



# **UNITE THE UNION**

## **STATEMENT TO MEMBERS**

As required by the Trade Union and Labour Relations (Consolidation) Act 1992  
as amended by the Trade Union Reform and Employment Rights Act 1993

Comprising an extract from the annual accounts for the year ended 31 December 2009  
accompanied by a Statutory Declaration

### Review of 2009 to date

Three years after the formation of Unite, the industrial and political benefits of the merger between Amicus and the Transport and General Workers Union are clear for all to see. These benefits will be all the more valuable to members in the face of a Tory-led coalition government whose primary focus seems to be to cut public expenditure and, consequently, reduce front line public services and public sector employment and potentially jeopardising the fragile economic recovery.

From a financial perspective, in 2009, Unite recorded a £9,384,000 surplus out of income from members – a very significant improvement versus the surplus of £339,000 recorded in 2008. This improved performance primarily resulted from cost cutting efforts made by the Union in most areas of expenditure, especially by the former Amicus Section. Including Other Income (primarily interest and dividends), non-recurring items and taxation, in 2009, Unite recorded a surplus before accounting for its pension schemes of £8,662,000 – a vast improvement compared with the deficit of £28,114,000 recorded in 2008 which resulted from the writing down of the value of Unite's properties and investments as a result of the credit crunch recession.

However, in line with most organisations which sponsor final salary pension schemes, Unite's finances have been hit by a significant increase in the deficits of its various pension arrangements. Specifically, Unite's net pension liability increased from £52,099,000 at the end of 2008 to £137,325,000 at the end of 2009. This increase in the deficits of the various Unite pension schemes had the result of reducing the Union's net assets from £180,979,000 at the end of 2008 to £103,417,000 at the end of 2009 and the funding of these deficits will negatively impact Unite's cash flow for years to come. While Unite will have to cut costs further to offset the loss of membership and revenue as a consequence of the recession and to meet its pension obligations, it faces these problems from a position of considerable strength.

Savings derived from the integration and rationalisation of service departments and the officer force will continue to release resources for the organisation's vision for the future. This vision is comprised of three components.

Firstly, heavily resourced domestic organising and recruitment activity designed to exploit the membership potential in industrial areas where the Union already has a presence and a comprehensive drive to organise in developing sectors will aim to minimise the decline in our membership base during the recession and reverse it once economic growth has resumed.

Secondly, a proactive policy of pursuing international trade union mergers, which seeks to increase the Union's influence on employers and governments to improve the service we provide to our members. To this end we have signed an agreement with the USW, a union of over a million members in the US, Canada and the Caribbean, to form the first global union. Exploratory talks are already underway for further mergers with unions in Scandinavia, Australia, South America and Africa to continue this process.

Thirdly, a policy of enhancing Unite's influence politically both nationally and within the EU. While the result of the General Election will self evidently reduce Unite's influence with the current Government, the upcoming Labour Party leadership election and the renewal of the Labour Party more generally provide a tremendous opportunity to achieve the Union's aim of refocusing the Labour Party on workers' interests. If nothing else, the recession and the General Election results have proven that New Labour's wholesale adoption of laissez faire, unrestrained free market policies was simply wrong.

The Union's campaigns on pensions, manufacturing, affordable housing, employment rights and public services continue to resonate with working people and to influence government. Recent campaigns on rights for Agency and Temporary workers and on a fair tips policy have attracted considerable public support and eventual action by government to meet our demands.

The service provided by officers, employees and activists will continue to improve through the consolidation of departments and properties. Recognising the need to provide members with the ability to "fight back" against unscrupulous employers using the excuse of recession to attack members' wages, pensions and other terms and conditions, at its May 2009 meeting, Unite's Executive Council approved a 131% increase in the dispute benefit to £30 per day from Day 1 of a dispute. This level of support for members on strike against their employer is unprecedented in the British trade union movement.

Our free legal services for members and their unemployed family members continue to win for them millions of pounds in compensation every year. Our unique agreements with trade union solicitors enable us to provide a service unavailable to the general public that is better than any no win no fee alternative.

Recognising the strength and appeal of our Union is based on the quality of our volunteer activists, we will continue to build on the training and support services we provide to our people on the ground. Our first class education, research and communications services are now bigger and more comprehensive than ever before and stand ready to back up our activists and officers in their fight for better pay and conditions for our members.

In Unite we recognise that the struggle faced by working people in an increasingly globalised economy experiencing a worldwide recession is a very hard one. Everything we do in Unite is designed to ensure it is a struggle they do not face alone.

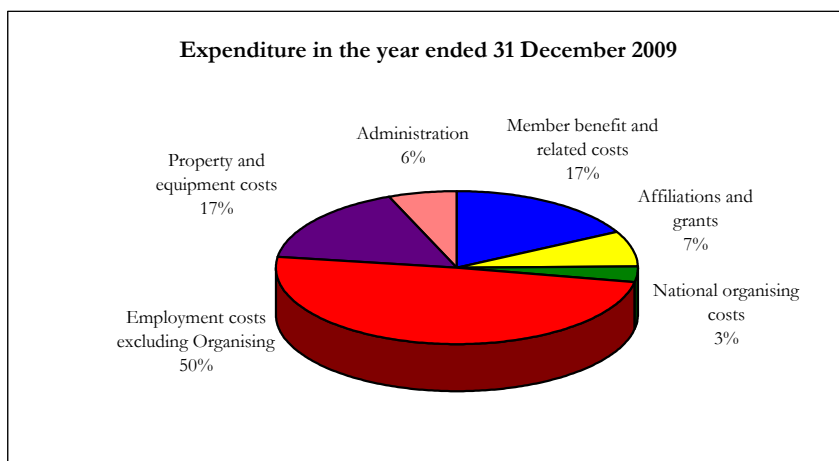
### Results for the year

The income and expenditure account of the Union for the year ended 31 December 2009 is set out on page 6. It is positive to note that the Union has recorded an operating surplus of £9,384,000 from income from members - a major improvement compared with the £339,000 surplus in 2008. One of the principles that the Union has set itself is to "live within its means" and to continue to be in positive territory only taking into account members' contribution income and without reliance on other income is an achievement, especially in the face of the onslaught of recession. This is also the basis upon which the financial strategy of the Union going forward over the next three year period is based.

In order to continue to generate a surplus from contribution income, the Union has undertaken a restructuring not just in respect of the number of employees but also locations, systems, methods of operation and procedures. At its meeting in May 2009, the Executive Council also approved the first increase in member contributions in three years at a rate less than the increase in average earnings over the period. While the EC recognised that the middle of a recession is not an ideal time to ask members to pay more, it was felt that the rise was justified in light of the industrial advantages provided by Unite for members and the hike in the level of dispute benefit which will allow members to better fight the battles they face daily.

As a consequence of the plunging stock markets values caused by the recession, Unite's net pension liability increased from £52.1 million to £137.3 million. This deterioration was in line with that experienced by other organisations which sponsor final salary pension plans. The worsening in the Union's net pension liability was the overriding reason why Unite's net assets fell from £181 million at the end of 2008 to £103.4 million at the end of 2009. The impact of FRS17 on the results of the Union is separately identified, principally because of the vast fluctuations that can take place on a year by year basis in respect of the FRS17 valuation. The feeling of the Union is that it is far better to separately identify this than have it distorting the operating position of the Union, which takes into account the actuarial valuations of the pension funds as opposed to the accounting based FRS17 numbers. However, the £137.3 million net pension liability calculated in accordance with FRS 17 is in line with the results of the recent actuarial valuations.

The pie chart set out below shows the make up of the expenditure of the Union in this year:



# UNITE THE UNION

## REPORT OF THE JOINT GENERAL SECRETARIES YEAR ENDED 31 DECEMBER 2009



Our biggest cost is in relation to our employees, who are also our greatest asset, the majority of who are serving the members on a day to day basis. Our employees cost accounts for 50% of the overall expenditure of the Union, with a further 17% of the expenditure going directly on member benefit related costs.

### **Membership**

Primarily as result of the loss of membership caused by the recession, Unite's overall membership fell to 1,572,995 at year end 2009 from 1,635,483 at year end 2008. Paying membership is expected to continue to decline until the recession abates, especially in the light of cuts announced by the Coalition Government in number of public sector jobs.

### **Balance Sheet**

The balance sheet of the Union is set out on page 8 and reflects our properties and investments at their realisable values. The considerable strength of the Union can immediately be seen by virtue of the fact that the overall net worth of the Union is in excess of £100 million. As noted above, this is down on last year end largely as a consequence of the increase in the net pension liability position.

### **The Future**

The country is gradually coming out of a horrific recession caused by "spivs and speculators" - otherwise known as bankers and other "masters of the universe" – which resulted in massive job losses and attacks on wages, pensions and terms and conditions. Members now face further attacks as the new Coalition Government slashes public expenditure resulting in job losses in the public sector and front line public services. Members face further risk as the reductions in public spending are being brought in too rapidly, thereby increasing the risk of a “double dip” recession. Unite is here to support its members in their struggle and has the financial strength as well as dedicated officers and staff to ensure that this is more than empty words. There are many challenges facing the Union and its members in the years ahead, not the least of which is the size of the Union's pension deficits. Our aim is to consolidate our position as the premier campaigning Union, not just in size, but in impact and influence. In doing so, we intend to live within our means and take the necessary steps to streamline the operations of the Union to the benefit of all our members. While the recession and now the threats posed by the new Coalition Government were neither anticipated nor a reason for the merger, it is clear that, as a consequence of the merger to form Unite, we are collectively stronger to face these challenges together.

**Derek Simpson**  
**Joint General Secretary**

**Tony Woodley**  
**Joint General Secretary**

Dated: 23 June 2010

# UNITE THE UNION

*Set out below is a report of the independent auditors to the members as contained in the accounts of the Union for the year ended 31 December 2009:*

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF UNITE THE UNION

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We have audited the accounts of Unite the Union for the year ended 31 December 2009 set out on pages 6 to 28. These accounts have been prepared under the accounting policies set out on pages 10 and 11.

This report is made solely to the members of the Union as a body. Our audit work has been undertaken so that we might state to the members of the Union those matters we are required to state to them in a report of the independent 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 Union and the members of the Union as a body, for our work, for this report, or for the opinion we have formed.

### **Respective responsibilities of the Union's Executive Council and auditors**

As described on page 4, the Executive Council are responsible for the preparation of the accounts, which have been prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view. We also report to you if, in our opinion, the Union has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read other information contained in the accounts and consider whether it is consistent with the audited accounts. This other information comprises only the Report of the Joint General Secretaries. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made in the preparation of the accounts, and of whether the accounting policies are appropriate to the Union's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

### **Opinion**

In our opinion the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Union as at 31 December 2009 and of its transactions for the year then ended.

### **H W Fisher & Company**

Chartered Accountants, Registered Auditor  
Acre House  
11-15 William Road  
London NW1 3ER  
United Kingdom  
Date: 23 June 2010

### **Hard Dowdy**

a trading style of Chantrey Vellacott DFK LLP  
Chartered Accountants, Registered Auditor  
23 - 28 Great Russell Street  
London WC1B 3NG  
United Kingdom  
Date: 23 June 2010

# UNITE THE UNION

## **EXTRACTED FROM THE FULL ACCOUNTS: COMBINED INCOME AND EXPENDITURE ACCOUNT YEAR ENDED 31 DECEMBER 2009**

	2009	2008
	£'000	(As restated) £'000
<b>Income from members</b>		
Contributions - General funds	132,153	135,597
Branch funds	7,100	7,193
Political funds	7,436	6,259
Superannuation funds	-	4
	<u>146,689</u>	<u>149,053</u>
<b>Expenditure</b>	<b>(137,305)</b>	<b>(148,714)</b>
<b>Surplus of income from members, made up of:</b>	<b>9,384</b>	<b>339</b>
Other income	2,239	2,094
Non-recurring items	(2,933)	(30,546)
Taxation	(28)	(1)
<b>Surplus/(deficit) for the year before FRS17</b>	<b>8,662</b>	<b>(28,114)</b>
FRS17 adjustment	3,860	9,584
<b>Surplus/(deficit) for the year</b>	<b>12,522</b>	<b>(18,530)</b>
Reserves at 1 January 2009	180,979	243,000
Additional fund balances	486	151
Pension schemes actuarial losses	(90,570)	(43,642)
<b>Combined funds at 31 December 2009</b>	<b>103,417</b>	<b>180,979</b>

## **BALANCE SHEET - COMBINED FUNDS AS AT 31 DECEMBER 2009**

	2009	2008
	£'000	(As restated) £'000
Tangible fixed assets	145,006	129,648
Investments	74,297	85,381
Current assets	48,393	51,424
Current liabilities	(26,954)	(19,451)
Total assets less current liabilities	<u>240,742</u>	<u>247,002</u>
Provisions for liabilities and charges	-	(13,924)
Net pension liability	(137,325)	(52,099)
	<u>103,417</u>	<u>180,979</u>
Financed by:		
General funds	83,101	162,708
Branch funds	13,568	13,311
Political funds	4,484	2,989
Superannuation funds	2,264	1,971
	<u>103,417</u>	<u>180,979</u>

# UNITE THE UNION

## STATUTORY DECLARATION

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We are required by the Trade Union and Labour Relations (Consolidation) Act 1992 (Amended) to include the following declaration in this statement to all members. The wording is as prescribed by the Act.

*"A member who is concerned that some irregularity may be occurring, or have occurred, in the conduct of the financial affairs of the union may take steps with a view to investigating further, obtaining clarification and, if necessary, securing regularisation of that conduct.*

*The member may raise any such concerns with such one or more of the following as it seems appropriate to raise it with: the officials of the union, the trustees of the property of the union, the auditor or auditors of the union, the Certification Officer (who is an independent officer appointed by the Secretary of State) and the police.*

*Where a member believes that the financial affairs of the union have been or are being conducted in breach of the law or in breach of rules of the union and contemplates bringing civil proceedings against the union or responsible officials or trustees, he should consider obtaining independent legal advice."*

Any member of the Union who wishes to obtain a copy of the full accounts for the year ended 31 December 2009 should write to Les Bayliss at King Street or Ed Sabisky at Unite, Holborn.

# UNITE THE UNION

## ANALYSIS OF OFFICIALS SALARIES AND BENEFITS FOR THE YEAR ENDED 31 DECEMBER 2009

	<u>Details</u>	<u>Amount £</u>
Derek Simpson - Joint General Secretary	Salary	97,027
	Pension contributions	26,292
	Other benefits	56,102
Tony Woodley - Joint General Secretary	Salary	96,149
	Pension contributions	17,307
	Other benefits	10,298

Members of the Executive Council are reimbursed for any expenditure incurred by them in the performance of their duties on behalf of the Union. They are also reimbursed for the loss of earnings whilst on Union business. In certain circumstances these amounts are reimbursed directly to the employer of the executive member. Certain members of the Joint Executive Council receive Delegation allowances and payments in their role as branch officers.

	<u>Loss of earnings</u>		<u>Loss of earnings</u>
	£		£
Ian Allinson	Nil	Andrew Johnston	Nil
Ray Bazeley	Nil	Sue Jopson	1,451
Sean Beatty	1,228	Jim Kendall	Nil
Robert Benjamin	1,471	Jane Lewis	Nil
David Bowyer	1,588	Dave Lovelidge	1,932
David Brady	837	Mark Lyon	1,674
Paul Brewster	Nil	Lizanne Malone	223
Davey Brockett	Nil	David Mathieson	1,004
Paula Burr	Nil	Martin Mayer	1,060
Tom Cashman	893	Ian McDonald	Nil
Willie Coleman	1,451	Jackie McDowall	1,507
John Cooper	1,451	Trevor McDowall	1,395
Louise Cousins	Nil	Stuart McGhie	Nil
Pat Coyne	1,728	Jaqueline McLeod	Nil
Steve Davison	Nil	Alan Mercer	Nil
Allyson Daykin	1,339	Ivan Monckton	2,455
Dave De Lacy	1,451	John Murphy	1,451
Roberta Doble	1,943	Mick Murphy	1,451
Elizabeth Donnelly	Nil	Jimmy Neill	Nil
Dave Dutton	Nil	Dave Nestor	Nil
Jennifer Elliot	781	Patrick Oliver	949
John Fitzpatrick	781	Chris Perrett	1,283
Alastair Fraser	Nil	Brenda Pleasants	1,562
Gill George	Nil	Mark Plumb	223
Mike Gibbons	558	David Ritchie	1,395
Steve Hibbert	Nil	Paulene Robson	1,451
Brian Holmes	1,116	Peter Russell	149
Sharon Hutchinson	1,284	Maggie Ryan	446
Glenn Jackson	134	Sue Sharp	Nil



# UNITE THE UNION

## ANALYSIS OF OFFICIALS SALARIES AND BENEFITS FOR THE YEAR ENDED 31 DECEMBER 2009

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(Continued)

	<u>Loss of earnings</u>		<u>Loss of earnings</u>
	£		£
Neil Sheehan	Nil	Jayne Taylor	1,451
John Sheridan	1,283	Monica Taylor	1,451
Michael Sherriff	Nil	Peter Taylor	2,223
Peter Simpson	Nil	Mark Thompson	1,228
David Smeeton	Nil	Agnes Tolmie	Nil
Bill Spiers	Nil	Howard Turner	1,290
Jane Stewart	Nil	Marie Vannet	1,228
Mickey Stewart	Nil	David Williams	1,395
John Storey	Nil	Frank Wood	Nil
Pat Stuart	1,116	Mark Wood	Nil
Mohammad Taj	893	Tony Woodhouse	2,623