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# FORM AR27

**Trade Union and Labour Relations (Consolidation) Act 1992**

## ANNUAL RETURN FOR AN EMPLOYERS' ASSOCIATION

Name of Employers' Association:	West Midlands Employers
Year ended:	31 <sup>st</sup> March 2014
List No:	CO/ <del>1587E</del> /1/98 254E
Head or Main Office:	West Midlands Employers PO Box 16725 (Sandwell Council House) Oldbury West Midlands B69 9FH
Website address (if available)	<a href="http://www.wmemployers.org.uk">www.wmemployers.org.uk</a>
Has the address changed during the year to which the return relates?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> (Tick as appropriate)
General Secretary:	Helen Riley
Contact name for queries regarding the completion of this return:	Sharon Phillips
Telephone Number:	0845 352 7012
e-mail:	s.phillips@wmemployers.org.uk

**PLEASE FOLLOW THE GUIDANCE NOTES IN THE COMPLETION OF THIS RETURN.  
Any difficulties or problems in the completion of this return should be directed to the Certification Office as below or by telephone to: 020 7210 3734**

**The address to which returns and other documents should be sent are:**

**For Employers' Associations based in England and Wales:  
Certification Office for Trade Unions and Employers' Associations  
22<sup>nd</sup> Floor, Euston Tower, 286 Euston Road, London NW1 3JJ**

**For Employers' Associations based in Scotland:  
Certification Office for Trade Unions and Employers' Associations  
Melrose House, 69a George Street, Edinburgh EH2 2JG**



# RETURN OF MEMBERS

(see note 9)

NUMBER OF MEMBERS AT THE END OF THE YEAR				
Great Britain	Northern Ireland	Irish Republic	Elsewhere Abroad (including Channel Islands)	TOTALS
41				41

## OFFICERS IN POST

(see note 10)

Please attach as an annexe to this form a complete list of all officers in post at the end of the year to which this form relates, with the title of each persons office.

## CHANGE OF OFFICERS

Please complete the following to record any changes of officers during the twelve months covered by this return.

Title of Office	Name of Officer ceasing to hold office	Name of Officer Appointed	Date of Change
Chairman of WME	WMC Chairman; Cllr P Atkins	Cllr Roger Phillips	19.07.14

**WEST MIDLANDS EMPLOYERS**

**REO REVENUE ACCOUNT**

**For the year ended 31 March 2014**

	2014	2013
	£	£
<b>INCOME</b>		
Levies and APS subscriptions receivable	287,494	640,889
Training & Events revenue	31,275	11,505
Consultancy fees	352,697	240,670
Bank interest	5,894	10,289
Corporate income (project fees)	-	31,530
Service Level Agreements and Management Fees	51,529	118,447
CAY Pension Recharges**	53,072	-
Other income (sponsorship & sale of assets)	<u>7,510</u>	<u>12,828</u>
	789,471	1,066,158
<b>EXPENDITURE</b>		
Staff costs	329,136	679,273
FRS17 pension adjustment for the year in respect of LGPS - SPF	(123,000)	(7,000)
CAY Pension Costs**	53,072	-
Pension scheme service cost	154,000***	-
Consultancy costs	230,714	132,114
Travel and subsistence	7,357	7,813
Establishment expenses	32,000	364,651
ICT & office equipment expenses	2,136	9,626
Professional fees	10,000	28,281
Copying, stationery and postage	5,367	38,225
Publishing and marketing materials	3,004	999
Meetings and hospitality	13,170	1,157
CEEP/NARE & Other subscriptions	3,735	2,767
Bad debts	4	-
Depreciation of fixed assets	-	15,448
Communication costs	2,791	-
WMES work programme	-	734
LGRF/NARE Networks	<u>-</u>	<u>4,770</u>
	<u>(723,486)</u>	<u>(1,278,858)</u>
<b>Surplus/(deficit) on operational activities before exceptional items and finance costs</b>	65,985	(212,700)
<b>Exceptional items</b>		
Redundancy costs (special reserve)	-	(45,292)
Birmingham CC Termination Liability	-	106,642
Additional levies (for WMiE debt)	-	304,511
Write-off of WMiE debt	-	(78,272)
WMPF Liability (June 11 to March 14)	-	(352,160)*
Recharge of WMPF Liability	<u>-</u>	<u>352,160</u>
	<u>-</u>	<u>287,589</u>
<b>Subtotal c/fwd</b>	65,985	74,889

\*Local Authorities' pension contributions to WMPF for the period June 2011 to March 2014

\*\*Local Authorities' pension contributions to WMPF/SPF for Compensated Added Years (CAY) fees for 2013-14

\*\*\* This includes PLT staff representing a salary cost of £281k not included in the REO Revenue Account

**WEST MIDLANDS EMPLOYERS**

**REO REVENUE ACCOUNT – CONT**

**For the year ended 31 March 2014**

	2014	2013
	£	£
<b>Subtotal b/fwd</b>	65,985	74,889
<b>Exceptional items (continued)</b>		
FRS 17 adjustment for WMPF Supplemental agreement contribution***	280,000	248,000
Transitional costs (see note 2)	(316,767)	-
Levies for WMC Liabilities	249,583	-
Release of WMC accruals and project funds	<u>40,853</u>	<u>-</u>
	253,669	248,000
<b>Other finance costs</b>		
Expected return on LGPS assets		
– WMPF	712,000	687,000
– SPF	22,000	16,000
Interest on LGPS liability		
– WMPF	(788,000)	(818,000)
– SPF	<u>(24,000)</u>	<u>(13,000)</u>
	(78,000)	(128,000)
	<u>241,654</u>	<u>194,889</u>
<b>SURPLUS FOR THE YEAR FROM WME ACTIVITES</b>	241,654	194,889
<b>DEFICIT FOR THE YEAR FROM CLG-WM</b> (see page 8)	<u>(219,357)</u>	<u>-</u>
<b>CONSOLIDATED SURPLUS FOR THE YEAR</b>	<u>22,297</u>	<u>194,889</u>

**ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND**  
(see notes 17 to 18)

**REVENUE ACCOUNT**

**CENTRE FOR LOCAL GOVERNMENT – WEST MIDLANDS (CLG-WM)**

*For the year ended 31 March 2014*

	£	2014 £	£	2013 £
<b>INCOME</b>				
Services Subscriptions		172,100		-
Liability Subscriptions		27,235		-
Other Income		<u>3,966</u>		<u>-</u>
			203,301	-
<b>EXPENDITURE</b>				
Salaries		216,180		-
Severance & PILON on closure		198,000		-
Travel and subsistence		5,076		-
Establishment		<u>3,402</u>		<u>-</u>
			(422,658)	-
<b>MOVEMENT IN FUNDS FOR THE YEAR</b>				
			(219,357)	-
Transfer from Designated Reserves*			219,357	-
<b>UNEXPENDED FUNDS AT 31 MARCH 2013</b>				
			<u>-</u>	<u>-</u>
<b>UNEXPENDED FUNDS AT 31 MARCH 2014</b>				
			<u>-</u>	<u>-</u>

## ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND

(see notes 17 to 18)

### REVENUE ACCOUNT

#### WEST MIDLANDS STRATEGIC MIGRATION PARTNERSHIP

For the year ended 31 March 2014

		2014		2013
	£	£	£	£
<b>INCOME</b>				
UKBA (Home Office) Grant receivable	135,000		135,000	
Migrant Health Funds	<u>3,500</u>		<u>-</u>	
	138,500			135,000
<b>EXPENDITURE</b>				
Salaries	93,283		89,351	
Travel and subsistence	955		1,369	
Meetings and hospitality	2,220		345	
Establishment	1,014		13,086	
Direct costs health	12,484		3,625	
Events	8,345		-	
Telephones and printing	1,214		757	
Migrant Health Costs	<u>491</u>		<u>-</u>	
	(120,007)			(108,533)
<b>MOVEMENT IN FUNDS FOR THE YEAR</b>				
	18,493			26,467
Transfer from / (to) General Reserves	7,521			(22,071)
<b>UNEXPENDED FUNDS AT 31 MARCH 2013</b>	<u>26,467</u>			<u>22,071</u>
<b>UNEXPENDED FUNDS AT 31 MARCH 2014</b>	<u><u>52,481</u></u>			<u><u>26,467</u></u>

**Note:**

The balance of £52,481 comprises Home Office Funds of £22,351 which has been set aside as a designated reserve to cover potential severance costs for the project; a grant underspend of £11,636 from 2012/13; and a grant underspend of £15,485 from 13/14. The balance of £3,009 is Migrant Health funds carried forward to complete a work programme in 2014/15.

In 2014 this project is being transferred to Birmingham City Council and all Home Office funds held on account with WME will either be returned to Home Office or transfer with the project.

**BALANCE SHEET AS AT 31 March 2014**

(see notes 19 and 20)

Previous Year		£	£
	<b>Fixed Assets</b> (as at page 11)		-
	<b>Investments</b> (as per analysis on page 13)		
	Quoted (Market value £            )		-
	Unquoted		-
	<b>Total Investments</b>		-
	<b>Other Assets</b>		
	Income receivable	276,237	
	Cash at bank and in hand	1,314,888	
	Stocks of goods		
	Others (specify)		
	<b>Total of other assets</b>	1,591,125	
	<b>TOTAL ASSETS</b>		1,591,125
	<b>Liabilities</b>		
	Loans		
	Bank overdraft		
	Special Projects	753,559	
	Sundry creditors	128,380	
	Accrued expenses	220,414	
	Pension scheme obligations	4,988,000	
	Other liabilities	39,273	
	<b>TOTAL LIABILITIES</b>		(6,129,627)
	<b>TOTAL ASSETS</b>		(4,538,502)

## FIXED ASSETS ACCOUNT

(see note 21)

	Land & Buildings	Fixtures & Fittings	Motor Vehicles & Equipment	Total
	£	£	£	£
<b>COST OR VALUATION</b>				
At start of period		50,000		50,000
Additions during period				
Less: Disposals during period		(14,165)		(14,465)
Less: DEPRECIATION:				
Total to end of period		35,535		35,535
<b>BOOK AMOUNT</b> at end of period		-		-
Freehold				
Leasehold (50 or more years unexpired)				
Leasehold (less than 50 years unexpired)				
<b>AS BALANCE SHEET</b>		-		-



# ANALYSIS OF INVESTMENTS

(see note 22)

		Other Funds £
<b>QUOTED</b>	British Government & British Government Guaranteed Securities	
	British Municipal and County Securities	
	Other quoted securities (to be specified)	
	TOTAL QUOTED (as Balance Sheet)	
	*Market Value of Quoted Investments	
<b>UNQUOTED</b>	British Government Securities	
	British Municipal and County Securities	
	Mortgages	
	Other unquoted securities (to be specified)	
	TOTAL QUOTED (as Balance Sheet)	
	*Market Value of Unquoted Investments	

\* Market value of investments to be stated where these are different from the figures quoted in the balance sheet

# ANALYSIS OF INVESTMENT INCOME (CONTROLLING INTERESTS)

(see notes 23 to 25)

<b>Does the association, or any constituent part of the association, have a controlling interest in any limited company?</b>		<input type="checkbox"/>	<input type="checkbox"/> NO
If YES name the relevant companies:			
COMPANY NAME	COMPANY REGISTRATION NUMBER (if not registered in England & Wales, state where registered)		
<b>INCORPORATED EMPLOYERS' ASSOCIATIONS</b>			
<b>Are the shares which are controlled by the association registered in the association's name</b>		<input type="checkbox"/> YES	<input type="checkbox"/> NO
If NO, please state the names of the persons in whom the shares controlled by the association are registered.			
COMPANY NAME	NAMES OF SHAREHOLDERS		
<b>UNINCORPORATED EMPLOYERS ASSOCIATIONS</b>			
<b>Are the shares which are controlled by the association registered in the names of the association's trustees?</b>		<input type="checkbox"/> YES	<input type="checkbox"/> NO
If NO, state the names of the persons in whom the shares controlled by the association are registered.			
COMPANY NAME	NAMES OF SHAREHOLDERS		

# SUMMARY SHEET

(see notes 26 to 35)

	All funds except Political Funds £	Political Funds £	Total Funds £
<b>INCOME</b>			
From Members	789,484	-	789,484
From Investments	-	-	-
Other Income (including increases by revaluation of assets)	2,061,871	-	2,061,871
<b>Total Income</b>	2,851,355	-	2,851,355
<b>EXPENDITURE</b> (including decreases by revaluation of assets)			
<b>Total Expenditure</b>	(1,249,058)	-	(1,249,058)
<b>Funds at beginning of year</b> (including reserves)	(6,140,799)		(6,140,799)
<b>Funds at end of year</b> (including reserves)	(4,538,502)		<del>6,538,502</del> 4
<b>ASSETS</b>			
Fixed Assets			-
Investment Assets			-
Other Assets			1,591,125
		<b>Total Assets</b>	1,591,125
<b>LIABILITIES</b>			
		<b>Total Liabilities</b>	(6,129,627)
<b>NET ASSETS (Total Assets less Total Liabilities)</b>			(4,538,502)

# NOTES TO THE ACCOUNTS

(see note 36)

All notes to the accounts must be entered on or attached to this part of the return.

## 1 Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The main accounting policies are as follows:

### (a) Going Concern

At the end of 2013-14 WME ceased the CLG-WM service and put in place plans to novate hosted projects to new accountable bodies; this now enables the organisation to focus on its primary role as the Regional Employers' Organisation (REO) for the West Midlands.

WME REO has successfully completed the first of a 3 year business plan with a modest surplus to help underpin future year activity; and the 31 councils in membership in 2013-14 remain in membership to March 2016 as none submitted a notice to terminate by 31 March 2014. Further revisions to the constitution and governance arrangements will be approved at the AGM to reflect recent organisational changes and to ensure financial management of WME remains robust.

The WMC special reserves put in place to ensure WME can meet any legacy liabilities that arise as a result of past WMC activity have come into play in the year and a WMC Liability Reserve remains in place for other potential future liabilities.

Therefore, whilst there has been further organisational changes as detailed in the Review of the Year, it is considered that West Midlands Employers is a going concern.

### (b) Fixed assets and depreciation

Tangible fixed assets are stated at cost, less depreciation. Depreciation is provided at rates designed to write off the costs, less estimated residual values of the assets over their expected useful lives. The bases adopted are as follows:

Expenditure on office furniture and equipment - straight line over 10 years  
Expenditure on computer equipment- straight line over 3 years

### (c) Operating leases

Rentals charged on operating leases relating to property and office equipment are written off to the Revenue Account over the period of the lease.

### (d) Pension costs and liabilities

The amount charged to the Revenue Account as part of staff costs in respect of the defined benefit pension scheme comprises current and past service costs. The interest costs and the expected returns on scheme assets are shown as other finance costs within the Revenue Account. Actuarial gains and losses are recognised within the Statement of Total Recognised Gains and Losses.

Pension assets are measured at fair value and pension liabilities are measured on an actuarial basis using the projected unit basis. Full actuarial valuations are obtained on a triennial basis and updated at each balance sheet date in the intervening years. The defined benefit pension asset or liability is presented separately on the balance sheet.

In 2011-12 WMC ceased to act as an employing body and executed a TUPE transfer of staff to Staffordshire County Council. WME (and WMC) therefore now has a liability to the West Midlands Pension Fund "WMPF" for past pension liabilities (being administered under a Supplemental Agreement) and to the Staffordshire Pension Fund "SPF" for ongoing pension commitments.

**(e) Special projects**

In seeking to meet its objectives, WME manages various projects. The income and expenditure relating to these projects is not reflected within these accounts other than the financial contributions made by or to WME from these projects.

# ACCOUNTING POLICIES

(see notes 37 and 38)

## SIGNATURES TO THE ANNUAL RETURN

(see notes 39 and 40)

including the accounts and balance sheet contained in the return.

Secretary's Signature: <u>Helen Riley</u>	Chairman's Signature: <u>Roger Phillips</u> (or other official whose position should be stated)
Name: Helen Riley, Host CEO	Name: Cllr Roger Phillips
Date: <u>04/09/2014</u>	Date: <u>08/09/14</u>

## CHECK LIST

(see note 41)

(please tick as appropriate)

IS THE RETURN OF OFFICERS ATTACHED? (see Page 3)	YES	✓	NO	
HAS THE RETURN OF CHANGE OF OFFICERS BEEN COMPLETED? (see Page 3)	YES	✓	NO	
HAS THE RETURN BEEN SIGNED? (see Note 38)	YES	✓	NO	
HAS THE AUDITOR'S REPORT BEEN COMPLETED (see Note 39)	YES	✓	NO	
IS A RULE BOOK ENCLOSED? (see Note 40)	YES	✓	NO	
HAS THE SUMMARY SHEET BEEN COMPLETED (see Notes 6 and 25 to 34)	YES	✓	NO	

# AUDITOR'S REPORT

(see notes 42 to 47)

made in accordance with section 36 of the Trade Union and Labour Relations (Consolidation) Act 1992.

1. In the opinion of the auditors or auditor do the accounts they have audited and which are contained in this return give a true and fair view of the matters to which they relate?  
(See section 36(1) and (2) of the 1992 Act and notes 43 and 44)

YES

If "No" please explain below.

2. Have the auditors or auditor carried out such investigations in the preparation of their audit report as will enable them to form an opinion as to:
- (a) whether the trade union has kept proper accounting records in accordance with section 28 of the 1992 Act;
  - (b) whether it has maintained a satisfactory system of control over its transactions in accordance with the requirements of that section; and
  - (c) whether the accounts to which the report relates agree with the accounting records?
- (See section 36(3) of the 1992 Act, set out in note 43)

YES

If "No" please explain below.

3. Are the auditors or auditor of the opinion that the union has complied with section 28 of the 1992 Act and has:
- (a) kept proper accounting records with respect to its transactions and its assets and liabilities; and
  - (b) established and maintained a satisfactory system of control of its accounting records, its cash holding and all its receipts and remittances.
- (See section 36(4) of the 1992 Act set out in note 43)

YES

If "No" please explain below.

4. Please set out a copy of the report made by the auditors or auditor to the union on the accounts to which this AR27 relates. The report is to set out the basis upon which the audit has been conducted and/or such other statement as the auditor considers appropriate. Such a statement may be provided as a separate document.  
(See note 45)

**AUDITOR'S REPORT** *(continued)*  
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**  
**WEST MIDLANDS EMPLOYERS**

We have audited the financial statements of West Midlands Employers for the year ended 31 March 2014 set out on pages 6 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

**Respective responsibilities of the WME Full Member Body and the auditors**

As explained more fully in the Statement of WME Full Member Body responsibilities set out on page 1, the Full Member Body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether accounting policies are appropriate to West Midlands Employers' circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Full Member Body; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Management Board to identify material inconsistencies with the audited financial statements, and identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of West Midlands Employers' affairs as at 31 March 2014 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Trade Union and Labour Relations (Consolidation) Act 1992.



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

**WEST MIDLANDS EMPLOYERS - continued**

**Matters on which we are required to report by exception**


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

- proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- a satisfactory system of control over transactions has not been maintained throughout the year; or
- we have not received all the information and explanations we require for our audit.

**No. 8 Calthorpe Road  
Edgbaston  
Birmingham  
B15 1QT**

**CLEMENT KEYS LLP  
Chartered Accountants  
Statutory Auditors**

17 July 2014

Signature(s) of auditor or auditors:		
Name(s):	Mr Simon Atkins	
Profession(s) or Calling(s):	FCA	
Address(es):	No. 8 Calthorpe Road Edgbaston Birmingham B15 1QT	
Date:	17 July 2014	
Contact name and telephone number:	Mr Simon Atkins 0121 456 4456	

N.B. When notes to the accounts are referred to in the auditor's report a copy of those notes must accompany this return.