

**STATEMENT TO MEMBERS AS REQUIRED UNDER THE TRADE UNION AND LABOUR RELATIONS
(CONSOLIDATION) ACT 1992 AS AMENDED BY THE EMPLOYMENT RELATIONS ACT 1999**

REPORT OF AUDITORS

Set out below is the report of the Auditors as contained in the accounts of the Union for the year ended 31st December 2020.

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF AFFINITY

Opinion

We have audited the financial statements of Affinity for the year ended 31 December 2020, which comprise the income and expenditure account, balance sheet, cashflow statement 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 Union's affairs as at year ending 31 December 2020 and of its surplus or the year ended 31 December 2020;
- 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 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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The officers are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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

In the light of the knowledge and understanding of the union and its environment obtained in the course of the audit, we have not identified material misstatements in the officer's report.

We have nothing to report in respect of the following matters where 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 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
- the revenue account to which our report relates, and the balance sheet are not in agreement with the books of account of the union; or
- we have not received all the information and explanations we require for our audit; or
- certain disclosures within the form AR21 of Officers' remuneration specified by law are not made.

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

Responsibilities of the Union's Officers

As explained more fully in the officer's responsibilities statement, 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 officer 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 officer 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 officer either intends to liquidate the union or to cease operations, or has 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.

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INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF AFFINITY (CONTINUED)

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.

There are inherent difficulties in detecting instances of fraud and non-compliance with laws and regulations. The objective of our audit in relation to irregularities, including fraud, is to design and apply appropriate audit procedures based on a comprehensive assessment of the relevant risks. Audit procedures covering all identified risks were performed and the Union maintains a strong control environment, minimizing the risk of failure to detect irregularities.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with applicable laws and regulations and for the prevention and detection of fraud. It was identified that the way in which fraud might occur would be through management override of controls made possible by limited segregation of duties, or through collusion.

We assessed the risks of material misstatement in respect of fraud through a combination of enquiries of key management and those charged with governance, analytical review of the financial information provided and discussion with the audit engagement team of the areas that would be most susceptible to fraud.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the entity through enquiries of management and consideration of the nature of the industry and sector. It was determined that the most significant are those that relate to:

- The Trade Union and Labour Relations (Consolidation) Act 1992;
- FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

The audit engagement team identified the risk of non-identification of related party transactions as the area where the financial statements were most susceptible to material misstatement due to fraud.

Based on the results of our risk assessment we designed audit procedures to identify fraud or non-compliance with such laws and regulations identified above. The relevant audit procedures performed included, but not limited to:

- enquiry of key management and those charged with governance around actual and potential litigation and claims, and corroborating the responses;
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business;
- reviewing for unidentified related party relationships and transactions identified.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <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 union's members, as a body. Our audit work has been undertaken so that we might state to the 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, for this report, or for the opinions we have formed.

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**STATEMENT TO MEMBERS AS REQUIRED UNDER THE TRADE UNION AND LABOUR RELATIONS
(CONSOLIDATION) ACT 1992 AS AMENDED BY THE EMPLOYMENT RELATIONS ACT 1999 (continued)**

FINANCE

In accordance with the Trade Union and Labour Relations (Consolidation) Act 1992 as amended by the Employment Relations Act 1999 we set out the following statement:

1. Contributions and subscriptions for 2020 £2,134,012
2. Other income £994
3. Total income £2,135,006
4. Total expenditure £1,902,218
5. Salaries and benefits paid to Officers. The salary and benefits paid to the Union's General Secretary were as follows: Salary £107,770, Employers NI contributions £17,940, Car benefit £18,000, Pension Contributions £12,978. The salary and benefits paid to the Union's Chairman were as follows: Salary £20,000, Employers NI contributions £1,553, Car Benefit £nil, Pension Contributions £nil. The salary and benefits paid to the Union's Vice Chairman were as follows: Salary £19,515, Employers NI contributions £2,162, Car Benefit £2,500, Pension Contributions £958.

STATUTORY STATEMENT

We are required by the Trade Union and Labour Relations (Consolidation) Act 1992 as amended by the Employment Relations Act 1999 to include the following statement in this circular to all members. The wording is as prescribed by the Act.

“A member who is concerned that some irregularity may be occurring, or have occurred, in the conduct of the financial affairs of the union may take steps with a view to investigating further, obtaining clarification and, if necessary, securing regularisation of that conduct.

The member may raise any such concern 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, he should consider obtaining independent legal advice.”