

# Form AR27

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

### Annual Return for an Employers' Association

Name of Employers' Association:	South East Employers				
Year ended:	31 March 2020				
List No:	237E				
Head or Main Office:	The Guildhall				
	High Street				
	Winchester				
	Hampshire				
Postcode	SO23 9GH				
Website address (if available)	<a href="http://www.seemp.co.uk">www.seemp.co.uk</a>				
Has the address changed during the year to which the return relates?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	('X' in appropriate box)
General Secretary:	Jennifer McNeill				
Contact name for queries regarding the completion of this return:	Sally Lawrence				
Telephone Number:	01962 848103				
E-mail:	<a href="mailto:slawrence@winchester.gov.uk">slawrence@winchester.gov.uk</a>				

**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: 0330 1093602

You should sent the annual return to the following address stating the name of the union in subject:

For Employers' Associations based in England and Wales: [returns@certoffice.org](mailto:returns@certoffice.org)

For Employers' Associations based in Scotland: [ymw@tcyoung.co.uk](mailto:ymw@tcyoung.co.uk)

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## 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
45				45

## Change of Officers

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

Position held	Name of Officer ceasing to hold office	Name of Officer appointed	Date of Change
Executive Committee Member	Cllr Bernadette Fisher	Cllr Jennifer Hollingbee	17 July 2019
Executive Committee Member	Cllr Maureen Holding	Cllr Jonathan May	17 July 2019
Executive Committee Member	Cllr Murray Grubb	Cllr Geoff Lymer	17 July 2019
Executive Committee Member	Cllr Robert Saunders	Cllr James Swindlehurst	17 July 2019
Executive Committee Member	Cllr Lorna Fielker	Cllr Darren Sanders	17 July 2019



## Revenue Account / General Fund

(see notes 11 to 16)

Previous Year			£	£
	<b>Income</b>			
365,075	From Members	Subscriptions, levies, etc	341,571	341,571
	Investment income	Interest and dividends (gross)		
8,524		Bank interest (gross)	11,121	11,121
		Other (specify)		
		Total Investment Income	11,121	11,121
	Other Income	Rents received		
		Insurance commission		
260,796		Consultancy fees	314,409	314,409
		Publications/Seminars		
		Miscellaneous receipts (specify)		
14,472		Other project funding	22,053	22,053
648,867		Total of other income		336,462
		<b>Total income</b>		<b>689,154</b>
	<b>Interfund Transfers IN</b>			
	<b>Expenditure</b>			
443,898	Administrative expenses	Remuneration and expenses of staff	421,997	421,997
18,165		Occupancy costs	17,889	17,889
5,800		Printing, Stationery, Post	4,721	4,721
2,614		Telephones	1,802	1,802
5,549		Legal and Professional fees	5,763	5,763
		Miscellaneous (specify)		
2,989		Insurance	5,430	5,430
7,384		Equipment	1,564	1,564
19,625		Finance/IT Contract	17,500	17,500
12,510		Website		
2,988		IT Cost	2,088	2,088
		Total of Admin expenses		478,754
	Other Charges	Bank charges		
		Depreciation		
		Sums written off		
1,500		Affiliation fees	1,000	1,000
		Donations		
7,617		Conference and meeting fees	4,314	4,314
		Expenses		
		Miscellaneous (specify)		
53,058		External consultancy/other training	50,746	50,746
15,414		Other project expenditure	-3,088	-3,088
80,000		Finance expense defined pension benefit scheme	51,000	51,000
		Actuarial loss on defined pension scheme	236,000	236,000
		Total of other charges		339,972
679,111		Taxation		
		<b>Total expenditure</b>		<b>818,726</b>
	<b>Interfund Transfers OUT</b>			
-30,244		Surplus/Deficit for year		-129,572
-1,635,120		Amount of fund at beginning of year		-1,265,364
-1,265,364		Amount of fund at end of year		-1,394,936



**Accounts other than Revenue Account/General Fund**

(see notes 17 to 18)

Account 4		Fund Account	
Name of account:		£	£
<b>Income</b>			
From members			
Investment income			
Other income (specify)			
		<b>Total Income</b>	
<b>Interfund Transfers IN</b>			
<b>Expenditure</b>			
Administrative expenses			
Other expenditure (specify)			
		<b>Total Expenditure</b>	
<b>Interfund Transfers OUT</b>			
			Surplus (Deficit) for the year
			Amount of fund at beginning of year
			Amount of fund at the end of year (as Balance Sheet)

Account 5		Fund Account	
Name of account:		£	£
<b>Income</b>			
From members			
Investment income			
Other income (specify)			
		<b>Total Income</b>	
<b>Interfund Transfers IN</b>			
<b>Expenditure</b>			
Administrative expenses			
Other expenditure (specify)			
		<b>Total Expenditure</b>	
<b>Interfund Transfers OUT</b>			
			Surplus (Deficit) for the year
			Amount of fund at beginning of year
			Amount of fund at the end of year (as Balance Sheet)





**Balance Sheet as at [ 31 March 2020 ]**

(see notes 19 and 20)

Previous Year		£	£
	<b>Fixed Assets</b> (as at Page 8)		
	<b>Investments</b> (as per analysis on page 9)		
	Quoted (Market value £                     ) as at Page 9		
	Unquoted (Market value £                     ) as at Page 9		
	<b>Total Investments</b>		
	<b>Other Assets</b>		
153,600	Sundry debtors	230,782	230,782
1,184,775	Cash at bank and in hand	1,274,049	1,274,049
	Stocks of goods		
	Others (specify)		
	<b>Total of other assets</b>	1,504,831	1,504,831
1,338,375			
	<b>Total Assets</b>		1,504,831
-1,265,364	Revenue Account/ General Fund	-1,394,936	
	Revaluation Reserve		
	<b>Liabilities</b>		
	VAT payable	38,894	
	Sundry Creditors	3,111	
	Other Liabilities-Deferred Grant/Income	120,762	
	Defined Benefit Pension Scheme	2,737,000	
		2,899,767	
	<b>Total Liabilities</b>		5,799,534
1,338,375			
	<b>Total Assets</b>		1,504,831

## Fixed Assets account

(see note 21)

	Land and Buildings	Fixtures & Fittings	Motor Vehicles & Equipment	Total £
<b>Cost or Valuation</b>				
At start of period				
Additions during period				
Less: Disposals				
Less: Depreciation				
Total to end of period				
<b>Book Amount</b> at end of period				
Freehold				
Leasehold (50 or more years unexpired)				
Leasehold (less than 50 years unexpired)				
<b>Total of Fixed Assets</b>				

# Analysis of Investments

(see note 22)

Quoted		Other Funds
	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	
Unquoted	British Government Securities	
	British Municipal and County Securities	
	Mortgages	
	Other unquoted investments (to be specified)	
	Total Unquoted (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 note 23)

Does the association, or any constituent part of the association, have a controlling interest in any limited company?

Yes		No	
-----	--	----	--

If Yes name the relevant companies:

Company name	Company registration number (if not registered in England & Wales, state where registered)

### Incorporated Employers' Associations

Are the shares which are controlled by the association registered in the association's name

Yes		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

### Unincorporated Employers' Associations

Are the shares which are controlled by the association registered in the names of the association's trustees?

Yes		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 24 to 33)

	All Funds	Total Funds
	£	£
<b>Income</b>		
From Members	341,571	341,571
From Investments	11,121	11,121
Other Income (including increases by revaluation of assets)	336,462	336,462
<b>Total Income</b>	<b>689,154</b>	<b>689,154</b>
<b>Expenditure</b> (including decreases by revaluation of assets)		
<b>Total Expenditure</b>	<b>818,726</b>	<b>818,726</b>
<b>Funds at beginning of year</b> (including reserves)	-1,265,364	-1,265,364
<b>Funds at end of year</b> (including reserves)	-1,394,936	-1,394,936
<b>ASSETS</b>		
Fixed Assets		
Investment Assets		
Other Assets		1,504,831
<b>Total Assets</b>		<b>1,504,831</b>
<b>Liabilities</b>		
<b>Total Liabilities</b>		<b>2,899,767</b>
<b>Net Assets (Total Assets less Total Liabilities)</b>		<b>-1,394,936</b>

# Notes to the accounts

(see note 34)

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

## SOUTH EAST EMPLOYERS NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2020

### 1. Accounting policies

#### Basis of accounting

The accounts have been prepared on the basis of the historical cost convention and incorporate the results of the principal activity which is that of an employees' association.

The financial statements are prepared in accordance with applicable UK accounting standards and with the provisions of the Trade Union and Labour Relations (Consolidation) Act 1992.

#### Going Concern

The organisation has net liabilities of £1,394,636. This includes a deficit in respect of the Local Government Pension Scheme of £2,737,000. There is no expectation that the pension fund will need to be distributed in full during the next twelve months and therefore there will be no requirement to make good the pension fund liability. Net current assets (and the net asset position excluding the pension scheme deficit) are £1,342,064, with a cash balance held of £1,274,019. South East Employers made a surplus for the year of £106,428. On this basis, the executive committee considers it appropriate to prepare the financial statements on the going concern basis.

The COVID-19 pandemic has had a significant negative impact on both people and financial markets. South East Employers' management team and executive committee are carefully monitoring the situation following the directives issued by the UK government authorities. The overall impact of COVID-19 is currently very difficult to predict. The association has strong cash reserves to support operations going forward. Given the high level of uncertainty however, it is not possible at present to estimate the overall potential impact on the association.

We confirm that the financial statements have been prepared on a going concern basis which assumes that the association will continue in operational existence for the foreseeable future. In making our assessment the executive committee have reviewed the balance sheet, the likely future cash flows of the association and have considered the facilities and cash that are in place at this point in time.

#### Income

Subscription income is recognised in the year to which the subscriptions relate. Where it relates to a future period the income is deferred.

Course and seminar income represents the amount receivable by the organisation for training services and information provided in the normal course of business, after making due allowance for deferred amounts, exclusive of Value Added Tax. Amounts receivable for courses and seminars are recognised in the period in which the course or seminar is delivered.

#### Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

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## SOUTH EAST EMPLOYERS NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2020

### 6. Pension commitments (continued)

The fair value of the scheme assets, the present value of the scheme liabilities and the resulting deficit are:

	2020	2019	2019	2017
	£	£	£	£
Total market value of assets	6,571,000	7,040,000	6,510,000	6,460,000
Present value of scheme liabilities	(5,176,000)	(4,900,000)	(5,382,000)	(5,130,000)
Net pension liability	(1,394,636)	(2,450,000)	(2,772,000)	(2,660,000)
	Value at 31 March 2020	Value at 31 March 2019		
	£	£		
Equities	3,463,971	4,252,160		
Property	470,229	525,000		
Bonds	1,423,914	1,864,150		
Cash	131,460	161,690		
Other	1,064,626	1,597,000		
Total market value of assets	6,571,000	7,040,000		
Present value of scheme liabilities:				
- funded	(5,176,000)	(4,900,000)		
Deficit in the scheme	(1,394,636)	(2,450,000)		

#### An analysis of the defined benefit cost follows:

	2020	2019
	£	£
Analysis of the amount charged to operating surplus:		
Current service cost	(86,000)	(110,000)
Total operating charge	(86,000)	(110,000)
Analysis of the amount charged to finance costs:		
Other finance costs: Interest on pension scheme liabilities	(25,000)	(40,000)
Other finance costs: Expected return on assets of the scheme	174,000	170,000
Total finance costs	(51,000)	(70,000)

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## SOUTH EAST EMPLOYERS NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2020

### Financial Instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### Pension costs and other post-retirement benefits

The organisation operates a defined benefit pension scheme for certain employees. The assets of the scheme are held separately from those of the organisation. Contributions to the scheme are charged to the Income and Expenditure account so as to spread the cost of pensions over the employees' working lives. The contributions are determined by a qualified actuary on the basis of triennial valuations.

Pension scheme liabilities are measured on an actuarial basis using a projected unit method and are discounted to their present value using an AA corporate bond rate.

Pension scheme assets are valued at market value at the Balance Sheet date.

The pension scheme deficit is recognised in full on the Balance Sheet.

### 2. Operating surplus

Operating surplus is stated after charging:

	2020	2019
	£	£
Auditors remuneration	4,225	4,100

### 3. Interest payable and similar charges

	2020	2019
	£	£
Net finance expense in respect of defined benefit pension schemes	51,000	80,000

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## SOUTH EAST EMPLOYERS NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2020

### 4. Debtors

	2020	2019
	£	£
Trade debtors	183,636	141,128
Other debtors	47,176	12,472
	230,812	153,600

### 5. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Trade creditors	3,111	1,748
Other taxation and social security	38,864	31,051
Other creditors	120,762	120,940
	162,737	153,739

### 6. Pension commitments

The organisation contributes to a Local Government Pension Scheme (LGPS) providing benefits based on final pensionable pay. The LGPS is a funded defined-benefit scheme, with the assets of the scheme held separately from those of the organisation and are administered under an Admission agreement with Hampshire County Council Pension Fund.

The contributions are determined annually by the administrators of the Hampshire County Council Pension Fund based on a triennial actuarial valuation using the projected unit method and determined by a qualified actuary. The last valuation was carried out on 31 March 2019.

#### Principal Actuarial Assumptions

The organisation has applied the following financial assumptions in assessing the defined benefit liabilities:

	2020	2019	2019	2017
	%	%	%	%
Rate of increase in salaries	3.0	3.7	3.6	3.5
Rate of increase in pensions in payment	2.0	2.2	2.1	2.0
Discount rate	2.3	2.4	2.6	2.5
CPI Inflation assumption	2.0	2.2	2.1	2.0

Effective from 1 April 2011, the organisation switched to use the Consumer Price Index (CPI) rather than the Retail Price Index (RPI) as the inflation measure for determining the minimum pension increase to be applied to the statutory index-linked features of retirement benefits.

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## SOUTH EAST EMPLOYERS NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2020

### 6. Pension commitments (continued)

An analysis of the amount recognised in the Statement of Comprehensive Income is shown below:

	2020	2019
	£	£
Total actuarial gain/(losses)	(236,000)	400,000
Analysis of the movements in deficit during the year are shown below:		
	2020	2019
	£	£
At 1 April	(2,450,000)	(2,770,000)
Total operating charge	(86,000)	(110,000)
Total other finance costs	(25,000)	(40,000)
Actuarial loss/gain	80,000	100,000
At 31 March	(2,737,000)	(2,450,000)

#### Asset and Liability Reconciliation

	2020	2019
	£	£
Reconciliation of liabilities		
At 1 April	8,490,000	9,380,000
Current service cost	70,000	110,000
Interest cost	25,000	40,000
Employee contributions	10,000	20,000
Actuarial loss	(203,000)	(70,000)
Net benefits paid out	(147,000)	(230,000)
At 31 March	8,310,000	9,490,000
Reconciliation of assets		
At 1 April	7,040,000	6,510,000
Expected return on assets	167,000	170,000
Actuarial gain on assets	(400,000)	(470,000)
Employer contributions	80,000	100,000
Employee contributions	10,000	20,000
Net benefits paid out	(207,000)	(230,000)
At 31 March	6,571,000	7,040,000

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## SOUTH EAST EMPLOYERS NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2020

### 6. Pension commitments (continued)

Amounts for the current and previous three periods are as follows:

	2020	2019	2018	2017
	£	£	£	£
Fair value of scheme assets	6,571	7,040	6,510	6,460
Present value of scheme liabilities	(5,176)	(4,900)	(5,382)	(5,130)
Deficit in scheme	(1,394,636)	(2,450,000)	(2,770,000)	(2,660,000)

### 7. Commitments under operating leases

At 31 March 2020 the organisation had aggregate annual commitments under non-cancellable operating leases of £45,000 (2019: £53,000).

### 8. Contingent liability

In the prior year the McCloud case was identified as a contingent liability because of the uncertainty of the valuation of the additional balances entities would need to pay as part of the LOPS scheme. In the current year the McCloud judgment has been reflected within the pension valuation. There are no contingent liabilities within the financial statements for the year ended 31 March 2020.

### 9. Related party transactions

During the year the organisation incurred consultancy charges from Ruth Field of £1,807 (2019: £3,319). He is the partner of Jennifer Holman.

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## SOUTH EAST EMPLOYERS NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2020

### 10. Income and expenditure account

	2020	2019
	£	£
Balance brought forward	(1,265,364)	(1,635,120)
Surplus/(deficit) for the financial year	106,428	(30,244)
Defined pension benefit scheme	(236,000)	400,000
Balance carried forward	(1,394,936)	(1,265,364)

### 11. Control

The organisation is controlled by the Executive Committee on behalf of the members of the organisation.

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# Accounting policies

(see notes 35 & 36)




## Signatures to the annual return

(see notes 37 and 38)

Including the accounts and balance sheet contained in the return.

**Please copy and paste your electronic signature here**

Secretary's Signature:		Treasurers Signature:	
			<small>(or other official whose position should be stated)</small>
Name:	JENNIFER MCNEILL	Name:	DARREN KENNEDY
Date:	28 August 2020	Date:	28 August 2020

## Checklist

(see note 39)

(please enter 'X' as appropriate)

Is the return of officers attached? (see Page 2)	Yes	<b>X</b>	No	
Has the list of officers been completed? (see Page 2A)	Yes	<b>X</b>	No	
Has the return been signed? (see Note 37)	Yes	<b>X</b>	No	
Has the auditor's report been completed? (see Note 41)	Yes	<b>X</b>	No	
Is the rule book enclosed? (see Note 39)	Yes	<b>X</b>	No	
Has the summary sheet been completed? (see Notes 6 and 24 to 33)	Yes	<b>X</b>	No	

## Checklist for auditor's report

(see notes 41 to 44)

The checklist below is for guidance. A report is still required either set out overleaf or by way of an attached auditor's report that covers the 1992 Act requirements.

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)

Please explain in your report overleaf or attached.

2. 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)

Please explain in your report overleaf or attached.

3. Your auditors or auditor must include in their report the following wording:

**In our opinion the financial statements:**

- give a true and fair view of the matters to which they relate to.
- have been prepared in accordance with the requirements of the sections 28, 32 and 36 of the Trade Union and Labour Relations (consolidation) Act 1992.



## Auditor's report (continued)

SOUTH EAST EMPLOYERS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH EAST EMPLOYERS  
YEAR ENDED 31 MARCH 2020

**Opinion**

We have audited the financial statements of South East Employers (the 'association') for the year ended 31 March 2020 which comprise Income and Expenditure Account, the Balance Sheet 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its deficit 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.

Signature(s) of auditor or auditors:

*Wilkins Kennedy Audit Services*

Name(s):

Wilkins Kennedy Audit Services

Profession(s) or Calling(s):

Statutory Auditors

Address(es)

Secure House, Lulworth Close,  
Chandlers Ford, Southampton,  
SO53 3TL

Date:

28 August 2020

Contact name for enquiries and telephone number:

OLIVER ROWE, 02380 247070

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

**SOUTH EAST EMPLOYERS  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

**SOUTH EAST EMPLOYERS**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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**SOUTH EAST EMPLOYERS**  
**LEGAL AND ADMINISTRATIVE INFORMATION**  
**YEAR ENDED 31 MARCH 2020**

**Regional Director** Jennifer McNeill

**Treasurer** Darren Kennedy

**Executive Committee**

Cllr Richard Burrett	re-elected July 2019
Cllr Rory Love	re-elected July 2019
Cllr Bernadette Fisher	resigned July 2019
Cllr Maureen Holding	resigned July 2019
Cllr Paul Taylor	re-elected July 2019
Cllr Ian Ward	re-elected July 2019
Cllr Murray Grubb	resigned July 2019
Cllr Stuart Munro	re-elected July 2019
Cllr Robert Saunders	resigned July 2019
Cllr Lorna Fielker	resigned July 2019
Cllr Darren Sanders	elected July 2019
Cllr Jennifer Hollingbee	elected July 2019
Cllr Jonathan May	elected July 2019
Cllr Geoff Lymer	elected July 2019
Cllr James Swindlehurst	elected July 2019

**Business address** The Guildhall  
High Street  
Winchester  
SO23 9GH

**Auditors & Accountants** Wilkins Kennedy Audit Services  
Statutory Auditors  
Secure House  
Lulworth Close  
Chandlers Ford  
Hampshire  
SO53 3TL

**Bankers** Lloyds Bank plc  
49 High Street  
Winchester  
Hampshire  
SO23 9BU

**STATEMENT OF EXECUTIVE COMMITTEE RESPONSIBILITIES  
YEAR ENDED 31 MARCH 2020**

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Employers' Association legislation requires the organisation to prepare accounts for the financial year which give a true and fair view of the state of affairs of the organisation and of the surplus or deficit of the organisation for that year. In preparing those accounts the organisation delegates authority to the Executive Committee and Regional Director to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on a going concern basis unless it is inappropriate to presume that the organisation will continue in business.

The Executive Committee is responsible for ensuring that arrangements are made for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the organisation and to enable them to ensure that the accounts comply with the relevant legislation. It is also responsible for ensuring that there is a satisfactory system of control over these records, through the appointment of Trustees of the organisation, and for safeguarding the assets of the organisation and hence for taking responsible steps for the prevention and detection of fraud and other irregularities.

In so far as the Executive Committee, as individuals, are aware:

- there is no relevant audit information of which the organisation's auditor is unaware; and
- the Executive Committee have taken all steps that they ought to have taken to make themselves aware of any audit information and to ensure that the auditor is aware of that information.

On behalf of the committee



.....  
Jennifer McNeill  
Regional Director

Approved by the Executive Committee on .....29<sup>th</sup> July 2020.....

## SOUTH EAST EMPLOYERS

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH EAST EMPLOYERS YEAR ENDED 31 MARCH 2020

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#### **Opinion**

We have audited the financial statements of South East Employers (the 'association') for the year ended 31 March 2020 which comprise Income and Expenditure Account, the Balance Sheet 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its deficit 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.

#### **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 association 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, 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 Executive Committee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Executive Committee have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the association'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 Executive Committee 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.

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.

#### **Opinions on other matters**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the statement of Executive Committee responsibilities for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the statement of Executive Committee responsibilities has been prepared in accordance with applicable legal requirements.

## SOUTH EAST EMPLOYERS

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH EAST EMPLOYERS YEAR ENDED 31 MARCH 2020

---

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the statement of Executive Committee responsibilities.

We have nothing to report in respect of the following matters in relation to which the Trade Union and Labour Relations (Consolidation) Act 1992 and the Trade Union Reform and Employment Rights Act 1993 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- a satisfactory system of control over transactions has not been maintained by the association; 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 Executive Committee**

As explained more fully in the statement of Executive Committee responsibilities, the Executive Committee 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 Executive Committee determine 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 Executive Committee are responsible for assessing the association'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 Executive Committee either intend to liquidate the company 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with section 36 of 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

.....  
Wilkins Kennedy Audit Services  
Statutory Auditor  
Secure House  
Lulworth Close  
Chandlers Ford  
Hampshire  
SO53 3TL

28 August 2020

**SOUTH EAST EMPLOYERS**  
**INCOME AND EXPENDITURE ACCOUNT**  
**YEAR ENDED 31 MARCH 2020**

		<b>2020</b>	<i>2019</i>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>Income</b>		678,033	<i>640,343</i>
Administrative expenses		(531,725)	<i>(599,113)</i>
<b>Operating surplus</b>	2	146,308	<i>41,230</i>
Interest receivable		11,120	<i>8,524</i>
Interest payable and similar charges	3	(51,000)	<i>(80,000)</i>
<b>Surplus/(deficit) for the financial year</b>		106,428	<i>(30,246)</i>

All of the activities of the organisation are classed as continuing.

The notes on pages 10 to 16 form part of these financial statements.



**SOUTH EAST EMPLOYERS**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**YEAR ENDED 31 MARCH 2020**

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	<b>2020</b>	<i>2019</i>
	<b>£</b>	<b>£</b>
Surplus/(deficit) for the financial year	106,428	<i>(30,246)</i>
Actuarial gain/(loss) in respect of defined benefit pension scheme (note 6)	(236,000)	<i>400,000</i>
Total Comprehensive Income for the year	<u>(129,572)</u>	<u><i>369,754</i></u>

The notes on pages 10 to 16 form part of these financial statements.

**SOUTH EAST EMPLOYERS**

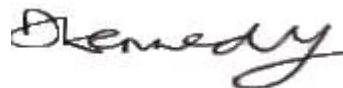
**BALANCE SHEET  
31 MARCH 2020**

		2020		2019	
	Note	£	£	£	£
<b>Current assets</b>					
Debtors	4	230,812		153,600	
Cash at bank		1,274,019		1,184,775	
		1,504,831		1,338,375	
<b>Creditors: Amounts falling due within one year</b>	5	(162,767)		(153,739)	
<b>Net current assets</b>			1,342,064		1,184,636
<b>Net assets excluding pension liability</b>			1,342,064		1,184,636
Defined benefit pension scheme Liability	6		(2,737,000)		(2,450,000)
<b>Net liabilities including pension liability</b>			(1,394,936)		(1,265,364)
<b>Capital and reserves</b>					
Income and expenditure account:	11				
General reserve			1,342,064		1,184,636
Pension liability	6		(2,737,000)		(2,450,000)
			(1,394,636)		(1,265,364)

The financial statements were approved by the Executive Committee and are signed on their behalf by:



.....  
Jennifer McNeill  
Regional Director



.....  
Darren Kennedy  
Finance Manager (Strategic Finance)  
Winchester City Council

Dated:.....29<sup>th</sup> July 2020.....

(Due to COVID19 – a virtual AGM consultation commenced on the 15/07/20 and was finalised on the 29/07/20)

The notes on pages 10 to 16 form part of these financial statements.

**SOUTH EAST EMPLOYERS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2020**

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**1. Accounting policies**

**Basis of accounting**

The accounts have been prepared on the basis of the historical cost convention and incorporate the results of the principal activity which is that of an employers' association.

The financial statements are prepared in accordance with applicable UK accounting standards and with the provisions of the Trade Union and Labour Relations (Consolidation) Act 1992.

**Going Concern**

The organisation has net liabilities of £1,394,636. This includes a deficit in respect of the Local Government Pension Scheme of £2,737,000. There is no expectation that the pension fund will need to be distributed in full during the next twelve months and therefore there will be no requirement to make good the pension fund liability. Net current assets (and the net asset position excluding the pension scheme deficit) are £1,342,064, with a cash balance held of £1,274,019. South East Employers made a surplus for the year of £106,428. On this basis, the executive committee considers it appropriate to prepare the financial statements on the going concern basis.

The COVID-19 pandemic has had a significant negative impact on both people and financial markets. South East Employer's management team and executive committee are carefully monitoring the situation following the directives issued by the UK government authorities. The overall impact of COVID-19 is currently very difficult to predict. The association has strong cash reserves to support operations going forward. Given the high level of uncertainty however, it is not possible at present to estimate the overall potential impact on the association.

We confirm that the financial statements have been prepared on a going concern basis which assumes that the association will continue in operational existence for the foreseeable future. In making our assessment the executive committee have reviewed the balance sheet, the likely future cash flows of the association and have considered the facilities and cash that are in place at this point in time.

**Income**

Subscription income is recognised in the year to which the subscriptions relate. Where it relates to a future period the income is deferred.

Course and seminar income represents the amount receivable by the organisation for training services and information provided in the normal course of business, after making due allowance for deferred amounts, exclusive of Value Added Tax. Amounts receivable for courses and seminars are recognised in the period in which the course or seminar is delivered.

**Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

**SOUTH EAST EMPLOYERS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2020**

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**Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**Pension costs and other post-retirement benefits**

The organisation operates a defined benefit pension scheme for certain employees. The assets of the scheme are held separately from those of the organisation. Contributions to the scheme are charged to the Income and Expenditure account so as to spread the cost of pensions over the employees' working lives. The contributions are determined by a qualified actuary on the basis of triennial valuations.

Pension scheme liabilities are measured on an actuarial basis using a projected unit method and are discounted to their present value using an AA corporate bond rate.

Pension scheme assets are valued at market value at the Balance Sheet date.

The pension scheme deficit is recognised in full on the Balance Sheet.

**2. Operating surplus**

Operating surplus is stated after charging:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Auditors remuneration	4,225	4,100

**3. Interest payable and similar charges**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Net finance expense in respect of defined benefit pension schemes	51,000	80,000

**SOUTH EAST EMPLOYERS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2020**

**4. Debtors**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trade debtors	183,636	141,128
Other debtors	47,176	12,472
	<u>230,812</u>	<u>153,600</u>

**5. Creditors: Amounts falling due within one year**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trade creditors	3,111	1,748
Other taxation and social security	38,894	31,051
Other creditors	120,762	120,940
	<u>162,767</u>	<u>153,739</u>

**6. Pension commitments**

The organisation contributes to a Local Government Pension Scheme (LGPS) providing benefits based on final pensionable pay. The LGPS is a funded defined-benefit scheme, with the assets of the scheme held separately from those of the organisation and are administered under an Admission agreement with Hampshire County Council Pension Fund.

The contributions are determined annually by the administrators of the Hampshire County Council Pension Fund based on a triennial actuarial valuation using the projected unit method and determined by a qualified actuary. The last valuation was carried out on 31 March 2019.

**Principal Actuarial Assumptions**

The organisation has applied the following financial assumptions in assessing the defined benefit liabilities:

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Rate of increase in salaries	3.0	3.7	3.6	3.5
Rate of increase in pensions in payment	2.0	2.2	2.1	2.0
Discount rate	2.3	2.4	2.6	2.5
CPI Inflation assumption	2.0	2.2	2.1	2.0

Effective from 1 April 2011, the organisation switched to use the Consumer Price Index (CPI) rather than the Retail Price Index (RPI) as the inflation measure for determining the minimum pension increase to be applied to the statutory index-linked features of retirement benefits.

**SOUTH EAST EMPLOYERS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2020**

**6. Pension commitments (continued)**

The fair value of the scheme assets, the present value of the scheme liabilities and the resulting deficit are:

	<b>2020</b>	<i>2019</i>	<i>2018</i>	<i>2017</i>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Total market value of assets	6,573,000	<i>7,040,000</i>	<i>6,510,000</i>	<i>6,450,000</i>
Present value of scheme liabilities	(9,310,000)	<i>(9,490,000)</i>	<i>(9,280,000)</i>	<i>(9,130,000)</i>
Net pension liability	<u>(2,737,000)</u>	<u><i>(2,450,000)</i></u>	<u><i>(2,770,000)</i></u>	<u><i>(2,680,000)</i></u>

	<b>Value at 31 March 2020</b>	<i>Value at 31 March 2019</i>
	<b>£</b>	<b>£</b>
Equities	3,463,971	<i>4,252,160</i>
Property	479,829	<i>535,040</i>
Bonds	1,423,914	<i>1,964,160</i>
Cash	131,460	<i>161,920</i>
Other	1,064,826	<i>126,720</i>
<b>Total market value of assets</b>	<u>6,573,000</u>	<u><i>7,040,000</i></u>
Present value of scheme liabilities: - funded	<u>(9,310,000)</u>	<u><i>(9,490,000)</i></u>
<b>Deficit in the scheme</b>	<u>(2,737,000)</u>	<u><i>(2,450,000)</i></u>

An analysis of the defined benefit cost follows:

Analysis of the amount charged to operating surplus:

	<b>2020</b>	<i>2019</i>
	<b>£</b>	<b>£</b>
Current service cost	(86,000)	<i>(110,000)</i>
Total operating charge	<u>(86,000)</u>	<u><i>(110,000)</i></u>

Analysis of the amount charged to finance costs:

	<b>2020</b>	<i>2019</i>
	<b>£</b>	<b>£</b>
Other finance costs: Interest on pension scheme liabilities	(225,000)	<i>(240,000)</i>
Other finance costs: Expected return on assets of the scheme	174,000	<i>170,000</i>
Total finance costs	<u>(51,000)</u>	<u><i>(70,000)</i></u>

**SOUTH EAST EMPLOYERS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2020**

**6. Pension commitments (continued)**

An analysis of the amount recognised in the Statement of Comprehensive Income is shown below:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Total actuarial gain/(losses)	(236,000)	400,000

An analysis of the movements in deficit during the year are shown below:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
At 1 April	(2,450,000)	(2,770,000)
Total operating charge	(86,000)	(110,000)
Total other finance costs	(58,000)	(70,000)
Actuarial (loss)/gain	(236,000)	400,000
Contributions	93,000	100,000
At 31 March	(2,737,000)	(2,450,000)

**Asset and Liability Reconciliation**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Reconciliation of liabilities		
At 1 April	9,490,000	9,280,000
Current service cost	76,000	110,000
Interest cost	225,000	240,000
Employee contributions	19,000	20,000
Actuarial loss	(263,000)	70,000
Net benefits paid out	(247,000)	(230,000)
At 31 March	9,310,000	9,490,000

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Reconciliation of assets		
At 1 April	7,040,000	6,510,000
Expected return on assets	167,000	170,000
Actuarial gain on assets	(499,000)	470,000
Employer contributions	93,000	100,000
Employee contributions	19,000	20,000
Net benefits paid out	(247,000)	(230,000)
At 31 March	6,573,000	7,040,000

**SOUTH EAST EMPLOYERS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2020**

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**6. Pension commitments (continued)**

Amounts for the current and previous three periods are as follows:

	<b>2020</b>	<i>2019</i>	<i>2018</i>	<i>2017</i>
	<b>£'000</b>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Fair value of scheme assets	6,573	7,040	6,510	6,450
Present value of scheme liabilities	(9,310)	(9,490)	(9,280)	(9,130)
Deficit in scheme	(2,737)	(2,450)	(2,770)	(2,680)

**7. Commitments under operating leases**

At 31 March 2020 the organisation had aggregate annual commitments under non-cancellable operating leases of £45,000 (2019: £63,000).

**8. Contingent liability**

In the prior year the McCloud case was identified as a contingent liability because of the uncertainty of the valuation of the additional balances entities would need to pay as part of the LGPS scheme. In the current year the McCloud judgement has been reflected within the pension valuation. There are no contingent liabilities within the financial statements for the year end 31 March 2020.

**9. Related party transactions**

During the year the organisation incurred consultancy charges from Keith Field of £1,807 (2019 - £8,391). He is the partner of Jennifer McNeill.



**SOUTH EAST EMPLOYERS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2020**

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**10. Income and expenditure account**

	<b>2020</b>	<i>2019</i>
	<b>£</b>	<b>£</b>
Balance brought forward	(1,265,364)	<i>(1,635,120)</i>
Surplus/(deficit) for the financial year	106,428	<i>(30,244)</i>
Defined pension benefit scheme	(236,000)	<i>400,000</i>
	<hr/>	<hr/>
Balance carried forward	<u>(1,394,936)</u>	<u><i>(1,265,364)</i></u>

**11. Control**

The organisation is controlled by the Executive Committee on behalf of the members of the organisation.

**SOUTH EAST EMPLOYERS  
MANAGEMENT INFORMATION  
YEAR ENDED 31 MARCH 2020**

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**The following pages do not form part of the statutory financial statements which are the subject of the independent auditor's report on pages 5 to 6.**

**SOUTH EAST EMPLOYERS**  
**DETAILED INCOME AND EXPENDITURE ACCOUNT**  
**YEAR ENDED 31 MARCH 2020**

	<b>2020</b>	<i>2019</i>
	<b>£</b>	<i>£</i>
<b>Revenue</b>		
Membership subscriptions	327,383	<i>350,150</i>
Associate member fees	14,188	<i>14,925</i>
Consultancy, courses and seminars	307,754	<i>260,796</i>
Other project funding	28,708	<i>14,472</i>
	<u>678,033</u>	<u><i>640,343</i></u>
<b>Overheads</b>		
Administrative expenses	(531,725)	<i>(599,113)</i>
	<u>                    </u>	<u><i>                    </i></u>
<b>Operating surplus</b>		
Interest receivable	11,120	<i>8,524</i>
	<u>                    </u>	<u><i>                    </i></u>
Net finance expense in respect of defined benefit pension schemes	(51,000)	<i>(80,000)</i>
	<u>                    </u>	<u><i>                    </i></u>
<b>Surplus/(deficit) on ordinary activities</b>	<u><u>106,428</u></u>	<u><u><i>(30,246)</i></u></u>

**SOUTH EAST EMPLOYERS**

**NOTES TO THE DETAILED INCOME AND EXPENDITURE ACCOUNT  
YEAR ENDED 31 MARCH 2020**

	2020		2019	
	£	£	£	£
<b>Administrative expenses</b>				
<b>Personnel costs</b>				
Wages and salaries	404,299		421,868	
		404,299		421,868
<b>Establishment expenses</b>				
Rent	17,889		18,000	
Rates and water	-		-	
Light and heat	-		165	
Insurance	5,430		2,989	
Cleaning of premises	-		-	
Other establishment expenses	-		-	
		23,319		21,154
<b>General expenses</b>				
Travel and subsistence	16,254		15,773	
Telephone	1,802		2,614	
Hire of equipment	1,564		7,384	
Printing, stationery and postage	4,721		5,802	
Computer costs	2,088		15,498	
Conference costs	10,376		7,617	
Staff training	1,444		6,257	
Sundry expenses	1,000		1,500	
Other programme expenditure	(3,088)		15,414	
Legal and professional fees	464		465	
External consultancy and other training expenditure	44,683		53,058	
Accountancy fees	1,074		984	
Auditors remuneration	4,225		4,100	
Finance and IT support	17,500		19,625	
		104,107		156,091
		531,725		599,113
<b>Interest receivable</b>				
Bank interest receivable		11,120		8,524

**SOUTH EAST EMPLOYERS**  
**MANAGEMENT BALANCE SHEET**  
**31 MARCH 2020**

	2020		2019	
	£	£	£	£
<b>Current assets</b>				
Trade debtors	183,636		141,128	
Prepayments and accrued income	47,176		12,472	
Cash at bank and in hand	1,274,019		1,184,775	
	<u>1,504,831</u>		<u>1,338,375</u>	
<b>Creditors: amounts falling due within one year</b>				
Trade creditors	3,111		1,748	
VAT liability	38,894		31,051	
Deferred income	120,762		120,940	
Accruals	-		-	
	<u>162,767</u>		<u>153,739</u>	
<b>Net current assets</b>		1,342,064		1,184,636
<b>Total assets less current liabilities</b>		<u>1,342,064</u>		<u>1,184,636</u>
<b>Net assets excluding pension liability</b>				
Defined benefit pension scheme liability		(2,737,000)		(2,450,000)
<b>Net liabilities including pension liability</b>		<u>(1,394,936)</u>		<u>(1,265,364)</u>
<b>Capital and reserves</b>				
Income and expenditure account:				
General fund		1,342,064		1,184,636
Pension liability		(2,737,000)		(2,450,000)
		<u>(1,394,936)</u>		<u>(1,265,364)</u>