

ASSOCIATION OF REVENUE AND CUSTOMS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019

ASSOCIATION OF REVENUE AND CUSTOMS
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FOR THE YEAR ENDED 31 DECEMBER 2019

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ASSOCIATION OF REVENUE AND CUSTOMS

TRUSTEES REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The accounts for the year ended 31 December 2019 show a deficit of £76,304. This deficit is mainly the result of significant legal costs which we had anticipated at the start of 2019 and the additional cost of holding the 2019 AGM. Distributions received totalling £14,102 have been added to the cost of our investments. Legal costs are anticipated to drop in 2020 as our Equal Pay claim has now ended following our unsuccessful appeal to the Court of Appeal during Spring 2019 and the refusal of our appeal to the Supreme Court and all identified remaining costs have been included in 2019.

Our net assets have decreased by £76,303 to £256,557. This reflects our investments at cost of £294,468 rather than their value at 31 December 2019 of £986,976. This difference between value and costs provides us with additional reserves to deal with unforeseeable events.

We continue to seek ways of increasing our income and ensuring we continue getting best value for the expenditure we incur.

Subscription income has increased compared to 2018 and we will continue with our ongoing drive to increase our membership density across the section. As in previous years our subscription income is a percentage of members' subscriptions remitted to us by the FDA under the Transfer of engagement dating back to us becoming a section of the FDA. Each of us pays our monthly subscriptions to FDA who retain the balance in accordance with the Transfer Agreement to pay for staff and other establishment costs. Following a rule change at ADC 2017 the rebate fell from 30% of subscriptions in 2017 to 25% in 2018 but was increased to 30% in 2019 due to the fall in ARC's net assets during 2018.

As anticipated, our costs in 2019 were higher as we held Conference for last year in London. However, we continue to seek significant savings in 2021 compared to 2019 and previous years by holding Conference and the annual dinner outside of London.

Committee and officers' expenses fell in 2019 compared to 2018 and remain significantly lower than in previous years. This is partly attributable to a number of vacant positions on the Committee which remained unfilled throughout 2019. Centre expenses have continued to fall. Centre expenses includes expenses incurred by members, other than committee members, on caseworking. All committee members' expenses are included within committee and officers' expenses, including significant expenditure on caseworking.

Committee and officers' expenses are the most significant element of our expenditure and committee members endeavour to keep these as low as possible.

There were no postal ballots in 2019 or 2018 requiring administration by Popularis.

Our legal fees have risen significantly during 2019 and included several cases dealing with disability discrimination and our continuing Equal Pay fight. We have a number of cases in the Employment Tribunal during 2020, so costs may remain significant but likely to be less than previous years.

Our spending on ARC News has increased in 2019 as we increased the number of paper editions over 2018. However we continue to seek economies in the production of ARC News and are using the ARC website and email as our main conduit for communications with members.

In line with our deficit of £76,304, our cash balance has decreased by £44,591. The difference comprises mainly of our reinvested investment income and the decrease of closing debtor and increase of closing creditor balances. The committee continue to monitor our ongoing cash requirements and will invest cash balances not needed to meet forecast expenditure taking account of forecast income in the short to medium term.

ASSOCIATION OF REVENUE AND CUSTOMS

TRUSTEES REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Accounting Policies

- a) The financial statements of the Union have been prepared in accordance with Financial Reporting Standard 105 applicable in the United Kingdom and Republic of Ireland and the Trade Union and Labour Relations Act 1992.
- b) The accounts have been prepared under the historical cost convention.
- c) These accounts have been prepared on a going concern basis as the officers' have a reasonable expectation that the Union has adequate resources to continue for the foreseeable future notwithstanding the net current liability balance of £32,911 as at 31 December 2019. The officers are confident that the Union has adequate resources to cover this net current liability situation and for its working capital requirement for the foreseeable future and on this basis they consider the going concern basis of preparing these accounts to be appropriate.
- d) Subscription income is accounted for on a receivable basis for the current year.
- e) Expenditure is accounted for on an accruals basis. Any amounts of irrecoverable VAT are added to expenditure incurred.

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

Under section 32A of the Act the following information must be included in this report.

ARC has not provided any member of the Executive, the President or the General Secretary with any salary or any benefits during the year.

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 investigate 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 the rules of the union and contemplates bringing civil proceedings against the union or responsible officials or trustees, the member should consider obtaining independent legal advice.

RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Trade Union and Labour Relations (Consolidation) Act 1992 as amended by the Employment Relations Act 1999 requires ARC to prepare financial statements for each accounting year, which give a true and fair view. In preparing these financial statements ARC is required to:

- keep proper accounting records in respect of the transactions and the assets and liabilities of the Union
- establish and maintain a satisfactory system of control of the Union's accounting records, cash holding and all receipts and remittances
- ensure that such records are maintained so as to give a true and fair view of the statement of affairs of the Union and to explain its transactions.
- provide members with a statement of income and expenditure for the year.

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Conor Burke, Honorary Treasurer, on behalf of trustees.
12 June 2020

ASSOCIATION OF REVENUE AND CUSTOMS
INCOME AND EXPENDITURE ACCOUNT
FOR THE 12 MONTHS ENDED 31 DECEMBER 2019

	Year Ended 31/12/2019 £	Year Ended 31/12/2018 £
INCOME		
Subscriptions	189,758	159,294
Investment Income	14,102	14,795
Sundry Receipts	0	0
	<hr/> 203,859 <hr/>	<hr/> 174,089 <hr/>
EXPENDITURE		
Training	1,800	534
Diaries	2,326	2,708
Conference / AGM	41,852	24,015
Website Development	0	0
Website Support	7,560	7,416
Committee / Officers	43,273	44,837
Stationery, printing and postage	711	4,449
Campaigns	1,376	3,000
ARC News	28,428	12,340
Centre and Caseworker expenses	1,607	2,752
Sundry Expenses	107	71
Ballots	0	0
Legal Fees	148,133	110,445
Audit	2,090	2,135
Accountancy & Investment Advice	900	1,500
	<hr/> 280,163 <hr/>	<hr/> 216,202 <hr/>
SURPLUS (DEFICIT) TO GENERAL FUND	<hr/> (76,304) <hr/>	<hr/> (42,113) <hr/>

BALANCE SHEET**AS AT 31 DECEMBER 2019**

	31 December 2019		31 December 2018		Notes
	£	£	£	£	
FIXED ASSETS					
Investments		294,468		280,366	1
		<u>294,468</u>		<u>280,366</u>	
CURRENT ASSETS					
Debtors	14,483		23,635		2
Cash at Bank and Current Investments	19,177		63,768		3
	<u>33,660</u>		<u>87,403</u>		
CURRENT LIABILITIES					
Creditors	71,571		34,909		4
	<u>71,571</u>		<u>34,909</u>		
Net Current Assets		(37,911)		52,494	
NET ASSETS					
		<u>256,557</u>		<u>332,860</u>	
MEMBERS' FUNDS					
Political Fund		-		0	5
General Fund brought forward		332,860		374,974	
T/F from Political Fund to General Fund		-		0	
Surplus / (Deficit) for year		(76,304)		(42,114)	
		<u>256,557</u>		<u>332,860</u>	

The balance sheet as at 31 December 2019 and the income and expenditure account for the year then ended are certified correct to the best of my knowledge and belief.

Conor P Burke
Treasurer

Date: 12 June 2020

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019	2018
<i>1. Investments</i>		
Shares in Unity Trust Bank at cost	10,000	10,000
Investments in Unit Trusts (note 6)	284,468	270,366
	294,468	280,366
<i>2. Debtors</i>		
AGM	1,500	10,008
Supplier refund	1,205	0
ARC Benevolent Fund	800	800
FDA - Subscriptions	5,758	6,794
ARC News	0	0
Committee	3,375	3,706
Diaries	1,845	2,326
	14,483	23,634
<i>3. Cash at bank and current accounts</i>		
Bank account	19,177	63,768
Centre balances	0	0
	19,177	63,768
<i>4. Creditors</i>		
FDA misc	523	686
Website support	630	618
ARC News	3,163	0
Legal costs	61,510	29,577
Audit	2,000	1,800
Investment advice	1,200	1,500
Committee	1,005	728
Andy Mills memorial collection	1,393	0
Other accruals	147	0
	71,571	34,909
<i>5. Political Fund</i>		
Balance brought forward	0	0
Subscriptions for year	0	0
less expenditure	0	0
Transfer to General Fund per decision of 2017 AGM	0	0
Balance carried forward	0	0

6. Investments

Investments:	2019			2018		
	Number	Cost	Value	Number	Cost	Value
Unit Trusts						
Scottish Widows Ethical B	49,341.20	39,064	94,834	49,341.19	38,462	73,666
Edentree Amity UK A	47,155.02	37,709	121,330	47,155.02	36,012	98,224
Kames Ethical Equity A	88,626.29	40,182	192,913	88,626.29	38,173	148,015
BMO (F&C) Responsible UK Income	85,010.61	93,261	254,437	85,010.61	83,483	211,591
BMO (F&C) Responsible Global Equity	13,232.74	12,500	84,306	13,232.74	12,500	65,674
Janus Henderson Global Sustainable Equity	23,596.29	33,675	82,563	23,596.29	33,675	67,013
Jupiter Ecology	34,781.96	28,077	146,474	34,781.96	28,062	116,186
		284,468	976,856		270,366	780,370
Shares						
Lloyds plc	191	0	119	191	0	99
Unity Trust Bank plc	10,000	10,000	10,000	10,000	10,000	10,000
		10,000	10,119		10,000	10,099
Totals		294,468	986,976		280,366	790,469

We received distributions of £14,102 from some of our investments during 2019. This income has been added to the cost of the relevant investments and included as investment income in the income and expenditure account.

7. Campaigns

Materials and expenses (excluding committee members' expenses) on:

	2019	2018
Common Vision UK	0	3,000
Captiv8	1,376	0
	1,376	3,000

8. Post balance sheet events

Since 31 December 2019, the spread of COVID-19 has severely impacted various organisations and the economy as a whole. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear of at this time. However, the Association's Treasurer and Committee members do not consider that the current COVID 19 situation will adversely impact the Union as its members are civil servants working for the government and are classed as key workers. The Union is able to operate and carry on its functions remotely under the current restrictions put in place by the government. Based on this the Treasurer and the Officers have determined this situation to be a non-adjusting subsequent event.

9. Going concern

These accounts have been prepared on a going concern basis as the officers' have a reasonable expectation that the Union has adequate resources to continue for the foreseeable future notwithstanding the net current liability balance of £32,911 as at 31 December 2019. The officers are confident that the Union has adequate resources to cover this net current liability situation and for its working capital requirement for the foreseeable future and on this basis they consider the going concern basis of preparing these accounts to be appropriate.

REPORT OF THE AUDITORS TO THE MEMBERS OF THE ASSOCIATION OF REVENUE AND CUSTOMS

Opinion

We have audited the financial statements of the Association of Revenue and Customs (ARC) for the year ended 31 December 2019 which comprise the income and expenditure account, the balance sheet and notes to the financial statements, which have been prepared under the accounting policies set out in the Trustees' report. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 105 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to union's members as a body. Our work has been undertaken so that we might state to union's members 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 and the union's members as a body, for our audit work, or for the opinion we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of ARC's affairs as at 31 December 2019 and of its transactions for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Trade Union and Labour Relations Act 1992.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the officers' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- cast significant doubt about the union's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The officers are responsible for the other information. The other information comprises the information included in the annual report, 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.

Matters on which we are required to report by exception

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

- proper accounting records have not been kept;
- a satisfactory system of control over its accounting records, cash holdings and receipts and remittances has not been maintained; or
- the financial statements are not in agreement with the accounting records and returns.

REPORT OF THE AUDITORS TO THE MEMBERS OF ASSOCIATION OF REVENUE AND CUSTOMS

Responsibilities of officers

As explained more fully in the Statement of Officers' Responsibility (set out on page 2 of the Trustees Report), the officers are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the officers determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

We have been appointed as auditor under section 33 of the Trade Union and Labour Relations Act 1992 and report in accordance with section 36 of that Act.

In preparing the financial statements, the officers are responsible for assessing the union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the officers 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.

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

CIVVALS LIMITED
Statutory Auditors
& Chartered Accountants

50 Seymour Street
London
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12 June 2020