



**The
One Hundred and Third
Annual Conference
Yarnfield 2022**



Treasurer's Report 2021

treasurer's report



TREASURER'S REPORT 2021

PRESENTED TO THE One Hundred and Third ANNUAL CONFERENCE

**TO BE HELD AT
YARNFIELD CONFERENCE CENTRE
YARNFIELD, STONE**

FROM

SUNDAY 5th JUNE 2022

TO

THURSDAY 9th JUNE 2022

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**THE BAKERS FOOD AND ALLIED WORKERS' UNION
GENERAL FUND INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2021**

as restated 2020		Continuing activities 2021	
£	Income	£	£
2,509,188	Contributions from members		2,392,142
7,940	Legal income		-
20,000	Administration charge - Political Fund		20,000
27,258	Investment income		28,399
2,520	Rents receivable		2,541
457	Sundry commissions and other income		641
77,967	Increase/(Decrease) in market value of investments		93,624
(20,747)	Profit/(Loss) on disposal of motor vehicles		(16,876)
(14,887)	Profit/(Loss) on disposal of investments		8,194
17,325	VAT recoveries		25,042
<u>2,627,021</u>			<u>2,553,707</u>
	Less Expenditure		
102,426	Benefits, Grants and Legal services (per Schedule I)	89,163	
104,783	Trade Unions and other affiliations (per Schedule II)	107,013	
2,329,079	Working expenses and other outgoings (per Schedule III)	2,280,164	
<u>2,536,288</u>	Total Expenditure		<u>2,476,340</u>
90,733	Surplus/(Deficit) for the Year		77,367
<u>1,579,551</u>	Amount of the General Fund at the beginning of the year		<u>1,670,284</u>
<u>1,670,284</u>	Amount of the General Fund at the end of the year		<u>1,747,651</u>

There were no recognised gains or losses in either year, other than the surplus or deficit reported above and in the attached Political Fund, Benevolent Fund and the North Eastern Social Fund.

The total recognised gains/losses in respect of the Pension Fund are shown on page 2.

**THE BAKERS FOOD AND ALLIED WORKERS' UNION
PENSION FUND POSITION AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2021**

as restated 2020		2021	
£	Change in defined benefit obligation	£	£
10,798,000	Benefit obligation at beginning of year	11,145,000	
168,000	Current service cost	176,000	
210,000	Interest cost	154,000	
741,000	Actuarial (gains)/losses	(230,000)	
(343,000)	Benefits paid	(380,000)	
(429,000)	Other	(16,000)	
<u>11,145,000</u>	Benefit obligation at end of year		<u>10,849,000</u>
	Analysis of defined benefit obligation		
11,145,000	Plans that are wholly or partly funded		<u>10,849,000</u>
	Change in plan assets		
6,376,000	Fair value in plan assets at beginning of year	6,183,000	
122,000	Interest income	86,000	
(46,000)	Administration expenses	(29,000)	
259,000	Employer contribution	301,000	
244,000	Return on assets excluding interest income	525,000	
(343,000)	Benefits paid	(380,000)	
(429,000)	Other	(16,000)	
<u>6,183,000</u>	Benefit obligation at end of year		<u>6,670,000</u>
(4,962,000)	Funded status – Net amount recognized		<u>(4,179,000)</u>
	Amounts recognised in profit and loss account		
168,000	Current service cost	176,000	
46,000	Administration expenses	29,000	
88,000	Net interest	68,000	
<u>302,000</u>	Amount charged to P&L		(273,000)
741,000	Actuarial (gains)/losses immediately recognised	(230,000)	
741,000	Total pension cost recognised in the Pension Fund		(230,000)
(259,000)	Pension fund contributions paid for by General Fund		(301,000)
(244,000)	Return on assets excluding interest income		(525,000)
<u>4,422,000</u>	Deficit in scheme at beginning of year		<u>4,962,000</u>
<u>4,962,000</u>	Funded status of Pension Fund at the end of the year		<u>4,179,000</u>

**THE BAKERS FOOD AND ALLIED WORKERS' UNION
POLITICAL FUND INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2021**

2020		Continuing activities 2021	
£	Income	£	£
31,003	Contributions from members		30,011
<hr/>			<hr/>
31,003			30,011
	Less Expenditure		
21,583	Contributions to Labour parties, election funds etc.	13,568	
1,454	Conference and delegates' expenses, etc	6,236	
20,000	Administration expenses – General Fund	20,000	
<hr/>		<hr/>	
43,037	Total Expenditure		39,804
<hr/>			<hr/>
(12,034)	Surplus/(Deficit) for the Year		(9,793)
35,378	Amount of the Political Fund at the beginning of the year		23,344
<hr/>			<hr/>
23,344	Amount of the Political Fund at the end of the year		13,551
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**THE BAKERS FOOD AND ALLIED WORKERS' UNION
BENEVOLENT FUNDS INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2021**

2020		Continuing activities 2021	
£	Income	£	£
7,491	Contributions from members		5,452
–	Donations		20,533
<u>7,491</u>			<u>25,985</u>
	Less Expenditure		
3,611	Benevolent grants	28,179	
50	Charitable donations	300	
600	Postage and other expenses	112	
<u>4,261</u>	Total Expenditure		<u>28,591</u>
3,230	Surplus/(Deficit) for the Year		(2,606)
<u>21,121</u>	Amount of Benevolent Funds at the beginning of the year		<u>24,351</u>
<u>24,351</u>	Amount of Benevolent Funds at the end of the year		<u>21,745</u>

**North Eastern Social Fund Income and Expenditure
Account for the Year Ended 31st December 2021**

		Continuing activities	
£	Income	£	£
–	Donations		–
<u>–</u>			<u>–</u>
	Less Expenditure		
–	Sundry payments	–	
<u>–</u>	Total Expenditure		<u>–</u>
–	Surplus/(Deficit) for the Year		–
<u>2,233</u>	Amount of Social Fund at the beginning of the year		<u>2,233</u>
<u>2,233</u>	Amount of Social Fund at the end of the year		<u>2,233</u>

THE BAKERS FOOD AND ALLIED WORKERS' UNION
BALANCE SHEET
AS AT 31ST DECEMBER 2021

as restated 2020		2021
£	Funds	£
284	General Fund Reserve	1,747,651
	Benevolent Funds:	
13,071	No.3 Region	13,071
4,602	No.5 Region	5,369
6,678	No.7 Region	3,305
<u>24,351</u>		<u>21,745</u>
2,233	North Eastern Social Fund Reserve	2,233
23,344	Political Fund Reserve	13,551
(4,962,000)	Pension Fund Reserve	(4,179,000)
<u>(3,241,788)</u>		<u>(2,393,820)</u>

Represented by:

Fixed Assets (per Schedule IV)

49,497	Freehold property	49,497
3,387	Leasehold property	2,540
662	Office furniture and equipment	311
9,799	Computer equipment	13,660
–	Motor cars	–
<u>63,345</u>		<u>66,008</u>
1,382,025	Investments (per Schedule V)	1,494,604
<u>1,445,370</u>		<u>1,560,612</u>

Current Assets

67,638	Contributions receivable	50,713
82,565	Other debtors and prepayments	141,304
	Balances at bank (including Benevolent and Social Funds):	
13,071	Bank deposit accounts	13,071
347,713	Bank current accounts	202,006
2,219	Cash in hand	203
<u>613,206</u>	Carried forward	<u>407,297</u>
		<u>1,560,612</u>

THE BAKERS FOOD AND ALLIED WORKERS' UNION
BALANCE SHEET
AS AT 31ST DECEMBER 2021

as restated 2020		2021	
£		£	£
1,153,315	Brought forward	407,297	1,560,612
	Less: Current Liabilities		
338,364	Creditors and accruals	182,729	
274,842	Net Current Assets/(Liabilities)		224,568
1,720,212	Net Assets Excluding Pension Asset		1,785,180
(4,962,000)	Pension Asset/(Liability)		(4,179,000)
(3,241,788)	Net Assets Including Pension Asset/(Liability)		(2,393,820)

S. Woolley General Secretary
for and on behalf of the
Executive Council

6th May 2022

THE BAKERS FOOD AND ALLIED WORKERS' UNION

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2021

1 Accounting policies

The following accounting policies have been applied consistently in dealing with the items that are considered material in relation to the Union's accounts.

- a) The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.
- b) Income and Expenditure is accounted for on the accruals basis, provision being made for contributions receivable for the period to 31st December, but not received by the year end and also for other accrued income and expenditure.
- c) Fixed assets are depreciated over their estimated useful life in equal annual instalments:

Freehold property	<i>Fifty years from the date of purchase or valuation</i>
Leasehold property	<i>Forty years</i>
Motor cars	<i>Two years</i>
Office and computer equipment	<i>Two and a half years</i>
- d) Investments (Fixed asset investments) in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in the income and expenditure account for the period.
- e) Pension costs (see note 6)
- f) Operating lease rentals are charged on a straight line basis over the lease term.
- g) Legal income is measured as the fair value of the consideration received or receivable. Legal income is recognised in the period in which the legal defence and compensation claims are settled in the Union's favour, only at this stage can income be reliably measured. The Union accounts for costs and disbursements as incurred and for refunded disbursements as received.
- h) Government Grants received are netted off against the direct expenditure incurred on each of the projects. In the case of the Union Learning Fund, a grant has been provided to cover the full cost of the project.
- i) Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities.

2 Fixed Assets

All freehold property is stated at cost less depreciation to date.

Movements on fixed assets are disclosed in Schedule IV.

3 Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that can affect the amounts reported for assets and liabilities, and the results for the year. The nature of estimation is such though that actual outcomes could differ significantly from those estimates.

The following judgements have had the most significant impact on amounts recognised in the financial statements:

Pension Scheme

Values are determined using the actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases are used in calculating scheme assets and liabilities. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. After taking appropriate professional advice, management determines the appropriate discount rate at the end of each reporting period. This is the interest rate that should be used to determine the present value of estimated future cash outflows to be required to settle the pension obligations.

THE BAKERS FOOD AND ALLIED WORKERS' UNION

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2021

4 Contingent Liabilities

As at the year end the Union was administering ongoing legal cases on behalf of its members. For cases lodged the Union may receive legal income in relation to cases with a successful outcome, and will incur legal costs in relation to the ongoing cases. Legal costs are recognised only when they can be reliably measured which is usually at the conclusion of each case. Contingent liabilities are not recognised in the financial statements in respect of legal cases still in progress, as the outcome of such cases cannot be reliably predicted and the associated legal costs cannot be reliably measured.

5 Operating Lease Commitments

At the Financial Year End, the Union had future minimum lease payments under non-cancellable operating leases as follows:

	2021			2020		
	£	£	£	£	£	£
	Motor cars	Office equipment	Land and buildings	Motor cars	Office equipment	Land and buildings
Not later than one year	70,849	69,910	6,467	55,307	31,137	6,467
One to two years	64,326	53,833	2,156	32,917	16,587	6,466.69
Two to five years	23,057	139,364	–	6,796	509	3,233.35
The charge against income for the year was	82,411	38,212	7,076	91,498	31,137	6,053

6 Pension costs

The Union operates a UK registered, trust based pension scheme that provides defined benefits. For service up to 31 May 2011, pension benefits are linked to members' final pensionable salaries and service to 31 May 2011 (or date of leaving if earlier). From 1 June 2011, pension benefits are built up on a Career Average Revalued Earnings (CARE) basis, where benefits are linked to members' salaries in each year and increased to retirement broadly in line with inflation.

The Trustees are responsible for running the Scheme in accordance with the Scheme's Trust Deed and Rules, which sets out their powers. The Trustees of the Scheme are required to act in the best interests of the beneficiaries of the Scheme.

- There are three categories of pension scheme members:
 - **Active members:** currently employed by the Union
 - **Deferred members:** former active members of the Union
 - **Pensioner members:** in receipt of pension.

The Trustees are required to carry out an actuarial valuation every 3 years. The last actuarial valuation of the Scheme was performed by the Scheme Actuary for the Trustees as at 31 December 2018. This valuation revealed a funding shortfall of £4,497,000. The Union agreed to pay annual contributions of 17.2% of members' pensionable salaries each year to meet the cost of future service accrual. In respect of the deficit in the Scheme as at 31 December 2018, the Union has agreed to pay £186,000 pa plus 2% of pensionable salaries for 18 years and 4 months from 1 July 2020.

The Union will meet the cost of the death in service lump sum benefits, and administrative and other expenses incurred by the Trustees, up to a maximum of £50,000 pa. The Union expects to pay a total of £358,000 to the Scheme during the accounting year beginning 1 January 2021.

THE BAKERS FOOD AND ALLIED WORKERS' UNION
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2021

6 Pension costs (continued)

The results for the most recent formal actuarial valuation as at 31 December 2018 have been updated to 31 December 2021 by a qualified independent actuary. The assumptions used were as follows:

Significant actuarial assumptions	Year ended 31/12/21	Year ended 31/12/20
Discount rate	1.90%	1.40%
Retail prices inflation (RPI)	3.30%	2.90%
Consumer prices inflation (CPI)	2.80%	2.40%
Other actuarial assumptions		
Salary increases	2.80%	1.90%
Pension increases:		
Post 88 GMP	2.40%	2.10%
Pre 1 June 2011	3.20%	2.90%
Post 31 May 2011	2.80%	2.40%
CARE revaluation:		
Active members	3.30%	2.90%
Deferred members	2.80%	2.40%
Revaluation of deferred pensions in excess of GMP	3.30%	2.90%

Mortality assumptions

Description	Year ended 31/12/21	Year ended 31/12/20
Mortality (pre-retirement)	As per post retirement	As per post-retirement
Mortality (post-retirement)	S3PA CMI 2020 [1%] (yob) rated up by one year	S2PA CMI 2019 [1%] (yob) rated up by one year

Life expectancies (in years)

	Year ended 31/12/21		Year ended 31/12/20	
	Male	Female	Male	Female
Life expectancy for someone aged 65 in 2020	20.70	22.50	20.70	22.50
Life expectancy at age 65 for an individual aged 45 in 2020	21.70	23.70	21.70	23.60

THE BAKERS FOOD AND ALLIED WORKERS' UNION

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2021

6 Pension costs (continued)

Assets

The fair value of the assets of the Scheme were:

Asset Class	Year ended 31/12/21 Mkt value £'000	Year ended 31/12/20 Mkt value £'000
Equities/Growth Assets	5,162	4,775
Liability driven investments	1,270	1,211
Trustee bank account	95	54
Sundry debtors & creditors	30	20
Owed to the Union	(20)	(20)
Insured annuities	133	143
	<u>6,670</u>	<u>6,183</u>

The return on the asset was:

Asset Class	£'000	£'000
Interest income	86	122
Return on assets less interest income	<u>525</u>	<u>244</u>
Total return on assets	<u>611</u>	<u>366</u>

There have been no amendments, curtailments or settlements over the accounting period.

7 Reconciliation of Movement in Members' Funds

Reconciliation of Movement in Members' Funds	2021 £	2020 £
Member's Funds Brought Forward (as restated)	(3,241,788)	(2,783,717)
Surplus/(Deficit) on General Fund	77,367	90,733
Movement ((deficit)/surplus) on Pension Fund Reserve	783,000.00	(540,000)
(Deficit)/surplus on Political Fund	(9,793)	(12,034)
(Deficit)/Surplus on Benevolent Funds	(2,606)	3,230
(Deficit)/Surplus on North Eastern Social Fund	–	–
Member's Funds Carried Forward	<u>(2,393,820)</u>	<u>(3,241,788)</u>

**THE BAKERS FOOD AND ALLIED WORKERS' UNION
SCHEDULES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2021**

2020		2021
£		£
	(I) Benefits, Grants and Legal Services	
2,625	Funeral grants	1,875
2,700	Free card grants	5,250
6,359	Sundry grants (members and charities)	24,615
71,855	Legal defence costs incurred in period	37,950
18,887	Sickness benefits	19,473
–	Unemployment benefits	–
<hr/> 102,426 <hr/>		<hr/> 89,163 <hr/>
	(II) Trade Unions and Other Affiliations	
32,768	IUF UITA IUL and EFFATT	28,818
16,367	GFTU	15,799
51,469	Trades Union Congress fees	54,389
4,179	Affiliation fees & contributions to industrial committees	8,007
<hr/> 104,783 <hr/>		<hr/> 107,013 <hr/>

THE BAKERS FOOD AND ALLIED WORKERS' UNION
SCHEDULES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2021

as restated		2021
2020		£
£		
	(III) Working Expenses and Other Outgoings	
75,332	Collectors' commission	69,717
100,530	Branch secretaries	89,044
1,069,086	Salaries and National Insurance	943,685
229,997	Retirement Benefits Scheme contributions	352,694
56,000	Retirement Benefits Scheme admin costs	50,000
117,803	Car costs	102,619
2,629	Organising expenses	1,085
55,002	Rent, rates, light and heat	67,437
31,227	Insurances (including cars)	67,403
50,737	Repairs, maintenance and equipment leasing	60,051
16,186	Cleaning and miscellaneous	9,297
23,113	Telephone	18,022
11,214	Printing, stationery and publications	14,474
27,303	"FoodWorker" printing and distribution costs	17,832
5,000	Promotion	5,480
5,543	Postage	3,484
169,109	Computer expenses and website	135,488
22,116	Officials' and delegates' expenses	19,145
758	Balloting	131
2,828	Health and Safety Expenses	480
10,969	Training	17,780
3,835	Expenses of Conference of the Union	2,025
51,703	Audit, accountancy and special services	49,344
33,412	Legal and professional expenses (other than defence of members)	36,030
15,495	Bank charges and interest	13,134
16,063	Investment manager charges	18,232
15,583	Sickness and health insurance	12,873
94,534	VAT on above expenses	92,926
	Depreciation (Note 1c)	
5,066	Freehold properties	–
347	Office furniture and equipment	351
9,712	Computer equipment	9,054
–	Motor cars	–
847	Amortisation of leasehold property (Note 1c)	847
2,329,079		2,280,164

THE BAKERS FOOD AND ALLIED WORKERS' UNION
SCHEDULES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2021

	Stanborough £	Tottenham £	Cardiff £	Total £
(IV) Fixed Assets				
(a) Freehold Property				
Cost (Note 2)				
As at 1st January 2021	135,123	33,770	42,718	211,611
Additions	–	–	–	–
Disposals	–	–	–	–
As at 31st December 2021	135,123	33,770	42,718	211,611
Depreciation				
As at 1st January 2021	110,165	23,876	28,073	162,114
Charge for the year	–	–	–	–
Disposals	–	–	–	–
As at 31st December 2021	110,165	23,876	28,073	162,114
Net Book Value				
As at 31st December 2021	24,958	9,894	14,645	49,497
As at 31st December 2020	24,958	9,894	14,645	49,497

The Union has agreed to provide a contingent security in favour of the Bakers, Food and Allied Workers' Union Retirement Benefits Scheme by way of a first legal charge over the Stanborough House property.

THE BAKERS FOOD AND ALLIED WORKERS' UNION
SCHEDULES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2021

(IV) Fixed Assets (continued)**(b) Leasehold Property**

	Manchester £
Cost	
As at 1st January 2021 and 31st December 2021	33,884
Depreciation	
As at 1st January 2021	30,497
Charge for the year	847
As at 31st December 2021	31,344
Net Book Value	
As at 31st December 2021	2,540
As at 31st December 2020	3,387

	Office Equipment and Furniture £	Computer Equipment £	Motor Cars £
Cost			
As at 1st January 2021	87,477	398,347	–
Additions in year	–	12,915	16,876
Disposals/retirements in year	(84,547)	(366,107)	(16,876)
As at 31st December 2021	2,930	45,155	–
Depreciation			
As at 1st January 2021	86,815	388,548	–
Charge for the year	351	9,054	–
Depreciation on disposals/retirements	(84,547)	(366,107)	–
As at 31st December 2021	2,619	31,495	–
Net Book Value			
As at 31st December 2021	311	13,660	–
As at 31st December 2020	662	9,799	–

**THE BAKERS FOOD AND ALLIED WORKERS' UNION
SCHEDULES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2021**

as restated 2020 £		2021 £
	(V) Fixed Asset Investments	
	Quoted Investments	
	<i>Valuation</i>	
1,305,675	Market value brought forward	1,381,725
830,340	Additions	805,761
(832,257)	Disposals	(787,399)
–	(Withdrawals)/deposits	–
77,967	Increase/(decrease) in market value	94,217
<u>1,381,725</u>	Market value carry forward	<u>1,494,304</u>
	Other Unquoted Loans and Loan Stock	
	<i>Valuation</i>	
300	Market value brought forward	300
–	Increase/(decrease) in market value	–
<u>300</u>	Market value carry forward	<u>300</u>
<u><u>1,382,025</u></u>	Total Fixed Asset Investments	<u><u>1,494,604</u></u>

THE BAKERS FOOD AND ALLIED WORKERS' UNION STATEMENT OF EXECUTIVE COUNCIL RESPONSIBILITIES FOR THE YEAR ENDED 31ST DECEMBER 2021

Trade Union law as augmented by the Union's Rules requires the Executive Council to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Union and of the income and expenditure of the Union for that period. In preparing those financial statements the Executive Council are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Union will continue in operation.

The General Secretary on behalf of the Executive Council is responsible for keeping proper accounting records with respect to the Union's transactions and its assets and liabilities and for establishing and maintaining a satisfactory system of control over its accounting records, its cash holdings and all its receipts and remittances to enable him to ensure that the financial statements comply with the Trade Union and Labour Relations (Consolidation) Act 1992 (Amended). The Executive Council is also responsible for safeguarding the assets of the Union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Executive Council is aware:

- There is no relevant audit information of which the auditors are unaware
and
- The Executive Council have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

S. Woolley General Secretary
for and on behalf of the
Executive Council

6th May 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BAKERS FOOD AND ALLIED WORKERS' UNION FOR THE YEAR ENDED 31ST DECEMBER 2021

Opinion

We have audited the financial statements on pages 1 to 15 of Bakers, Food and Allied Workers Union (the 'Union') for the year ended 31 December 2021. 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 Union's affairs as at 31 December 2021 and of its 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 Trade Union and Labour Relations (Consolidation) Act 1992.

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 Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the executive council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Union's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the executive council with respect to going concern are described in the relevant sections of this report.

Other information

The executive council are responsible for the other information. The other information comprises the information included in the Annual Report of the Executive Council, other than the financial statements and our Auditors' report 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Union and its environment obtained in the course of the audit, we have not identified material misstatements in the Executive Council's report.

We have nothing to report in respect of the following matters which we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Union has not maintained a satisfactory system of control over its transactions; or

- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures within the form AR21 of Officers' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Executive Council

As explained more fully in the Executive Council's responsibilities statement on page 16, the executive council 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 executive council determine is 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 executive council are responsible for assessing the Union'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 executive council either intend to liquidate the Union 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 an Auditors' report 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.

Capability of the audit in detecting irregularities, including fraud

The objectives of our audit are to identify and assess the risks of material misstatement of the financial statements due to fraud or error; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud or error; and to respond appropriately to those risks.

Based on our understanding of the Trade Union, and through discussion with the executive council and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Trade Union Act 2016 and Labour Relations (Consolidation) Act 1992 (Amended). We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase income or reduce expenditure and management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed by the engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations (including health and safety) and fraud, and review of the reports made by management; and
- Assessment of identified fraud risk factors; and
- Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Reading minutes of meetings of those charged with governance and reviewing correspondence with relevant tax and regulatory authorities; and
- Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Council.
- Conclude on the appropriateness of the Executive Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Use of our report

This report is made solely to the Union's members, as a body, in accordance with the Trade Union and Labour Relations (Consolidation) Act 1992 (Amended). Our Audit work has been undertaken so that we might state to the Union's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Union and the Union's members as a body, for our audit work, for this report, or for the opinions we have formed.

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Kreston Reeves LLP
Chartered Accountants
& Statutory Auditors
Date: 6th May 2022

