u>	<u><u>1,365,319</u></u>

The financial statements were approved by the Board of Directors on 2 December 2020 and were signed on its behalf by:



M H Cherry OBE
Director

The notes form part of these financial statements

National Federation of Self Employed and
Small Businesses Limited

Consolidated Statement of Changes in Equity
for the Year Ended 30 September 2020

	Retained earnings £	Total equity £
Balance at 1 October 2018	14,585,823	14,585,823
Changes in equity		
Total comprehensive income	<u>1,263,226</u>	<u>1,263,226</u>
Balance at 30 September 2019	<u>15,849,049</u>	<u>15,849,049</u>
Changes in equity		
Total comprehensive income	<u>744,768</u>	<u>744,768</u>
Balance at 30 September 2020	<u><u>16,593,817</u></u>	<u><u>16,593,817</u></u>

The notes form part of these financial statements

National Federation of Self Employed and
Small Businesses Limited

Company Statement of Changes in Equity
for the Year Ended 30 September 2020

	Retained earnings £	Total equity £
Balance at 1 October 2018	14,243,818	14,243,818
Changes in equity		
Total comprehensive income	<u>1,365,319</u>	<u>1,365,319</u>
Balance at 30 September 2019	<u>15,609,137</u>	<u>15,609,137</u>
Changes in equity		
Total comprehensive income	<u>729,172</u>	<u>729,172</u>
Balance at 30 September 2020	<u><u>16,338,309</u></u>	<u><u>16,338,309</u></u>

The notes form part of these financial statements

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

**Consolidated Cash Flow Statement
for the Year Ended 30 September 2020**

	Notes	30.9.20 £	30.9.19 £
Cash flows from operating activities			
Cash generated from operations	1	1,010,586	1,198,034
Tax received		<u>22,863</u>	<u>41,204</u>
Net cash from operating activities		<u>1,033,449</u>	<u>1,239,238</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		-	(10,102)
Purchase of tangible fixed assets		(120,788)	(199,287)
Sale of tangible fixed assets		-	620
Interest received		<u>155,840</u>	<u>140,991</u>
Net cash from investing activities		<u>35,052</u>	<u>(67,778)</u>
Increase in cash and cash equivalents		1,068,501	1,171,460
Cash and cash equivalents at beginning of year	2	<u>19,691,629</u>	<u>18,520,169</u>
Cash and cash equivalents at end of year	2	<u><u>20,760,130</u></u>	<u><u>19,691,629</u></u>

The notes form part of these financial statements

National Federation of Self Employed and
Small Businesses Limited

Notes to the Consolidated Cash Flow Statement
for the Year Ended 30 September 2020

1. **RECONCILIATION OF DEFICIT BEFORE TAXATION TO CASH GENERATED FROM
OPERATIONS**

	30.9.20	30.9.19
	£	£
Surplus- before taxation	647,762	1,255,206
Depreciation charges	334,878	319,341
Profit on disposal of fixed assets	-	(231)
Amortisation charges	24,161	24,540
Unrealised gain on investment	(64,752)	(144,710)
Finance income	(155,840)	(140,991)
	786,209	1,313,155
Decrease in trade and other debtors	185,915	487,846
Increase/(decrease) in trade and other creditors	38,462	(602,967)
Cash generated from operations	1,010,586	1,198,034

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:

Year ended 30 September 2020

	30.9.20	1.10.19
	£	£
Cash and cash equivalents	20,760,130	19,691,629

Year ended 30 September 2019

	30.9.19	1.10.18
	£	£
Cash and cash equivalents	19,691,629	18,520,169

National Federation of Self Employed and
Small Businesses Limited

Notes to the Consolidated Financial Statements
for the Year Ended 30 September 2020

1. **GENERAL INFORMATION**

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

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

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

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

Basis of consolidation

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

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

2. ACCOUNTING POLICIES – continued

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.

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.

2. ACCOUNTING POLICIES – continued

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.

3. EMPLOYEES AND DIRECTORS

Staff costs, excluding directors' remuneration, were as follows:

	30.9.20	30.9.19
	£	£
Wages and salaries	8,605,646	8,313,706
Social security costs	882,048	865,402
Other pension costs	492,222	465,336
	<u>9,979,916</u>	<u>9,644,444</u>

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

	30.9.20	30.9.19
Head office	53	48
Press and parliamentary offices	43	44
Regions	58	59
Recruitment	50	52
Member Services	7	7
	<u>211</u>	<u>210</u>

	30.9.20	30.9.19
	£	£
Directors' remuneration	<u>317,631</u>	<u>325,843</u>

Information regarding the highest paid director is as follows:

	30.9.20	30.9.19
	£	£
Emoluments etc.	<u>65,000</u>	<u>65,000</u>

No retirement benefits were accruing for directors (2019 – 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 £1,829,026 (2019 – £1,534,093).

4. OPERATING SURPLUS

The operating surplus (2019 - operating surplus) is stated after charging/ (crediting):

	30.9.20	30.9.19
	£	£
Depreciation – owned assets	334,879	319,341
Profit on disposal of fixed assets	-	(231)
Computer software amortisation	24,161	24,540
Auditors' remuneration – company	18,933	18,688
Auditors' remuneration – subsidiaries	11,643	9,995
Non-audit services – other services	<u>45,351</u>	<u>23,719</u>

5. GAIN ON INVESTMENTS

	30.9.20	30.9.19
	£	£
Unrealised gain on investment	<u>64,752</u>	<u>144,710</u>

6. TAXATION

Analysis of the tax charge

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

	30.9.20	30.9.19
	£	£
Current tax:		
UK corporation tax	34,289	27,479
R&D tax reclaim	(143,598)	(62,994)
Deferred tax	<u>12,303</u>	<u>27,495</u>
Tax on surplus	<u>(97,006)</u>	<u>(8,020)</u>

UK corporation tax was charged at 19% in 2020 (2019 – 19%).

The company is taxable on interest received in the year. The company received interest of £155,840 (2019 - £140,991).

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.

National Federation of Self Employed and
Small Businesses Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2020

8. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Computer software £	Totals £
COST			
At 1 October 2019	3,013,503	891,138	3,904,641
Additions	-	-	-
Disposals	-	(2,596)	(2,596)
At 30 September 2020	<u>3,013,503</u>	<u>888,542</u>	<u>3,902,045</u>
AMORTISATION			
At 1 October 2019	3,013,503	850,341	3,863,844
Amortisation for year	-	24,161	24,161
Eliminated on disposal	-	(2,596)	(2,596)
At 30 September 2020	<u>3,013,503</u>	<u>871,906</u>	<u>3,885,409</u>
NET BOOK VALUE			
At 30 September 2020	<u>-</u>	<u>16,636</u>	<u>16,636</u>
At 30 September 2019	<u>-</u>	<u>40,797</u>	<u>40,797</u>

Company

	Computer software £
COST	
At 1 October 2019	734,005
Additions	-
Disposals	(2,596)
At 30 September 2020	<u>731,409</u>
AMORTISATION	
At 1 October 2019	693,208
Amortisation for year	24,161
Eliminated on disposal	(2,596)
At 30 September 2020	<u>714,773</u>
NET BOOK VALUE	
At 30 September 2020	<u>16,636</u>
At 30 September 2019	<u>40,797</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2020

9. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 October 2019	6,673,833	1,080,325	29,339	787,854	8,571,351
Additions	11,598	1,004	-	108,186	120,788
Disposals	-	(9,547)	-	(53,402)	(62,949)
At 30 September 2020	<u>6,685,431</u>	<u>1,071,782</u>	<u>29,339</u>	<u>842,638</u>	<u>8,629,190</u>
DEPRECIATION					
At 1 October 2019	2,012,817	974,656	18,957	605,432	3,611,862
Charge for year	134,041	84,210	3,616	113,012	334,879
Eliminated on disposal	-	(9,547)	-	(53,402)	(62,949)
At 30 September 2020	<u>2,146,858</u>	<u>1,049,319</u>	<u>22,573</u>	<u>665,042</u>	<u>3,883,792</u>
NET BOOK VALUE					
At 30 September 2020	<u>4,538,573</u>	<u>22,463</u>	<u>6,766</u>	<u>177,596</u>	<u>4,745,398</u>
At 30 September 2019	<u>4,661,016</u>	<u>105,669</u>	<u>10,382</u>	<u>182,422</u>	<u>4,959,489</u>

Company

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 October 2019	6,673,832	1,058,403	29,339	783,235	8,544,809
Additions	11,598	1,004	-	108,186	120,788
Disposals	-	(9,547)	-	(53,402)	(62,949)
At 30 September 2020	<u>6,685,430</u>	<u>1,049,860</u>	<u>29,339</u>	<u>838,019</u>	<u>8,602,648</u>
DEPRECIATION					
At 1 October 2019	2,012,816	958,489	18,957	600,813	3,591,075
Charge for year	134,041	79,822	3,616	113,012	330,491
Eliminated on disposal	-	(9,547)	-	(53,402)	(62,949)
At 30 September 2020	<u>2,146,857</u>	<u>1,028,764</u>	<u>22,573</u>	<u>660,423</u>	<u>3,858,617</u>
NET BOOK VALUE					
At 30 September 2020	<u>4,538,573</u>	<u>21,096</u>	<u>6,766</u>	<u>177,596</u>	<u>4,744,031</u>
At 30 September 2019	<u>4,661,016</u>	<u>99,914</u>	<u>10,382</u>	<u>182,422</u>	<u>4,953,734</u>

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

**Notes to the Consolidated Financial Statements – continued
for the Year Ended 30 September 2020**

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. 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 2019.

	Ownership	Aggregate capital and reserves	Profit/ (loss) for the year	Activity
FSB Insurance Services Limited	30%	(462,517)	(460,072)	Insurance services

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

Company

	Unlisted investments £
COST	
At 1 October 2019 and 30 September 2020	<u>2,101</u>
NET BOOK VALUE	
At 30 September 2020	<u><u>2,101</u></u>
At 30 September 2019	<u><u>2,101</u></u>

	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	233,828	15,594	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.

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

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2020**

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	30.9.20	30.9.19	30.9.20	30.9.19
	£	£	£	£
Trade debtors	34,254	162,081	1,550	59,407
Amounts owed by group undertakings	-	-	2,612,866	2,198,986
Other debtors	5,728	8,215	5,728	8,215
VAT	-	-	10,721	14,743
Accrued income	284,013	185,983	25,547	18,106
Prepayments	632,941	786,569	426,676	493,860
	<u>956,936</u>	<u>1,142,848</u>	<u>3,083,088</u>	<u>2,793,317</u>

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

12. CURRENT ASSET INVESTMENTS

	Group		Company	
	30.9.20	30.9.19	30.9.20	30.9.19
	£	£	£	£
Listed investments	<u>3,931,187</u>	<u>3,866,436</u>	<u>3,931,187</u>	<u>3,866,436</u>

Market value of listed investments at 30 September 2020 held by the group and the company - £3,931,187.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	30.9.20	30.9.19	30.9.20	30.9.19
	£	£	£	£
Trade creditors	153,520	140,269	147,068	113,016
Amounts owed to group undertakings	-	-	2,808,373	2,079,036
Social security and other taxes	249,144	244,684	249,144	244,684
VAT	15,160	18,668	-	-
Other creditors	51,637	8,305	51,637	8,305
Accrued expenses	1,528,013	1,497,973	821,188	847,330
Prepaid subscriptions	11,642,071	11,777,628	11,642,071	11,777,628
	<u>13,639,545</u>	<u>13,687,527</u>	<u>15,719,481</u>	<u>15,069,999</u>

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

National Federation of Self Employed and
Small Businesses Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2020

14. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	30.9.20	30.9.19
	£	£
Within one year	5,185	31,108
Between one and five years	-	5,185
	<u>5,185</u>	<u>36,293</u>

Company

	Non-cancellable operating leases	
	30.9.20	30.9.19
	£	£
Within one year	5,185	31,108
Between one and five years	-	5,185
	<u>5,185</u>	<u>36,293</u>

15. FINANCIAL INSTRUMENTS

Group Financial Instruments

	2020 £	2019 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>25,015,312</u>	<u>23,914,344</u>
	<u>25,015,312</u>	<u>23,914,344</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>13,375,241</u>	<u>13,424,175</u>
	<u>13,375,241</u>	<u>13,424,175</u>

Company Financial Instruments

	2020 £	2019 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>27,045,271</u>	<u>25,353,267</u>
	<u>27,045,271</u>	<u>25,353,267</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>15,470,337</u>	<u>14,825,215</u>
	<u>15,470,337</u>	<u>14,825,215</u>

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.

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

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2020**

16. PROVISIONS FOR LIABILITIES

	Group		Company	
	30.9.20	30.9.19	30.9.20	30.9.19
	£	£	£	£
Deferred tax				
Other timing differences	<u>176,925</u>	<u>164,623</u>	<u>176,925</u>	<u>164,623</u>
Group				
				Deferred tax £
At 1 October 2019				164,623
On unrealised investment gains charged to profit and loss account				<u>12,302</u>
Balance at 30 September 2020				<u>176,925</u>
Company				
				Deferred tax £
At 1 October 2019				164,623
On unrealised investment gains charged to profit and loss account				<u>12,302</u>
Balance at 30 September 2020				<u>176,925</u>

17. RESERVES

Group		
		Profit and loss account £
At 1 October 2019		15,849,049
Surplus for the year		<u>744,768</u>
At 30 September 2020		<u>16,593,817</u>
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 £492,222 (2019 - £465,336). There were NIL contributions outstanding at 30 September 2020 (2019 - £1,172).

National Federation of Self Employed and
Small Businesses Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2020

19. CAPITAL COMMITMENTS

	30.9.20	30.9.19
	£	£
Contracted but not provided for in the financial statements	<u>9,977</u>	<u>14,012</u>

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 (2019 - £20,019) by FSB Insurance Service Limited.

During the year, the Directors paid membership subscriptions totalling £2,130 (2019 - £2,456) 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
Lay, Alexis	12,056	Director
McTague, Martin	50,000	Chairman, Policy and Advocacy (NVC Policy & Advocacy from 17.03.20)
Ulyatt, Melanie	25,000	Vice Chairman (NVC Internal Affairs from 17.03.20)
Miles, David	44,500	Finance Director (to 16.03.20), Director (from 17.03.20 to 22.04.20)
MacEwan, Gillian	34,898	Operations Director (to 16.03.20) Director (from 17.03.20 to 13.08.20)
O'Donnell, Ian	12,056	Director
Lovatt, Gary	12,056	Director
Davys, Peter	12,056	Director
Lockwood, Terence	12,056	Director
Askew, Stephen	12,056	Director

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.