



Financial Statements
Financial Statements for the
year ended 31st December 2021



General Secretary's Introduction

Colleagues,

It is a great honour for me to introduce GMB's annual accounts for the first time as General Secretary and Treasurer. I am pleased to report that despite the many challenges we have faced, your union remains financially stable. Together with the Central Executive Council, I am committed to upholding the strict policy of living within our annual income and maintaining an operating surplus in our annual accounts each year.

We have faced many challenges throughout the year, but through the loyalty of our members and the commitment of our activists, officers, and staff we have met them head on and provided unprecedented support for members while maintaining an operating surplus.

The Central Executive Council has worked hard and made the necessary decisions to ensure the finances of our union are protected and the future remains secure. I am grateful to them, our senior management, and our branches for the part they have played in controlling our cost base, which has allowed us to freeze the contribution rates paid by our members. This is always important but never more so than at a time when so many are suffering with the cost of living crisis. We remain committed to controlling our costs to ensure our resources remain focused on organising and supporting our members, the people who put their trust in us to make work better.

We are needed to organise and support our members in resolving the issues they have in their workplace. We are needed to train, mentor, and enable our activists to be effective in leading our members everywhere. We are needed to challenge the government of the day, who are hostile to our members and their rights, and to ensure that as the economy recovers, workers interests are not only protected but improved.

My thanks to all GMB colleagues for the tremendous work they have put in, not only from year to year but especially for their support in the last 12 months as we have faced unprecedented challenges. Their efforts in the face of the pandemic have been fantastic.

We are now moving forward to a more secure place where we can face the future with confidence. Together, we are building a better GMB.

Gary Smith

General Secretary & Treasurer

Statement of Comprehensive Income for the year ended 31st December 2021

General Fund

Notes	31 st December 2021	31 st December 2020	
	£'000	£'000	
INCOME			
2	Contributions	68,925	69,858
	Other Income	1,142	591
	70,067	70,449	
EXPENDITURE			
3	Branch Costs	7,115	7,337
4	Benefits	6,759	2,085
5	Affiliations	1,996	2,220
6	Conferences and Executive	863	287
7	Campaigns and Communications	1,446	1,150
8	Services	587	806
9	Administration	9,843	10,145
10	Employment Costs	39,760	38,244
	68,369	62,274	
	OPERATING SURPLUS FOR THE YEAR	1,698	8,175
11	Investment Income	871	1,108
	Realised Loss on Sale of Fixed Assets	-	(19)
	Gain on Revaluation of Investments to Fair Value	4,326	5,273
	Gain on Revaluation of Investment Properties to Fair Value	3,203	-
22	Provision Against Uncertain Debt Recovery Timing	-	(12,217)
18	Transfer to Members' Superannuation Fund	(165)	(163)
	9,933	2,157	
	SURPLUS FOR THE YEAR	9,933	2,157
OTHER COMPREHENSIVE INCOME/(EXPENSE)			
27c	Pension Scheme Actuarial Gain/(Loss)	30,152	(1,956)
	£40,085	£ 201	

Statement of Financial Position as at 31st December 2021

Notes	31 st December 2021	31 st December 2020
	£'000	£'000
ASSETS EMPLOYED		
FIXED ASSETS		
20 Freehold and Leasehold Property	41,354	38,077
20 Furniture and Computer Equipment	2,111	2,339
20 Motor Vehicles	195	164
21 Investments	55,623	49,589
	<u>99,283</u>	<u>90,169</u>
CURRENT ASSETS		
22 Debtors	3,085	2,994
Cash and Bank Balances	22,569	22,252
	<u>25,654</u>	<u>25,246</u>
LESS CURRENT LIABILITIES		
23 Creditors	(4,738)	(4,607)
	<u>20,916</u>	<u>20,639</u>
NET CURRENT ASSETS		
	120,199	110,808
TOTAL ASSETS BEFORE PENSION ASSET		
27c Net Pension Asset	41,092	9,744
	<u>£ 161,291</u>	<u>£120,552</u>
FINANCED BY:		
12 General Fund	142,931	102,846
13 Dispute Fund	115	115
14 Political Fund	952	1,238
15 Branch Commission Fund	11,644	10,996
16 MPO Reserve Fund	1,527	1,513
17 ASU Reserve Fund	34	34
18 Members' Superannuation Fund	572	572
19 Regional Benefit Funds	3,516	3,238
	<u>£161,291</u>	<u>£120,552</u>

Notes to Accounts

(1) STATEMENT OF ACCOUNTING POLICIES

Statement of Compliance

GMB is an independent Trade Union as listed by the Certification Officer for Trade Unions and Employers' Associations. The Registered Office is Mary Turner House, 22 Stephenson Way, London NW1 2HD.

The Union's financial statements have been prepared in compliance with applicable United Kingdom accounting standards, Financial Reporting Standard 102 (FRS 102), with the exception of the following:

- No Statement of Changes in Equity has been presented on the basis that further details have been provided in the notes which reconcile each fund.
- The future minimum lease commitments receivable have not been disclosed due to the time required to compile the information outweighing the perceived benefit.
- The remuneration of key management personnel has not been duplicated in the financial statements as it is already disclosed in the AR21.

These financial statements were approved for issue by the Union's Central Executive Council. They are presented in Sterling and rounded to the nearest £'000.

Going Concern

The financial statements are drawn up on the going concern basis which assumes the Union will continue in operational existence for the foreseeable future. Due consideration has been given to the working capital and cash flow requirements of the Union for at least 12 months from the date of signature on the accounts.

The Union, having reviewed both costs and operating structures, has budgeted for a surplus in 2022. The Central Executive Council are confident that through the strength and diversity of our membership, the Union's financial strength will be maintained.

On the basis of the above information, the members of the Central Executive Council consider it appropriate to prepare the Union's financial statements on the going concern basis.

Accounting Estimates

The preparation of the financial statements requires the Union's Central Executive Council to make reasonable and prudent judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the year. The key estimates are considered to be the valuation of investment properties and defined benefit pension schemes which are detailed in these accounting policies, and the uncertain nature of the timing of the recoverability of some debtors which are detailed in the appropriate note.

Provisions

Provisions are recognised and are included in the accounts only where the Union has a present obligation as a result of a past event and that amount can be reliably measured. The amount recognised is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Contributions

Contributions are shown in the financial statements on the basis of those amounts collected and due from members in respect of the year under review.

Depreciation

Depreciation is calculated so as to write off the cost of the following assets over their estimated useful lives as follows:

Leasehold Property	- 2% of cost less accumulated depreciation.
Freehold Property	- 2% of cost less accumulated depreciation excluding land.
Motor Vehicles	- To reflect their market value at 31st December each year.
Furniture and Equipment	- 15% of cost less accumulated depreciation.
Computer Equipment	- 33.3% of cost less accumulated depreciation.

Asset allocation

Fixed assets are shown at cost less depreciation as stated above and are not allocated to specific funds.

Taxation

Taxation for the year is chargeable on investment income and capital gains less provident benefits. There is no taxation charge for the year since provident benefits exceed the investment income and capital gains.

Deferred tax is provided on the liability method to take account of timing differences between the treatment of certain items for accounting purposes and their treatment for tax purposes. No deferred tax has been recognised in respect of the revaluation of listed investments to market value on the basis that sufficient provident benefits exist to cover the capital gains should the investments be sold.

Investments

Equity investments, held as fixed assets, are recognised at fair value at the reporting date. Any equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably are recognised at cost.

Investment properties

Certain of the Union's properties have been classified as investment properties. These have been valued at market value as determined either by a professional valuation or based on the assessment of value having regard to rental yields.

Any gains or losses recognised by way of revaluation to fair value, are recognised in the Statement of Comprehensive Income as Gain/(Loss) on Revaluation of Investments to Fair Value and Gain/(Loss) on Revaluation of Investment Properties to Fair Value. Where investments or investment properties are disposed of, any profit or loss on their disposal, being the difference between the proceeds of sale and the book value, are recognised in the Statement of Comprehensive Income as Realised Gain/(Loss) on Sale of Fixed Assets.

Legal costs

Only current billing for costs and disbursements are charged to these financial statements in respect of legal cases where the Union underwrites support for members as it is not possible to quantify any future liability which may arise in respect of this support.

Pension scheme

The Union operates a defined benefit pension scheme.

The amounts charged to the Statement of Comprehensive Income are the current service costs. Actuarial gains and losses are recognised immediately in Other Comprehensive Income.

The assets of the scheme are held separately from those of the Union in a separate trustee-administered fund. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis.

Operating leases

Rental payments in respect of operating leases are charged to the Statement of Comprehensive Income over the term of the lease.

Funds of the Union

The Union holds its reserves and has allocated these to a number of individual funds, the nature of which are noted below:

- The General Fund is the principal fund through which the Union's business is transacted and the balance of the funds held other than as specified in any other fund.
- The Dispute Fund is held for the purpose of recording the direct financial support to members in dispute in accordance with rule. Any costs incurred are met by way of a transfer from the General Fund each year.
- The Political Fund is held to record both the contributions from members who have elected to contribute, and the qualifying expenditure of the Union and the balance held. This fund is governed both by the rule book of the GMB and current Trade Union legislation.
- The Branch Commission Fund is held to record both the balances held, and the transactions relating to direct activities of the branches of the Union.
- The MPO and ASU Reserve Funds are funds relating to the former members of these unions, to be used for expenditure specific to their activity. These funds were established under the relevant Transfer of Engagements.
- GMB maintains the Members' Superannuation Fund for former members of the Amalgamated Society of Boilermakers, Shipwrights, Blacksmiths and Structural Workers Full Benefit Section under the terms of the merger agreement. This Fund is now closed.
- Regional Benefit Funds are local funds created through additional voluntary contributions from members of these funds in return for specific benefits.

Branches and Regions

The transactions of the branches and regions during the year are included in the funds as are the net assets held directly by them at the balance sheet date.

Notes

	31 st December 2021	31 st December 2020
	£'000	£'000
(2) CONTRIBUTIONS		
Members' Contributions (Note 28)	71,082	72,235
Less Allocated to Political Fund (Note 14)	(2,157)	(2,377)
	<u>£68,925</u>	<u>£69,858</u>
(3) BRANCH COSTS (Note 28)		
Branch Officers' Salaries and NI	56	52
Check-off Administration	282	311
Member Refunds	31	30
Allocated to Branch Commission Funds (Note 15)	6,746	6,944
	<u>£7,115</u>	<u>£7,337</u>
(4) BENEFITS		
Funeral	442	393
Disablement	-	-
Fatal Accident	15	7
National Weekly Accident	-	-
Retirement	2	3
Legal Expenses - Net	3,153	1,583
Convalescent Home Expenses	-	-
Hardship Grants	887	-
Allocated to Dispute Fund (Note 13)	2,260	99
	<u>£6,759</u>	<u>£2,085</u>
(5) AFFILIATIONS		
Trades Union Congress	1,501	1,751
Scottish Trades Union Congress	101	101
Irish Congress of Trade Unions	45	37
Trades Councils	4	2
Confederation of Shipbuilding and Engineering Unions	16	16
Public Services International	28	29
UNI Global Union	56	58
IndustriAll Global Union	23	30
International Union of Food and Allied Workers' Associations	43	45
Building and Woodworkers International	10	10
International Transport Workers' Federation	2	2
European Public Service Union	13	13
IndustriAll European Trade Union	14	14
European Federation of Food, Agriculture and Tourism Trade Unions	19	9
European Federation of Building and Woodworkers	10	10
European Transport Workers' Federation	7	7
UNI Global Union Europa	12	12
General Federation of Trade Unions	21	21
Institute of Employment Rights	8	3
CLASS	20	20
Labour Research Department	-	17
PIRC	15	-
Miscellaneous	28	13
	<u>£1,996</u>	<u>£2,220</u>

Notes	31 st December 2021	31 st December 2020
	£'000	£'000
(6) CONFERENCES AND EXECUTIVE		
Congress	174	34
Other Conferences	8	113
Central Executive Council	23	39
Regional Council and Committee Meetings	35	22
Industrial Conferences	1	5
Ballots and Elections	617	53
Delegates' Fees and Expenses	5	21
	<hr/>	<hr/>
	£863	£287
(7) CAMPAIGNS AND COMMUNICATIONS		
Publication and Mailing Costs	535	406
Donations and Grants	358	93
Campaigns and Demonstrations	122	103
Publicity	90	161
Merchandising	68	106
Recruitment	273	281
	<hr/>	<hr/>
	£1,446	£1,150
(8) SERVICES		
Education	64	170
Joint Industrial Councils	7	10
Negotiations	516	626
	<hr/>	<hr/>
	£587	£806
(9) ADMINISTRATION		
Computer Expenses	1,041	881
Audit and Other Professional Charges	353	544
Repairs to Premises and Equipment	521	526
Postage and Carriage	417	387
Telecommunications	745	915
Premises	2,990	2,826
Office Expenses	1,108	1,325
Car Expenses	1,528	1,500
Depreciation	1,140	1,241
	<hr/>	<hr/>
	£9,843	£10,145
(10) EMPLOYMENT COSTS		
Salaries	28,714	29,462
Testimonials and Retirement Costs	1,323	513
Employer's Pension - Service Cost	8,481	6,746
Employer's Pension - Other Costs	980	1,264
Employer's NI on Cars and Other Benefits	252	250
Personnel Costs	10	9
	<hr/>	<hr/>
	£39,760	£38,244

Notes	31 st December 2021	31 st December 2020
	£'000	£'000
(11) INVESTMENT INCOME		
Equities	355	452
Unquoted Investments	67	61
Bank and Other Interest	-	3
Rent Received	634	798
Bank Charges	(185)	(206)
	£871	£1,108
(12) GENERAL FUND		
Surplus for period	40,085	201
Balance at start of period	102,846	102,645
	£142,931	£102,846
Full provision for the net pension asset as detailed in note 27 has been made.		
(13) DISPUTE FUND		
Allocated from General Fund (Note 4)	2,260	99
Less Strike Benefit:		
London	(362)	-
Southern	(356)	2
Yorkshire and North Derbyshire	(252)	-
Birmingham and West Midlands	(308)	-
Northern	(80)	-
Wales and South West	(153)	(1)
Midlands and East Coast	(89)	-
Scotland	(455)	(87)
North West and Irish	(205)	(13)
	(2,260)	(99)
Result for period	-	-
Balance at start of period	115	115
	£115	£115

Notes

	31 st December 2021	31 st December 2020
	£'000	£'000
(14) POLITICAL FUND		
Income		
Members' Contributions (Note 2)	<u>2,157</u>	<u>2,377</u>
Expenditure		
Labour Party Affiliation	(1,160)	(1,160)
Labour Party By-Election Insurance Fund	(1)	(1)
Local Affiliations	(36)	(60)
TULO	(45)	(45)
Labour Party Conference	(134)	(8)
Meetings and Speakers	(2)	(6)
Labour Party Funding	(234)	(41)
Labour Party Ballot and Election Costs	(14)	(90)
Other Political Expenditure	(17)	(9)
Admin Apportionment	(800)	-
	<u>(2,443)</u>	<u>(1,420)</u>
(Deficit)/Surplus for period	(286)	957
Balance at start of period	1,238	281
Balance at end of period	<u><u>£952</u></u>	<u><u>£1,238</u></u>

Notes

	31 st December 2021	31 st December 2020
	£'000	£'000

(15) BRANCH COMMISSION FUNDS**Income**

Allocated from General Fund (Note 3)	6,746	6,944
Investment Income	1	3
Miscellaneous Income	109	143
	<hr/>	<hr/>
	6,856	7,090

Expenditure

Branch Officials' Honoraria	(3,019)	(2,987)
Affiliations	(27)	(23)
Conferences and Executive	(6)	(19)
Campaigns and Communications	(609)	(505)
Services	(2,094)	(1,439)
Administration	(453)	(405)
	<hr/>	<hr/>
	(6,208)	(5,378)

Surplus for period	648	1,712
Balance at start of period	10,996	9,284
	<hr/>	<hr/>
Balance at end of period	<u>£11,644</u>	<u>£10,996</u>

(16) MPO RESERVE FUND**Income**

From Members	<hr/> 14	<hr/> 16
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Expenditure

	<hr/> -	<hr/> -
Surplus for period	14	16
Balance at start of period	1,513	1,497
	<hr/>	<hr/>
Balance at end of period	<u>£1,527</u>	<u>£1,513</u>

(17) ASU RESERVE FUND**Income**

From Members	<hr/> -	<hr/> -
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Expenditure

	<hr/> -	<hr/> -
Result for period	-	-
Balance at start of period	34	34
	<hr/>	<hr/>
Balance at end of period	<u>£34</u>	<u>£34</u>

Notes

	31 st December 2021	31 st December 2020
	£'000	£'000

(18) MEMBERS' SUPERANNUATION FUND**Income**

Transfer from General Fund	165	163
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Expenditure

Members' Superannuation Benefit	(147)	(160)
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Administration Expenses	(18)	(3)
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	(165)	(163)
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Result for period	-	-
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Balance at start of period	572	572
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Balance at end of period	£572	£572
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An actuarial valuation of the Members' Superannuation Fund at 31st December 2020 showed a deficit of £766k.

Membership of this Fund originated from the Boilermakers' Section only and the Fund is now closed.

During the year, benefit was paid to 2,188 retired members (2020: 2,372)

(19) REGIONAL BENEFIT FUNDS**Income**

From Members	75	83
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Investment Income	26	27
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Realised Gain on Sale of Investments	37	13
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Gain on Revaluation of Investments to Fair Value	228	189
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	366	312
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Expenditure

Benefits	(25)	(23)
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Administrative Expenses	(63)	(23)
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	(88)	(46)
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Surplus for period	278	266
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Balance at start of period	3,238	2,972
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Balance at end of period	£3,516	£3,238
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Notes

(20) TANGIBLE FIXED ASSETS

	Freehold & Leasehold Property	Investment Property	Furniture & Computer Equipment	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Net book/market value					
At 1st January 2021	30,487	7,590	2,339	164	40,580
Additions at cost	637	-	370	24	1,031
Fair Value Adjustment	-	3,203	-	-	3,203
	31,124	10,793	2,709	188	44,814
Disposals at book value	-	-	-	(14)	(14)
	31,124	10,793	2,709	174	44,800
Depreciation for period	(563)	-	(598)	21	(1,140)
At 31st December 2021	£30,561	£10,793	£2,111	£195	£43,660

(21) INVESTMENTS

	31st December 2021	31st December 2020
	£'000	£'000
Listed Investments		
Equities and Other Quoted Investments	508	410
Managed Funds	23,939	22,303
Trade Union Unit Trust	22,177	19,649
Gilts	18	17
British Municipal Stocks and Loans	1	1
	46,643	42,380
Unlisted Investments		
GMB Credit Union	718	714
Other Investments	76	76
Unity Trust Bank plc	8,186	6,419
	8,980	7,209
Total Investments	£55,623	£49,589

Notes	31 st December 2021	31 st December 2020
	£'000	£'000
(22) DEBTORS		
Contributions Receivable	1,290	1,271
Other Debtors and Prepayments	14,012	13,940
	<hr/>	<hr/>
	15,302	15,211
Less Provision	(12,217)	(12,217)
	<hr/>	<hr/>
	<u>£3,085</u>	<u>£2,994</u>

Included in Other Debtors and Prepayments is an amount of £12.22m (2020 £12.22m) due from UnionLine. See note 26 for details.

Due to the uncertain nature of the timing of the recoverability of the UnionLine loan, which is long-term funding, the Union has taken a decision to create a provision against this debt in keeping with its responsibility to make judgements and estimates that are reasonable and prudent.

(23) CREDITORS		
Trade Creditors	(458)	(402)
Payroll Creditors	(1,029)	(1,113)
Other Creditors	(174)	(112)
Accrued Charges and Deferred Income	(3,077)	(2,980)
	<hr/>	<hr/>
	<u>£(4,738)</u>	<u>£(4,607)</u>

(24) COMMITMENTS - OPERATING LEASES

Property

At 31st December 2021 the Union had total commitments under non-cancellable operating leases of £917,687 (2020 £1,115,995), £422,068 (2020 £429,160) payable within one year, £495,619 (2020 £648,173) payable within two to five years and £nil (2020 £38,662) payable after five years.

Other Commitments

At 31st December 2021 the Union had total commitments under non-cancellable operating leases of £3,578,922 (2020 £1,194,932), £1,176,829 (2020 £561,178) payable within one year, £2,402,093 (2020 £633,754) payable within two to five years and £nil (2020 £nil) payable after five years.

(25) CONTINGENT LIABILITIES

The Union underwrites legal support to members. The costs of these cases are accounted for in accordance with the accounting policies of the Union.

There were no other contingent liabilities at 31st December 2021 or 31st December 2020.

Notes

(26) RELATED PARTY TRANSACTIONS**UnionLine**

At 31st December 2021, the Union was a 50% equity partner in GMB/CWU Legal LLP, which is the sole beneficial partner of Trade Union Legal LLP, trading as UnionLine.

At 31st December 2021, the Union had made an unsecured loan of £7.01m (2020 £7.01m) to the LLP at a commercial rate of interest.

The total amount outstanding, including accrued interest, as at 31st December 2021 was £7.78m (2020 £7.78m).

At 31st December 2021, £4.44m (2020 £4.44m) was due to the Union in relation to previous charges for staff and administration costs.

During the year the Union made a capital contribution to UnionLine amounting to £1.852m to meet their working capital requirements. The Union takes the view that this is not recoverable and has written the full amount off to the Statement of Comprehensive Income in the year.

Ethical Threads Ltd

At 31st December 2021, the Union held an interest in 50.5% of the voting share capital of the company.

(27a) GMB 1961 PENSION FUND

The Union operates a defined benefit scheme in the UK which provides both pensions in retirement and death benefits to members. Pension benefits are related to the members' final salary at retirement and their length of service.

The Fund is a registered scheme under UK legislation and is subject to the scheme funding requirements outlined in UK legislation.

The Fund was established from 24th January 1961 under trust and is governed by the Fund's current Trust Deed and Rules dated 1st November 2014. The Trustees are responsible for the operation and the governance of the Fund, including making decisions regarding the Fund's funding and investment strategy in conjunction with the Union.

On 31st December 2020, the Unity 1993 Scheme merged into the Fund. At the merger date, the Unity Scheme's assets and liabilities represented only around 1% of the Fund.

The most recent formal actuarial valuation of the Fund was as at 31st December 2018 and revealed a funding deficit of £19.4m. In the Recovery Plan dated 17th December 2019, the Union agreed to pay £3.929m per annum from 1st January 2020 until 31st December 2020, increasing by RPI+ 1% per annum from January 2021, with a view to eliminating the shortfall by 31st December 2021.

In accordance with the Schedule of Contributions dated 17th December 2019, the Union is expected to pay contributions of approximately £10.7m over the next accounting period. This includes around £4.2m deficit contributions and around £6.5m based on a rate of 25.8% for the accrual of benefits (including an additional allowance for expenses) on an expected pensionable salary roll of £25m.

The valuation of the Unity 1993 Scheme as at 31st December 2018 revealed a funding deficit of £42k which was paid off in a single lump sum in January 2020. As per the Schedule of Contributions dated 29th January 2020, no contributions were payable in 2021 in respect of the Scheme.

The contributions paid by the Union are reviewed every three years as part of each formal actuarial valuation. The Fund is currently undergoing an actuarial valuation as at 31st December 2021.

The contribution payments by the Union include an allowance for ongoing administration expenses and the lump sum death in service benefits.

The liabilities of the Fund are based on the current value of expected benefit payment cashflows to members of the Fund over approximately the next 60 years. The average duration of the liabilities is approximately 16 years.

The value of the liabilities at the reporting date have been estimated by updating the results of the actuarial valuation as at 31st December 2018 to allow for the passage of time, the accrual of new benefits for active members, benefits paid out of the Fund, actual inflationary experience and changes in actuarial assumptions.

Notes

**(27a) GMB 1961 PENSION FUND
(Continued)**

On 31st December 2020, the liabilities of the Unity 1993 Scheme were transferred into the Fund. The Unity Scheme liabilities were calculated by updating the results of the actuarial valuation as at 31st December 2018 to allow for the passage of time, benefits paid out of the Fund, actual inflationary experience and changes in actuarial assumptions.

Such an approach is normal for the purposes of accounting disclosures. It is not expected that these projections will be materially different from a summation of individual calculations at the accounting date, although there may be some discrepancy between the actual liabilities for the Fund at the accounting date and those included in the disclosures.

A full actuarial valuation of the Fund was carried out as at 31st December 2018 and has been updated to 31st December 2021 by a qualified independent actuary. The major assumptions used by the actuary were as follows:

	At 31/12/2021	At 31/12/2020
Discount rate	1.80%	1.20%
Rate of inflation (RPI)	3.30%	2.80%
Rate of inflation (CPI)	2.90%	2.30%
Rate of salary increase:	3.30%	2.80%
Rate of increase to pensions in payment:		
RPI max 5%	3.20%	2.70%
RPI max 2.5%	2.20%	1.90%
CPI	2.90%	2.30%
Cash commutation	90% of maximum permitted on current terms	90% of maximum permitted on current terms
Assumed life expectancies (in years) on retirement at age 65 are:		
Retiring today - Males	20.2	20.2
Retiring today - Females	22.5	22.4
Retiring in 20 years time - Males	21.5	21.5
Retiring in 20 years time - Females	23.9	23.8

Notes

(27a)

GMB 1961 PENSION FUND (Continued)

The assets in the Fund:	Value at 31/12/2021 £'000	Value at 31/12/2020 £'000
Equities (including property)	242,858	216,099
Gilts	304,058	215,134
Bonds	85,379	95,972
Cash	3,938	11,552
Alternatives/Multi-asset	(137,167)	(65,141)
Fair value of Fund assets	<u>499,066</u>	<u>473,616</u>
	2021	2020
The actual return on assets over the period was:	<u>32,867</u>	<u>46,430</u>

The amounts recognised in the statement of financial position are as follows:

	As at 31/12/2021 £'000	As at 31/12/2020 £'000
Present value of funded obligations	(457,974)	(463,872)
Fair value of Fund assets	499,066	473,616
Surplus in funded scheme	<u>41,092</u>	<u>9,744</u>

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

	Year end 31/12/2021 £'000	Year end 31/12/2020 £'000
Benefit obligation at beginning of year	463,872	417,872
Current service cost	8,481	6,746
Interest cost	5,465	8,212
Contributions by employees	1,938	1,965
Actuarial (gain)/loss	(2,924)	40,065
Benefits paid	(18,858)	(16,537)
Business combinations	-	5,549
Benefit obligation at end of year	<u>457,974</u>	<u>463,872</u>

Notes

(27a)

GMB 1961 PENSION FUND (Continued)**Reconciliation of opening and closing balances of the fair value of the Fund assets:**

	Year end 31/12/2021 £'000	Year end 31/12/2020 £'000
Fair value of Fund assets at beginning of year	473,616	426,744
Interest income on Fund assets	5,639	8,484
Return on assets, excluding interest income	27,228	37,946
Contributions by employer	10,483	10,484
Contributions by employees	1,938	1,965
Benefits paid	(18,858)	(16,537)
Fund administrative cost	(980)	(1,077)
Business combinations	-	5,607
Fair value of Fund assets at end of year	<u>499,066</u>	<u>473,616</u>

Remeasurement of the net defined benefit liability:

	31/12/2021	31/12/2020
Actuarial (gains)/losses on the liabilities	(2,924)	40,065
Return on assets, excluding interest income	(27,228)	(37,946)
Business combinations	-	(58)
Total remeasurement of the net defined benefit liability	<u>(30,152)</u>	<u>2,061</u>

The amounts recognised in other comprehensive income:

	31/12/2021	31/12/2020
Service cost	8,481	6,746
Fund administrative cost	980	1,077
Net interest on the net defined benefit liability	(174)	(272)
Total expense	<u>9,287</u>	<u>7,551</u>

Notes

(27b) UNITY (1993) RETIREMENT BENEFITS SCHEME

On 31st December 2020, the Unity (1993) Retirements Benefit Scheme merged into the GMB 1961 Pension Fund. From 31st December 2020 therefore, the assets and liabilities of the Scheme were included within the assets and liabilities of the GMB 1961 Pension Fund (Note 27a).

The figures shown below are for comparative purposes only.

The major assumptions used by the actuary were as follows:

	At 31/12/2021	At 31/12/2020
Discount rate	n/a	1.2%
Revaluation in deferment	n/a	2.3%
Pension increases: Post 88 GMP	n/a	3.0%
Pre 97 excess over GMP	n/a	5.0%/0.0%
Post 97 pre 99 pension	n/a	5.0%/2.7%
Post 99 pension	n/a	2.7%
Assumed life expectancies (in years) on retirement at age 65 are:		
Retiring today - Males	n/a	20.1
Retiring today - Females	n/a	22.4
Retiring in 20 years time - Males	n/a	21.5
Retiring in 20 years time - Females	n/a	24.0

The assets in the Fund:

	Value at 31/12/21 £'000	Value at 31/12/20 £'000
Equities	-	-
Property	-	-
Bonds	-	-
Cash/Other	-	-
Total	-	-

The actual return on assets over the period was:

2021	2020
-	107

The amounts recognised in the statement of financial position are as follows:

	As at 31/12/2021 £'000	As at 31/12/2020 £'000
Present value of funded obligations	-	-
Fair value of Fund assets	-	-
Net surplus in the statement of financial position	-	-

Notes

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

	As at 31/12/2021 £'000	As at 31/12/2020 £'000
Benefit obligation at beginning of year	-	5,484
Current service cost	-	-
Past service cost	-	-
Interest cost	-	107
Actuarial (gain)/loss: assumptions	-	200
experience	-	(16)
Benefits paid	-	(226)
Business combinations	-	(5,549)
Benefit obligation at end of year	<u>-</u>	<u>-</u>

Reconciliation of opening and closing balances of the fair value of the Fund assets:

Fair value of Fund assets at beginning of year	-	5,443
Return on assets	-	107
Contributions by employer	-	43
Benefits paid	-	(226)
Actuarial gain on assets	-	240
Business combinations	-	(5,607)
Fair value of Fund assets at end of year	<u>-</u>	<u>-</u>

Remeasurement of the net defined benefit liability:

Actuarial (gains)/losses on the liabilities	-	(56)
Return on assets, excluding interest income	-	(107)
Business combination	-	58
Total remeasurement of the net defined benefit liability	<u>-</u>	<u>(105)</u>

The amounts recognised in other comprehensive income:

Service cost	-	-
Past service cost	-	-
Fund administrative cost	-	38
Net interest on the net defined benefit liability	-	107
Total expense	<u>-</u>	<u>145</u>

(27c) PENSION RECONCILIATION**The amounts recognised in the statement of financial position:**

GMB 1961 Pension Fund (Note 27a)	41,092	9,744
Unity (1993) Retirement Benefits Scheme (Note 27b)	-	-
Net surplus in the statement of financial position	<u>41,092</u>	<u>9,744</u>

The amounts recognised in other comprehensive income:

GMB 1961 Pension Fund (Note 27a)	30,152	(2,061)
Unity (1993) Retirement Benefits Scheme (Note 27b)	-	105
	<u>30,152</u>	<u>(1,956)</u>

Summary of Income and Branch Expenditure by Region for year ended 31st December 2021

Notes

	London	Southern	Yorkshire and North Derbyshire	Birmingham and West Midlands
	£'000	£'000	£'000	£'000
(28) INCOME				
Contributions (Note 2)	10,913	9,810	6,873	6,567
EXPENDITURE (Note 3)				
Branch Officers' Salaries and NI	10	16	2	3
Check-off Administration	28	21	16	21
Member Refunds	3	3	3	5
Allocated to Branch Commission Funds	1,045	981	662	583
	1,086	1,021	683	612
Transferred to Region	£9,827	£8,789	£6,190	£5,955
Membership 31st December 2021	84,008	79,094	57,413	49,085
Membership 31st December 2020	89,584	81,776	60,834	50,801

Northern	Wales and South West	Midlands and East Coast	Scotland	North West and Irish	Total
£'000	£'000	£'000	£'000	£'000	£'000
6,309	7,870	6,679	7,685	8,376	71,082
7	7	4	6	1	56
22	22	21	85	46	282
1	8	3	3	2	31
697	672	611	722	773	6,746
727	709	639	816	822	7,115
£5,582	£7,161	£6,040	£6,869	£7,554	£63,967
56,191	63,706	53,194	58,399	70,037	571,127
61,324	67,448	56,124	59,639	74,377	601,907

Cash Flow Statement for the year ended 31st December 2021

	31 st December 2021 £'000	31 st December 2020 £'000
Cash flows from operating activities		
Surplus/(deficit) for the financial year on:		
General Fund	40,085	201
Dispute Fund	-	-
Political Fund	(286)	957
Branch Commission Fund	648	1,712
MPO Reserve Fund	14	16
ASU Reserve Fund	-	-
Members' Superannuation Fund	-	-
Regional Benefit Funds	278	266
	<u>40,739</u>	<u>3,152</u>
Adjustments for:		
Depreciation	1,140	1,241
(Gain)/loss on sale of assets	(37)	6
Gain on investments at fair value	(4,554)	(5,462)
Gain on investment properties at fair value	(3,203)	-
Bank and other interest received	(1)	(6)
Investment income	(897)	(1,132)
Loans advanced	-	500
Impairment loss on investments	1,852	-
(Increase)/decrease in debtors	(91)	157
Increase in creditors	131	163
Increase in provisions	-	12,217
Decrease in pension liability	(31,348)	(913)
Net cash generated from operating activities	<u>3,731</u>	<u>9,923</u>
Cash flows from investing activities		
Proceeds from sale of tangible fixed assets	14	1,291
Purchases of tangible fixed assets	(1,031)	(1,130)
Proceeds from sale of investments	126	147
Purchases of investments	(1,569)	(613)
Loans advanced	-	(500)
Capital contribution	(1,852)	-
Bank and other interest received	1	6
Investment income	897	1,132
Net change in mortgages	-	127
Net cash (used in)/from investing activities	<u>(3,414)</u>	<u>460</u>
Net cash increase in cash and cash equivalents	317	10,383
Cash and cash equivalents at beginning of year	22,252	11,869
Cash and cash equivalents at end of year	<u>£22,569</u>	<u>£22,252</u>
Components of cash and cash equivalents		
Cash and bank	<u>22,569</u>	<u>22,252</u>
	<u>£22,569</u>	<u>£22,252</u>

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

List of Properties as at 31st December 2021 – at Cost less Depreciation

	31 st December 2021	31 st December 2020
	£'000	£'000
Aberdeen	77	78
Billingham	183	187
Blackburn	96	98
Bolton	76	77
Bristol	253	258
Cardiff	2,695	2,749
Cheadle Hulme	440	449
Chelmsford	93	94
Chessington	157	160
Dublin	1,378	1,403
Dundee	454	462
Edinburgh	267	271
Euston	6,744	6,817
Glasgow	4,439	4,467
Hainault	3,200	3,243
Halesowen	911	928
Hanley (Properties)	1,724	1,739
Hastings	476	486
Hayes	271	235
Heckington	129	131
Hendon	1,360	1,384
Hove	1,156	1,178
Hull	412	420
Islington	819	832
Kilmarnock	148	151
Leicester	400	406
Lincoln	36	36
Liverpool	665	677
London	549	-
Newcastle Upon Tyne	2,881	2,939
Nottingham	1,134	1,154
Oldham	244	248
Peterborough	318	324
Preston	36	37
Reading	362	369
St Helens	41	42
Sheffield	663	675
Southampton	151	153
Southend-on-Sea	4	4
Sunderland	666	655
Wakefield	815	830
Welling	138	140
York	38	39
Revaluation Reserve on Investment Properties	4,255	1,052
	<hr/> <hr/>	<hr/> <hr/>
	£ 41,354	£ 38,077

Report of the Auditors to the Members of the GMB

Statement of Central Executive Council's Responsibilities

Trade union law requires the Central Executive Council (CEC) to prepare an annual report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice for each financial year, which give a true and fair view of the state of affairs of the Union and of the surplus or deficit of the Union for that period. In preparing those financial statements, the CEC is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Union will continue to operate.

The CEC is also responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Union and to enable them to ensure that the financial statements comply with relevant United Kingdom Generally Accepted Accounting Practice and the Trade Union and Labour Relations (Consolidation) Act 1992. It 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 and must also establish and maintain a satisfactory system of control over its accounting records, its cash holdings and all its receipts and remittances.

Report of the General Member Auditors

We have examined the financial statements in accordance with Rule.

P Gregson
C Hyman
D Kempson

} **General Member Auditors**

Independent Auditor's Report to the Members of the GMB

Opinion

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 result 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.

We have audited the financial statements of GMB (the 'Union') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 Auditor's 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 UK, including the FRC's Ethical Standard, and we have fulfilled our 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 audit opinion.

Independence

We are independent of the Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Central 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 Central Executive Council with respect to going concern are described in the relevant sections of this report.

Other Information

The Central Executive Council is responsible for the other information. The other information comprises the information included in the General Secretary's Introduction to the 2021 Financial Statements, other than the financial statements and our auditor's 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

We have nothing to report in respect of the following matters to which the Trade Union and Labour Relations (Consolidation) Act 1992 requires us to report to you if, in our opinion:

- proper accounting records have not been kept in accordance with the requirements; or
- the Union has not maintained a satisfactory system of controls over its transactions in accordance with the requirements; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Central Executive Council

As explained more fully in the Statement of the Central Executive Council's Responsibilities, the Central Executive Council is 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 Central Executive Council determines 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 Central Executive Council is 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 Central Executive Council either intend to liquidate the Union or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements, including how fraud may occur by enquiring of management of its own consideration of fraud. In particular, we looked at where management made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also considered potential financial or other pressures, opportunity and motivations for fraud. As part of this discussion we identified the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations and how management monitor these processes. Appropriate procedures included the review and testing of manual journals and key estimates and judgements made by management.

We gained an understanding of the legal and regulatory framework applicable to the Union and the industry in which it operates, drawing on our broad sector experience, and considered the risk of acts by the Union that were contrary to these laws and regulations, including fraud.

We also completed the following procedures:

- Performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- In addressing the risk of fraud through management override of controls, we tested journal entries and other adjustments for inappropriate or unusual journals outside of our expectations, as well as for any significant transactions outside the normal course of business, taking into consideration the scope for management to manipulate financial results;
- Assessed the appropriateness of key estimates and judgements made by management and challenged the assumptions used in accounting estimates. We considered the key estimates to be the valuation of the defined benefit pension scheme liability and the carrying value of the Union's assets.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed 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 are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Councils website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to GMB, as a body, in accordance with the provisions of the Trade Union and Labour Relations (Consolidation) Act 1992. Our audit work has been undertaken so that we might state to the Union those matters we are required to state to them in an auditor's 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 as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP, statutory auditor
London, UK

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Appendices

Benefits Paid year ended 31st December 2021

	£'000
COST	
Weekly Accident Benefit 6 claims were met	-
Funeral Benefit 1,185 claims were met	442
Legal Expenses The amount recovered during the period under review on behalf of members injured in accidents totalled £ 22,499,184	3,153
Fatal Accident Benefit 1 Occupational and 1 Non-Occupational claims were met	15
Disablement 0 claims were met	-
	3,610
Dispute Benefit	2,260
Education	64
	£ 5,934

Membership and Contributions

Year	Total Membership	Female Membership included in total	Total Branch Contributions £'000
2012	613,384	297,637	60,241
2013	617,064	302,935	61,535
2014	625,643	309,622	63,235
2015	622,596	304,531	65,287
2016	617,213	303,029	66,469
2017	614,494	303,467	67,509
2018	615,558	305,473	68,798
2019	608,929	304,661	71,146
2020	601,907	302,134	72,235
2021	571,127	287,436	71,082

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