



Treasurer's Report 2020

Contents

TREASURER'S STATEMENT 2020	iv
---	-----------

FINANCIAL PAGES

General Fund Income and Expenditure Account for the year ended 31st December 2020	1
Pension Fund Position and Expenditure Account for the year ended 31st December 2020	2
Political Fund Income and Expenditure Account for the year ended 31st December 2020	3
Benevolent Funds Income and Expenditure Account for the year ended 31st December 2020	4
Balance Sheet as at 31st December 2020	5
Notes to the Accounts for the year ended 31st December 2020	7
1 Accounting policies	7
2 Fixed assets	7
3 The Irish Union	8
4 Contingent Liabilities	8
5 Operating Lease Commitments	8
6 Pension costs	8
7 Reconciliation of Movement in Members' Funds	10
Schedules to the Accounts for the year ended 31st December 2020	11
i) Benefits, Grants and Legal Services	11
ii) Trade Unions and Other Affiliations	11
iii) Working Expenses and Other Outgoings	12
iv) Fixed Assets (a) Freehold Property	13
iv) Fixed Assets (b) Leasehold Property	14
v) Fixed Asset Investments	15
Statement of Executive Council Responsibilities for the year ended 31st December 2020	16
Independent Auditor's Report to the Members of The Bakers Food And Allied Workers' Union for the year ended 31st December 2020	17

Treasurer's Statement 2020

Conference,

2020 was one of the strangest, most difficult years we have seen as a trade union in living memory. Every aspect of the organisation has been impacted: membership and finances included. Over the following pages you will see the financial impact of the pandemic coupled with the impact of the pension scheme deficit, and whilst we have spent significantly less than during normal times (with not having the ability to travel and organise for the full year), we have incurred more legal costs and have also lost a significant amount of members due to redundancies resulting in a drop in income.

Overall, whilst expenditure has fallen £303,903, income has also fallen by £186,059. We have finished the year with a £90,733 surplus but this is clearly wiped out by the pension scheme deficit and, due to the year being exceptional, it isn't easy to compare with previous ones.

We are in for a tough couple of years. With membership, and therefore income, having been decreasing for years, difficult decisions will need to be made in order to protect our union's future. The Executive took the unprecedented decision not to increase contributions last year but this will inevitably have an impact on our finances if membership continues to fall.

At the beginning of 2020, a working party was established to look at union finances and propose ways to protect the union in the long term. Their recommendations, endorsed by the Executive Council, have supported the motions that were put forward for 2020 and have been submitted by the regions again around moving to Biennial Conference and reducing physical meetings, Branch Secretary Expenses and Executive Council numbers. With us now of having the ability to hold digital meetings, we know that we don't have to reduce the number of meetings – we can simply hold some of them online and still operate efficiently and effectively as a trade union. We can reduce expenditure and improve our ability to engage with more people as a result as – not all Branches have the ability to attend physical meetings.

The Executive Council is committed to keeping this union independent for generations to come and to increase engagement with the current and future membership. In order to do this, however, we need to increase our income and the only way to do this is by increasing our membership across the board, sharing best practice and learning new techniques to do so.

Sarah Woolley

General Secretary

On behalf of the Executive Council

THE BAKERS FOOD AND ALLIED WORKERS' UNION
GENERAL FUND INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2020

as restated 2019		Continuing activities 2020	
£	Income	£	£
2,534,954	Contributions from members		2,509,188
62,000	Legal income		7,940
20,000	Administration charge – Political Fund		20,000
30,641	Investment income		27,258
2,280	Rents receivable		2,520
2,684	Sundry commissions and other income		457
120,217	Increase (Decrease) in market value of investments		77,967
(18,681)	Profit/(Loss) on disposal of motor vehicles		(20,747)
24,755	Profit/(Loss) on disposal of investments		(14,887)
34,230	VAT recoveries		17,325
<u>2,813,080</u>			<u>2,627,021</u>
	Less Expenditure		
53,077	Benefits, Grants and Legal services (per Schedule I)	102,426	
124,225	Trade Unions and other affiliations (per Schedule II)	104,783	
2,662,889	Working expenses and other outgoings (per Schedule III)	2,329,079	
<u>2,840,191</u>	Total Expenditure		<u>2,536,288</u>
(27,111)	Surplus/(Deficit) for the Year		90,733
<u>1,606,662</u>	Amount of the General Fund at the beginning of the year		<u>1,579,551</u>
<u>1,579,551</u>	Amount of the General Fund at the end of the year		<u>1,670,284</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 2020**

as restated 2019		2020	
£	Change in defined benefit obligation	£	£
10,440,000	Benefit obligation at beginning of year	10,798,000	
170,000	Current service cost	168,000	
287,000	Interest cost	210,000	
369,000	Actuarial (gains)/losses	741,000	
(322,000)	Benefits paid	(343,000)	
(146,000)	Other	(429,000)	
10,798,000	Benefit obligation at end of year		11,145,000
Analysis of defined benefit obligation			
10,798,000	Plans that are wholly or partly funded		11,145,000
Change in plan assets			
6,044,000	Fair value in plan assets at beginning of year	6,376,000	
164,000	Interest income	122,000	
(18,000)	Administration expenses	(46,000)	
203,000	Employer contribution	259,000	
451,000	Return on assets excluding interest income	244,000	
(322,000)	Benefits paid	(343,000)	
(146,000)	Other	(429,000)	
6,376,000	Benefit obligation at end of year		6,183,000
(4,422,000)	Funded status – Net amount recognized		(4,962,000)
Amounts recognised in profit and loss account			
170,000	Current service cost	168,000	
18,000	Administration expenses	46,000	
123,000	Net interest	88,000	
311,000	Amount charged to P&L		302,000
369,000	Actuarial (gains)/losses immediately recognised	741,000	
369,000	Total pension cost recognised in the Pension Fund		741,000
(203,000)	Pension fund contributions paid for by General Fund		(259,000)
(451,000)	Return on assets excluding interest income		(244,000)
4,396,000	Deficit in scheme at beginning of year		4,422,000
4,422,000	Funded status of Pension Fund at the end of the year		4,962,000

THE BAKERS FOOD AND ALLIED WORKERS' UNION
POLITICAL FUND INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2020

2019		Continuing activities 2020	
£	Income	£	£
31,610	Contributions from members		31,003
<u>31,610</u>			<u>31,003</u>
	Less Expenditure		
24,678	Contributions to Labour parties, election funds etc.	21,583	
12,756	Conference and delegates' expenses, etc	1,454	
540	Promotional materials	–	
20,000	Administration charge – General Fund	20,000	
<u>57,974</u>	Total Expenditure		<u>43,037</u>
(26,364)	Surplus/(Deficit) for the Year		(12,034)
<u>61,742</u>	Amount of the Political Fund at the beginning of the year		<u>35,378</u>
<u>35,378</u>	Amount of the Political Fund at the end of the year		<u>23,344</u>

THE BAKERS FOOD AND ALLIED WORKERS' UNION
BENEVOLENT FUNDS INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2020

2019		Continuing activities 2020	
£	Income	£	£
5,479	Contributions from members		7,491
<u>5,479</u>			<u>7,491</u>
	Less Expenditure		
1,183	Benevolent grants	3,611	
1,507	Deputation payments (Region 7)	–	
455	Charitable donations	50	
151	Postage and other expenses	600	
<u>3,296</u>	Total Expenditure		<u>4,261</u>
2,183	Surplus/(Deficit) for the Year		3,230
<u>18,938</u>	Amount of Benevolent Funds at the beginning of the year		<u>21,121</u>
<u><u>21,121</u></u>	Amount of Benevolent Funds at the end of the year		<u><u>24,351</u></u>

North Eastern Social Fund Income and Expenditure
Account for the Year Ended 31st December 2020

		Continuing activities	
£	Income	£	£
–	Donations		–
<u>–</u>			<u>–</u>
	Less Expenditure		
425	Sundry payments	–	
<u>425</u>	Total Expenditure		<u>–</u>
(425)	Surplus/(Deficit) for the Year		–
<u>2,658</u>	Amount of Social Fund at the beginning of the year		<u>2,333</u>
<u><u>2,233</u></u>	Amount of Social Fund at the end of the year		<u><u>2,333</u></u>

THE BAKERS FOOD AND ALLIED WORKERS' UNION
BALANCE SHEET
AS AT 31ST DECEMBER 2020

as restated 2019		2020	
£	Funds	£	£
1,579,551	General Fund Reserve		1,670,284
	Benevolent Funds:		
13,071	No.3 Region	13,071	
3,036	No.5 Region	4,602	
5,014	No.7 Region	6,678	
<u>21,121</u>		<u>24,351</u>	
2,233	North Eastern Social Fund Reserve		2,233
35,378	Political Fund Reserve		23,344
(4,422,000)	Pension Fund Reserve		(4,962,000)
<u>(2,783,717)</u>		<u>(3,241,788)</u>	

Represented by:

Fixed Assets (per Schedule IV)

54,563	Freehold property	49,497	
4,234	Leasehold property	3,387	
427	Office furniture and equipment	662	
10,112	Computer equipment	9,799	
–	Motor cars	–	
<u>69,336</u>		<u>63,345</u>	
1,305,975	Investments (per Schedule V)		1,382,025
<u>1,375,311</u>		<u>1,445,370</u>	

Current Assets

81,252	Contributions receivable	67,638	
224,276	Other debtors and prepayments	182,565	
	Balances at bank (including Benevolent and Social Funds):		
13,071	Bank deposit accounts	13,071	
137,088	Bank current accounts	347,713	
913	Cash in hand	2,219	
<u>456,600</u>	Carried forward	<u>613,206</u>	<u>1,445,370</u>

THE BAKERS FOOD AND ALLIED WORKERS' UNION
BALANCE SHEET
AS AT 31ST DECEMBER 2020

as restated 2019		2020	
£		£	£
456,600	Brought forward	613,206	1,445,370
	Less: Current Liabilities		
193,628	Creditors and accruals	338,364	
253,548	Net Current Assets/(Liabilities)		274,842
1,638,283	Net Assets Excluding Pension Asset		1,720,212
(4,422,000)	Pension Asset/(Liability)		(4,962,000)
(2,783,717)	Net Assets Including Pension Asset/(Liability)		(3,241,788)

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

8th May 2020

THE BAKERS FOOD AND ALLIED WORKERS' UNION

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2020

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 furniture and equipment 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) Foreign currency monetary assets and liabilities are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the surplus or deficit for the year.
- j) 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 The Irish Union

The Union is associated with the Bakers, Food and Allied Workers' Union in the Republic of Ireland. The accounts for the Irish Union are not consolidated, as this Union remains a separate legal entity. The Irish Union accounts for its own transactions, assets and liabilities, and submits audited statutory accounts to the Certification Officer of the Republic of Ireland.

THE BAKERS FOOD AND ALLIED WORKERS' UNION

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2020

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:

	2020			2019		
	£	£	£	£	£	£
	Motor cars	Office equipment	Land and buildings	Motor cars	Office equipment	Land and buildings
Not later than one year	55,307	31,137	6,467	67,365	31,137	2,170
One to two years	32,917	16,587	6,467	33,650	16,587	–
Two to five years	6,796	509	3,233	9,135	509	–
The charge against income for the year was	91,498	31,137	6,053	95,104	31,137	4,340

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 less member contributions 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 for 20 years from 1 June 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 £356,000 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 2020

6 Pension costs (continued)

The results for the most recent formal actuarial valuation as at 31 December 2018 have been updated to 31 December 2020 by a qualified independent actuary. The assumptions used were as follows:

Significant actuarial assumptions	Year ended 31/12/20	Year ended 31/12/19
Discount rate	1.40%	2.00%
Retail prices inflation (RPI)	2.90%	2.70%
Consumer prices inflation (CPI)	2.40%	2.00%
Other actuarial assumptions		
Salary increases	1.90%	1.70%
Pension increases:		
Pre 88 GMP	2.10%	1.90%
Pre 1 June 2011	2.90%	2.70%
Post 31 May 2011	2.40%	2.00%
CARE revaluation:		
Active members	2.90%	2.70%
Deferred members	2.40%	2.00%
Revaluation of deferred pensions in excess of GMP	3.20%	3.10%

Demographic assumptions

Description	Year ended 31/12/20	Year ended 31/12/19
Mortality (pre-retirement)	As per post-retirement	As per post-retirement
Mortality (post-retirement)	S3PA CMI_2019 [1.00%] (yob) rated up by 1 year	S2PA CMI_2018 [1.00%] (yob) rated up by 1 year

Life expectancies (in years)

	Year ended 31/12/20		Year ended 31/12/19	
	Male	Female	Male	Female
Life expectancy for someone aged 65 in 2020	20.70	22.50	20.50	22.30
Life expectancy at age 65 for an individual aged 45 in 2020	21.70	23.60	21.50	23.50

THE BAKERS FOOD AND ALLIED WORKERS' UNION

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2020

6 Pension costs (continued)

Assets

The fair value of the assets of the Scheme were:

Asset Class	Year ended 31/12/20 Mkt value £'000	Year ended 31/12/19 Mkt value £'000
Equities/Growth Assets	4,775	5,334
Gilts	—	—
Liability driven investments	1,211	916
Trustee bank account	54	11
Sundry debtors & creditors	20	10
Owed to the Union	(20)	(20)
Insured annuities	143	115
	6,183	6,376

The return on the asset was:

Asset Class

Asset Class	£'000	£'000
Interest income	122	164
Return on assets less interest income	244	451
Total return on assets	366	615

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	2020 £	2019 £
Member's Funds Brought Forward (as restated)	(2,783,717)	(2,706,000)
Surplus/(Deficit) on General Fund	90,733	(27,111)
Movement ((deficit)/surplus) on Pension Fund Reserve	(540,000)	(26,000)
(Deficit)/surplus on Political Fund	(12,034)	(26,364)
(Deficit)/Surplus on Benevolent Funds	3,230	2,183
(Deficit)/Surplus on North Eastern Social Fund	0	(425)
Member's Funds Carried Forward	(3,241,788)	(2,783,717)

THE BAKERS FOOD AND ALLIED WORKERS' UNION
SCHEDULES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2020

2019		2020
£		£
	(I) Benefits, Grants and Legal Services	
2,513	Funeral grants	2,625
7,650	Free card grants	2,700
4,229	Sundry grants (members and charities)	6,359
10,752	Legal defence costs incurred in period	71,855
27,933	Sickness benefits	18,887
–	Unemployment benefits	–
<hr/> 53,077		<hr/> 102,426
	(II) Trade Unions and Other Affiliations	
34,150	IUF UITA IUL and EFFATT	32,768
16,533	GFTU	16,367
55,786	Trades Union Congress fees	51,469
3,840	Affiliation fees & contributions to industrial committees	4,179
13,916	Bakers, Food & Allied Workers Union' of the Republic of Ireland	–
<hr/> 124,225		<hr/> 104,783

THE BAKERS FOOD AND ALLIED WORKERS' UNION
SCHEDULES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2020

as restated 2019 £		2020 £
77,881	(III) Working Expenses and Other Outgoings	75,332
101,356	Collectors' commission	100,530
1,036,760	Branch secretaries	1,069,086
283,764	Salaries and National Insurance	229,997
62,000	Retirement Benefits Scheme contributions	56,000
145,376	Retirement Benefits Scheme admin costs	117,803
6,855	Car costs	2,629
71,752	Organising expenses	55,002
32,213	Rent, rates, light and heat	31,227
57,528	Insurances (including cars)	50,737
18,091	Repairs, maintenance and equipment leasing	16,186
25,700	Cleaning and miscellaneous	23,113
21,285	Telephone	11,214
28,211	Printing, stationery and publications	27,303
6,500	"FoodWorker" printing and distribution costs	5,000
10,696	Promotion	5,543
128,203	Postage	169,109
104,845	Computer expenses and website	22,116
27,041	Officials' and delegates' expenses	758
19,930	Health and Safety Expenses	5,848
32,661	Training	7,949
82,639	Expenses of Conference of the Union	3,835
50,150	Audit, accountancy and special services	51,703
51,485	Legal and professional expenses (non-member defences)	33,412
16,450	Bank charges and interest	15,495
17,608	Investment manager charges	16,063
14,391	Sickness and health insurance	15,583
114,764	VAT on above expenses	94,534
	Depreciation (Note 1c)	
5,118	Freehold properties	5,066
854	Office furniture and equipment	347
7,842	Computer equipment	9,712
2,092	Motor cars	—
848	Amortisation of leasehold property (Note 1c)	847
<u>2,662,889</u>		<u>2,329,079</u>

THE BAKERS FOOD AND ALLIED WORKERS' UNION
SCHEDULES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2020

	Stanborough £	Tottenham £	Cardiff £	Total £
(IV) Fixed Assets				
(a) Freehold Property				
Cost (Note 2)				
As at 1st January 2020	135,123	33,770	42,718	211,611
Additions	–	–	–	–
Disposals	–	–	–	–
As at 31st December 2020	<u>135,123</u>	<u>33,770</u>	<u>42,718</u>	<u>211,611</u>
Depreciation				
As at 1st January 2020	106,628	23,201	27,219	157,048
Charge for the year	3,537	675	854	5,066
Disposals	–	–	–	–
As at 31st December 2020	<u>110,165</u>	<u>23,876</u>	<u>28,073</u>	<u>162,114</u>
Net Book Value				
As at 31st December 2020	<u>24,958</u>	<u>9,894</u>	<u>14,645</u>	<u>49,497</u>
As at 31st December 2017	<u>28,495</u>	<u>10,569</u>	<u>15,499</u>	<u>54,563</u>

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 2020

(IV) Fixed Assets (continued)

(b) Leasehold Property

	Manchester £
Cost	
As at 1st January 2020 and 31st December 2020	33,884
Depreciation	
As at 1st January 2020	29,650
Charge for the year	847
As at 31st December 2020	30,497
Net Book Value	
As at 31st December 2020	3,387
As at 31st December 2017	4,234

	Office Equipment and Furniture £	Computer Equipment £	Motor Cars £
Cost			
As at 1st January 2020	89,895	388,947	–
Additions in year	582	9,400	24,145
Disposals/retirements in year	–	–	(24,145)
As at 31st December 2020	87,477	398,347	–
Depreciation			
As at 1st January 2020	86,468	378,835	–
Charge for the year	347	9,713	–
Depreciation on disposals/retirements	–	–	–
As at 31st December 2020	86,815	388,548	–
Net Book Value			
As at 31st December 2020	662	9,799	–
As at 31st December 2017	427	10,112	–

THE BAKERS FOOD AND ALLIED WORKERS' UNION
SCHEDULES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2020

as restated 2019 £		2020 £
(V) Fixed Asset Investments		
Quoted Investments		
1,348,900	Market value brought forward	1,305,675
660,643	Additions	830,340
(624,085)	Disposals	(832,257)
(200,000)	(Withdrawals)/deposits	–
120,217	Increase/(decrease) in market value	77,967
<u>1,305,675</u>	Market value carry forward	<u>1,381,725</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>1,305,975</u>	Total Fixed Asset Investments	<u>1,382,025</u>

THE BAKERS FOOD AND ALLIED WORKERS' UNION STATEMENT OF EXECUTIVE COUNCIL RESPONSIBILITIES FOR THE YEAR ENDED 31ST DECEMBER 2020

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

8th May 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BAKERS FOOD AND ALLIED WORKERS' UNION FOR THE YEAR ENDED 31ST DECEMBER 2020

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 2020. 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 2020 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

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 Executive Council's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Executive Council have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Union'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.

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 where the Trade Union and Labour Relations (Consolidation) Act 1992 requires us 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 internal audit; 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, reviewing internal audit reports 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.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

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.

Springfield House
Springfield Road
Horsham
West Sussex, RH12 2RG

Kreston Reeves LLP
Chartered Accountants
& Statutory Auditors
Date: 8th May 2019

