

### Review of 2008 to date

Two 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. On the 1 May 2009, the transition period established by the Amalgamation Agreement ended, meaning that from now on Unite is one entity not an amalgam of two Sections. From a financial perspective, while Unite achieved a £339,000 surplus of income from members in 2008, the credit crunch recession had a significant detrimental effect on the value of Unite's properties and investments as well as considerably worsening the funded status of the union's various pension funds. However, despite writing down the value of its marketable securities and the properties it intends to sell to their market values as at year end, the financial position of Unite overall remains strong as demonstrated by the fact that its net assets remained in excess of £178 million. 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 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 merger with unions in Scandinavia, Australia, South America and Africa to continue this process.

Thirdly, a policy of enhancing Unite's influence politically. While a fair amount has been achieved already in terms of influence with the current Government, the upcoming General Election and the revival of the Conservative Party mean that the process of reclaiming the Labour Party for workers needs to be accelerated. If nothing else, the recession has proven that New Labour's wholesale adoption of laissez faire, unrestrained free market policies was simply wrong. We need to make sure that the Labour Party stands for fundamental re-regulation of the financial sector to ensure that the excesses of the past caused by the greed of bankers and other "masters of the universe" can never happen again and that future growth in the economy is built upon a sound basis of the quality products produced by hardworking men and women and not upon the growth of debt or financial speculation (which the bankers call "innovation").

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.

# UNITE THE UNION



## REPORT OF THE JOINT GENERAL SECRETARIES YEAR ENDED 31 DECEMBER 2008

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.

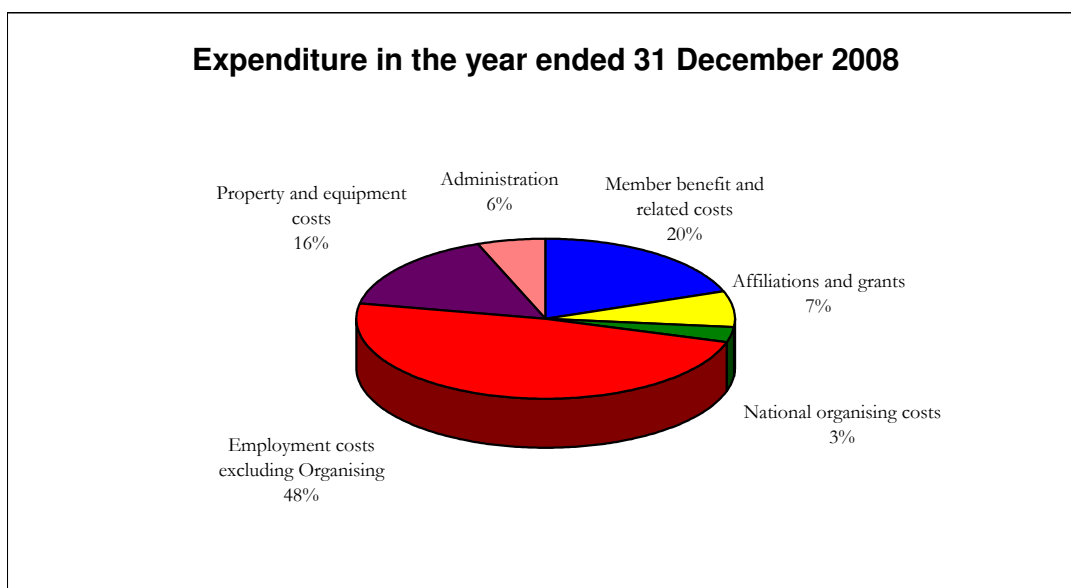
### Results for the year

The income and expenditure account of the Union for the year ended 31 December 2008 is set out on page 4. It is pleasing to note that the Union has generated an operating surplus of £339,000 from income from members. However, this favourable result was down significantly from the £5.6 million surplus in the final eight months of 2007 following the formation of Unite. 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, there will be need to be 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 and property values caused by the recession, Unite recorded an overall deficit for the period taking into account other income and non-recurring items, as well as the impact of FRS17, of £18.5 million. This was primarily the result of writing down all of the marketable securities as well as all properties designated as surplus to their market values as at 31 December 2008. 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.

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 2008



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 20% of the expenditure going directly on member benefit related costs.

### **Membership**

Primarily as result of actions taken to cleanse Unite's membership database, Unite's overall membership fell to 1,635,483 at year end 2008 from 1,952,226 at year end 2007. Paying membership, excluding database cleansing activities, is expected to continue to decline until the recession abates.

### **Balance Sheet**

The balance sheet of the Union is set out on page 5 and reflects our properties and investments at their realisable values. The immense 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 £178 million. As noted above, this is down on last year end largely as a consequence of writing down all marketable securities as well as all properties designated as surplus to their market values at year end as well as the impact to FRS17. At the current time, although the work of the scheme actuaries is ongoing, initial indications are that the triennial actuarial valuations are likely to reveal pension deficits which are significantly higher than those disclosed in accordance with FRS17 as at 31 December 2008. All future deficit reduction payments and contribution levels will be based on the results of the triennial actuarial valuations.

### **The Future**

Unite's members are facing a horrific recession caused by "spivs and speculators" – otherwise known as bankers and other "masters of the universe" – resulting in massive job losses and attacks on wages, pensions and terms and conditions. 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. As a consequence of the recession, there are many challenges facing the Union and its members in the years ahead. 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 current recession was 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: 17 June 2009

# UNITE THE UNION

## STATEMENT TO MEMBERS AS REQUIRED UNDER THE TRADE UNION AND LABOUR RELATIONS (CONSOLIDATION) ACT 1992 (AMENDED)

FOR THE YEAR ENDED 31 DECEMBER 2008

*EXTRACTED FROM THE FULL ACCOUNTS:*

### COMBINED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2008

	Year ended 31 December 2008 £'000	Period from 27 April to 31 December 2007 £'000
<b>Income from members</b>		
Contributions - General funds	135,597	93,278
Branch funds	7,193	4,524
Political funds	6,259	4,539
Superannuation funds	4	-
	<hr/>	<hr/>
	149,053	102,341
<b>Expenditure</b>	148,714	96,754
	<hr/>	<hr/>
<b>Surplus of income from members</b>	339	5,587
<b>Other income</b>	2,094	6,019
	<hr/>	<hr/>
	2,433	11,606
Non-recurring items	(30,546)	(4,938)
Taxation	(1)	(2)
	<hr/>	<hr/>
<b>Deficit for the year before FRS17</b>	(28,114)	6,666
FRS17 adjustment	9,584	786
<b>(Deficit)/surplus for the year</b>	<hr/>	<hr/>
	(18,530)	7,452
Reserves at 1 January 2008	240,580	228,989
Additional branch funds balances	151	300
Pension scheme actuarial (loss)/gain	(43,642)	3,839
	<hr/>	<hr/>
<b>Combined funds at 31 December 2008</b>	<hr/>	<hr/>
	178,559	240,580

# UNITE THE UNION

## STATEMENT TO MEMBERS AS REQUIRED UNDER THE TRADE UNION AND LABOUR RELATIONS (CONSOLIDATION) ACT 1992 (AMENDED) FOR THE YEAR ENDED 31 DECEMBER 2008

### EXTRACTED FROM THE FULL ACCOUNTS:

#### SUMMARY BALANCE SHEET - COMBINED FUNDS AS AT 31 DECEMBER 2008

	2008	2007
	£'000	£'000
Tangible fixed assets	129,648	136,527
Investments	85,381	104,787
Current assets	51,424	61,860
Current liabilities	(21,871)	(24,274)
Provisions for liabilities and charges	(13,924)	(19,737)
Net pension liability	(52,099)	(18,583)
	<u>178,559</u>	<u>240,580</u>
<b>Financed by:</b>		
General funds	162,708	225,901
Branch funds	10,891	10,099
Political funds	2,989	2,521
Superannuation funds	1,971	2,059
	<u>178,559</u>	<u>240,580</u>

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 2008 should write to Les Bayliss at King Street or Ed Sabisky at Unite, Holborn.

# UNITE THE UNION

## STATEMENT TO MEMBERS AS REQUIRED UNDER THE TRADE UNION AND LABOUR RELATIONS (CONSOLIDATION) ACT 1992 (AMENDED)

FOR THE YEAR ENDED 31 DECEMBER 2008

### ANALYSIS OF OFFICIALS SALARIES AND BENEFITS

FOR THE YEAR ENDED 31 DECEMBER 2008

	<u>Details</u>	<u>Amount £</u>
Derek Simpson - Joint General Secretary	Salary	97,027
	Pension contributions	26,779
	Other benefits	62,820
Tony Woodley - Joint General Secretary	Salary	93,815
	Pension contributions	16,347
	Other benefits	11,946

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 / Expenses</u>		<u>Loss of earnings / Expenses</u>	
	<u>£</u>		<u>£</u>
Ian Allinson	1,002	Allyson Daykin	1,928
Arthur Adshead	781	Pat D'Cruz	1,553
John Ayling	465	Dave De Lacy	4,307
Billy Ayre	635	Ged Dempsey	102
Paula Bartle	511	Roberta Doble	3,270
Ray Bazeley	1,342	Elizabeth Donnelly	1,027
Sean Beatty	1,442	Dave Dutton	89
Linda Beaven	Nil	Jennifer Elliot	2,933
Robert Benjamin	680	John Fitzpatrick	2,102
M Benkharmaz	50	Alastair Fraser	942
John Boughton	Nil	Pauline Frazer	529
David Bowyer	1,537	Gill George	Nil
Judy Box	624	Mike Gibbons	1,848
David Brady	1,201	Chris Green	589
Paul Brewster	487	David Harrison	1,071
Davey Brockett	688	Dennis Haynes	955
Tom Cashman	3,162	Margaret Hazell	160
Brian Cole	358	Simon Hemmings	386
Willie Coleman	2,939	Steve Hibbert	1,050
John Cooper	1,161	Brian Holmes	1,995
Louise Cousins	625	Graham Hunt	105
Pay Coyne	1,163	D Hutchinson	1,737
Steve Davison	2,391	Sharon Hutchinson	1,823

# UNITE THE UNION

## STATEMENT TO MEMBERS AS REQUIRED UNDER THE TRADE UNION AND LABOUR RELATIONS (CONSOLIDATION) ACT 1992 (AMENDED)

FOR THE YEAR ENDED 31 DECEMBER 2008

	£		£
Glenn Jackson	951	Maggie Ryan	1,591
Andrew Johnston	623	Brenda Sanders	1,928
Sue Jopson	1,422	Sue Sharp	314
Jim Kendall	286	David Shaw	161
John King	146	Neil Sheehan	329
Margaret Lawson	369	John Sheridan	3,439
Tony Lewington	54	Michael Sherriff	200
Jane Lewis	293	Peter Simpson	569
Dave Lovelidge	2,351	David Smeeton	786
Mark Lyon	2,778	Linda Somerville	86
Lizanne Malone	279	Bill Spiers	969
David Mathieson	7,889	Jane Stewart	488
Martin Mayer	2,104	Mickey Stewart	1,018
Ian McDonald	Nil	Patricia Stuart	5,023
Jackie McDowall	3,834	John Storey	275
Trevor McDowall	3,287	Mohammad Taj	2,087
Stuart McGhie	1,219	Jayne Taylor	1,437
Jaqueline McLeod	425	Monica Taylor	3,729
Mick McLoughlin	143	Peter Taylor	3,962
Alan Mercer	1,422	Meurig Thomas	271
Mick Millichamp	210	Mark Thompson	761
Tam Mitchell	579	Paul Tillbrook	569
Janet Moir	93	Agnes Tolmie	1,493
Ivan Monckton	5,523	Dave Trafford	25
Mick Murphy	3,390	Howard Turner	3,082
John Murphy	2,419	Iggy Vaid	643
Jimmy Neill	515	Marie Vannet	1,752
Dave Nestor	1,345	Malcom Vass	570
Patrick Oliver	2,680	Colin Walker	150
Brian Pemberton	803	Gordon Whitman	490
Chris Perrett	1,643	David Williams	2,428
Rod Pickford	504	Walter Wilson	77
Brenda Pleasants	3,455	Frank Wood	Nil
Mark Plumb	830	Mark Wood	406
Brian Rice	77	Tony Woodhouse	5,065
David Ritchie	2,941	Janet Young	589
Barrie Roberts	642		
Paulene Robson	2,946		
John Ruane	148		
Peter Russell	708		

# UNITE THE UNION

## STATEMENT TO MEMBERS AS REQUIRED UNDER THE TRADE UNION AND LABOUR RELATIONS (CONSOLIDATION) ACT 1992 (AMENDED)

FOR THE YEAR ENDED 31 DECEMBER 2008

### REPORT OF THE INDEPENDENT AUDITORS

*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 2008.*

#### **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF**

#### **UNITE THE UNION**

We have audited the accounts of Unite the Union for the ended 31 December 2008 set out on pages 6 to 27. 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

#### **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 2007 and of its transactions for the period then ended.

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

Chartered Accountants, Registered Auditor  
Acre House  
11-15 William Road  
London NW1 3ER  
United Kingdom  
Date: 17 June 2009

#### **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: 17 June 2009