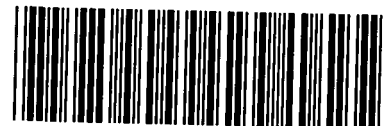

British Business Bank plc

Report and Accounts for the
period ended 31 March 2014

BritishBusinessBank 
Unlocking finance for smaller businesses

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British Business Bank plc

Financial Statements for the Period 18 July 2013 - 31 March 2014

Contents:

	Page
Company Information	2
Report of the Directors	3
Strategic Report	4
Statement of Directors' Responsibilities	5
Independent Auditor's Report	6
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Cash Flows	10
Statement of Changes in Equity	11
Notes to the Accounts	12

British Business Bank plc

Company Number: 08616013

Registered Office: Foundry House
3 Millsands
Sheffield
South Yorkshire
S3 8NH

Directors: Ronald Emerson (appointed 29 October 2013)
Patrick Magee (appointed 18 July 2013)
Christina McComb (appointed 29 October 2013)
Keith Morgan (appointed 10 December 2013)
Ceri Smith (appointed 29 October 2013)

Auditors: The Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
London
SW1W 9SP

Bankers: Citibank N.A.
Citigroup Centre
25 Canada Square
Canary Wharf
London
E14 5LB

British Business Bank plc

Report of the Directors

The directors present their report and financial statements for the period ended 31 March 2014. British Business Bank Limited was incorporated as a private limited company on 18th July 2013. On 29th October 2013 it was re-registered as a public company under the name British Business Bank plc.

The company did not trade during the period ended 31 March 2014. Activities were undertaken by the Department for Business, Innovation and Skills (BIS), and Capital for Enterprise Limited on its behalf. Although the company operated a bank account, no monies passed through it in the period up to 31 March 2014. The directors are not proposing a dividend for the period ended 31 March 2014.

The following directors served during the period ended 31 March 2014.


Directors	Date of Appointment	End Date
Ronald Emerson	29 October 2013	-
Patrick Magee	18 July 2013	-
Christina McComb	29 October 2013	-
Keith Morgan	10 December 2013	-
Ceri Smith	29 October 2013	-

Provision of information to auditor

As far as the directors are aware,

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board of Directors on 23 September 2014



Keith Morgan

CEO

British Business Bank plc

Strategic Report

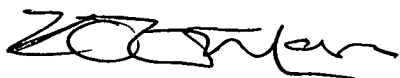
The Bank's overall objective is to monitor and analyse the relevant market and oversee and support a range of interventions to address market failures and the associated funding gaps faced by SME businesses or small mid-cap businesses, by delivering public policies targeted at overcoming those market failures.

To deliver its strategic intent, the British Business Bank has set four objectives:

- To increase the supply of finance available to SMEs in areas where markets do not work well;
- To help create a more diverse market for SME finance with greater choice of options and providers;
- To promote better information in the market, building confidence among SMEs in the finance options available;
- Whilst achieving the above, the Bank will manage taxpayer resources efficiently.

During the period of these accounts British Business Bank plc was not responsible for the schemes under the British Business Bank programme. Responsibility for their management and budgets during this period was held by the Department for Business, Innovation and Skills (BIS). Responsibility will be transferred from BIS to the company once EU State aid approval has been granted. This is expected to happen towards the end of 2014. Following that it is probable that significant assets will be transferred into the company during 2014-15.

Approved by the Board of Directors on 23 September 2014



Keith Morgan

CEO

British Business Bank plc

Statement of Directors' Responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. 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 of the *statement of comprehensive income of Company for that period*. In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRSs as adopted by the European Union;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

British Business Bank plc

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE BRITISH BUSINESS BANK PLC

I have audited the financial statements of the British Business Bank plc for the period ended 31 March 2014 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

Respective responsibilities of the directors and the auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its loss for the period then ended; and
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by European Union; and
- the financial statements have been prepared in accordance with the Companies Act 2006.

British Business Bank plc

Opinion on other matter prescribed by the Companies Act 2006

In my opinion the information given in the Strategic Report and the Directors' Report for the period for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters where the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept by the company, or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit.



Bryan Ingleby (Senior Statutory Auditor)

24 September 2014

For and on behalf of the

Comptroller and Auditor General (Statutory Auditor)

National Audit Office

157-197 Buckingham Palace Road

London

SW1W 9SP

British Business Bank plc

Statement of Comprehensive Income for the period 18 July 2013 – 31 March 2014

	Notes	2014 £
Income		-
Expenditure		
Administrative expenses	2	96,354
Loss before Tax	3	(96,354)
Tax		-
Loss for the Period		(96,354)
Other Comprehensive Income		-
Total Comprehensive Income		<u>(96,354)</u>

The notes on pages 12 to 15 form part of the financial statements

British Business Bank plc

Statement of Financial Position as at 31 March 2014

	Notes	2014 £
Current Assets		
Receivables	5	50,001
Current Liabilities		
Other payables	6	(96,354)
Net Current Liabilities		<u>(46,353)</u>
Net Liabilities		<u>(46,353)</u>
Equity		
Called up Share Capital	7	50,001
Retained Earnings		<u>(96,354)</u>
Total Equity		<u>(46,353)</u>

The financial statements were approved and authorised for issue by the Board of Directors on 23 September 2014 and signed on its behalf.



Keith Morgan

CEO

The notes on pages 12 to 15 form part of the financial statements

Company Registration Number: 08616013

British Business Bank plc

Statement of Cash Flows for the period 18 July 2013 – 31 March 2014

	2014 £
Cash flows from operating activities	
Net operating expenditure before tax	(96,354)
Increase in payables	96,354
Net cash flow from operating activities	-
 Movement in cash and cash equivalents in the year	-
Cash and cash equivalents at the beginning of year	-
Cash and cash equivalents at the end of year	-

The notes on pages 12 to 15 form part of the financial statements

British Business Bank plc

Statement of Change in Equity for the period 18 July 2013 – 31 March 2014

	Notes	Share Capital £	Retained Earnings £	Total £
Share Capital at 18 July 2013		1		1
Additions during the period		50,000		50,000
Total expenditure for the period		-	(96,354)	(96,354)
Balance at 31 March 2014		50,001	(96,354)	(46,353)

The notes on pages 12 to 15 form part of the financial statements

Notes to the Accounts for the period 18 July 2013 – 31 March 2014

1. Accounting Policies

1.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements are prepared in accordance with IFRS and Interpretations in force at the reporting date. The company has not adopted any Standards or Interpretations in advance of the required implementation dates. It is not expected that adoption of Standards or Interpretations which have been issued by the International Accounting Standards Board but have not been adopted will have a material impact on the financial statements.

The accounts have been prepared on a going concern basis. This treatment has been determined by the Directors having considered the implications of the future development of the bank's activities. Following State Aid approval for the Company's activities it is probable that significant assets will be transferred into the company during 2014-15.

The functional currency of the Company is pounds sterling and rounding is to the nearest £.

The reporting period for the financial statements is from company formation on 18 July 2013 until the financial year end on 31 March 2014. There is no comparative prior-year information because the company was not in existence.

The accounts have been prepared under the historical cost convention. There were no key judgements required and that there were no areas of estimation uncertainty.

1.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the company's activities. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The company bases its

British Business Bank plc

Notes to the Accounts for the period 18 July 2013 – 31 March 2014 (continued)

estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

1.3 Employee benefits

Under IAS19 Employee Benefits, all staff costs are recorded as an expense as soon as the Company is obligated to pay them.

1.4 Receivables

Receivables are stated at their original value as the interest that would be recognised from discounting future cash receipts is not considered to be material.

1.5 Payables

Payables are stated at their original value as the interest that would be recognised from discounting future cash payments is not considered to be material.

1.6 VAT

The company was not registered for VAT during the period ended 31 March 2014. Amounts are shown in the accounts gross of VAT where applicable.

2. Administrative Expenses

	2014 £
Non-Executive Directors' Fees	90,100
Audit Fees	6,000
Other administrative expenses	254
Total	<u>96,354</u>

3. Operating Loss

The operating loss is after charging the auditor's remuneration of £6,000

British Business Bank plc

Notes to the Accounts for the period 18 July 2013 – 31 March 2014 (continued)

4. Staff Costs and Directors' Remuneration

Staff costs, including directors' remuneration, were as follows.

	2014 £
Salaries	80,000
Social security costs	10,100
Total	90,100

The highest paid director received remuneration of £60,000. There were 5 employees, all directors, during the period ended 31 March 2014.

5. Receivables

The amount of £50,001 represents the unpaid share capital of the company owed to the company by the Department for Business Innovation and Skills. The capital was paid after the end of the period.

6. Other Payables

	2014 £
Amounts owed to Capital for Enterprise Limited (note 10)	82,807
Accruals	13,492
Other payables	55
Total	96,354

7. Share Capital

	2014 £
Authorised – 50,001 ordinary shares of £1 each	50,001
Issued and fully paid - 0 ordinary shares of £1 each	-
Issued but not fully paid - 50,001 ordinary shares of £1 each	50,001

British Business Bank plc

Notes to the Accounts for the period 18 July 2013 – 31 March 2014 (continued)

8. Events after the Year End

There have been no significant events since the end of the year which would impact on these accounts.

9. Controlling Party

The Company is ultimately controlled by the Secretary of State for Business, Innovation and Skills.

10. Related Party Transactions

Capital for Enterprise Limited (CfEL) is a related party and in due course the British Business Bank will bring together CfEL, key policy teams in BIS and new expertise from the private sector. CfEL will continue to undertake some activities until such time as the British Business Bank is formally launched in the autumn of 2014. CfEL has managed the payroll on behalf of British Business Bank PLC's staff in advance of the company receiving its own funding for these costs. At 31 March 2014 the company owed CfEL £82,807 in respect of payments to the company's non-executive directors.