

The PPU

Report & Accounts

For the period ended

1st February 2021

CONTENTS

	Pages
Trustees' Annual Report 2020 – 2021	1 – 3
Independent Auditor's Report to Members of The PPU	4 – 6
Income & Expenditure Account	7
Balance Sheet	8
Notes to the Accounts	9 - 10

The PPU

Trustees' Annual Report 2020-2021

INTRODUCTION

This is the final PPU Trustees' Annual Report. The report covers the period 01 January 2020 to 01 February 2021, and is filed on the request, and in accordance with the regulations, of the Certification Office. Additional information regarding the wind-up of the union, and the final distribution of funds is also included for transparency.

MEMBERSHIP NUMBERS

On 1 February 2021, a membership number of 162 was reported to the Insurance provider. As of the Dissolution Ballot, numbers had risen very slightly to 174. The continuing low-level of membership, and the suspension of Members' Dues in response to the Coronavirus Pandemic, has had a detrimental and lasting effect on the union finances.

FINANCIAL REPORT

The 2020-2021 Accounts are attached at the back of this report. The headline and bottom-line figures show a fall in union funds from £143,677 at the start of the reporting period, to £22,517 at the close. This is reflected in the reported deficits of £31,815 in 2019, and £121,160 in 2021. A continuing concern for the Board and Trustees was how long the union could continue to operate in a solvent manner, while continuing to provide the Members with appropriate protections, support and services.

QC ADVICE

In the latter part of 2018, the PPU gave written notice to Virgin Atlantic Airways (VAA) of its intention to hold a ballot of its members for industrial action. VAA issued an application for injunctive relief in the High Court to restrain strike action, and a judgment granting this injunction was issued on 20 December 2018. Legal advice in this matter was sought from Paul Gilroy QC. Among other things, his final paragraph stated: "It is my reluctant conclusion that if it proves not to be possible (a) to reduce the costs liability to a manageable level (i.e. manageable in terms of its amount and the time to pay) and (b) to either renew or replace the Union's professional indemnity insurance, serious consideration would have to be given to dissolution." In light of the above, the Board and Trustees carefully considered the prudence of continuing to operate the union in the face of steadily diminishing membership levels and the reduction in union subscriptions collected during the Coronavirus crisis.

DISSOLUTION BALLOT

The PPU was launched in 2012 by a small team led by Captain Barry Eustance. The union was created in direct response to the clearly stated need, from professional pilots throughout the airline industry, for a union that puts the member at the very centre of its being. Creating an organisation such as this, from scratch, to becoming a certified, official, trade union is a monumental task. The workload required of all board members, assisted by volunteers, was enormous.

Sadly, and in light of the QC advice previously sought and given, it was decided to ballot the remaining PPU Members on the "Dissolution of the Union in accordance with Section 18.1 of the PPU Constitution". The ballot result was published on 11 January 2021, and is as follows: Number of Ballot Papers Issued: 174 Number of returns: 160 Turnout: 92% Yes I agree to the dissolution of the Union in accordance with Section 18.1 of the PPU Constitution - 143 No I do not agree with the dissolution of the Union in accordance with section 18.1 of the constitution - 17 The Certification Office was informed 19 January 2021 that PPU was to be dissolved on 2 February 2021, and the PPU was subsequently removed from the list of trade unions. The process of winding-up the PPU was commenced.

The PPU

Trustees' Annual Report 2020-2021

RESOLUTION DATED 15 JULY 2021

A resolution was tabled to direct how remaining funds would be distributed among the Members in accordance with the Constitution, and to define the role of the Trustees in the final winding-up of the Union. This Resolution was voted on and adopted during the Board Meeting held on 15 July 2021, and is reproduced below:

Board Resolution for use of Remaining Funds

1. Remaining Funds will primarily be used for the following purposes and held until 02 February 2022 for such purposes:-

(a) Cover the costs associated with the closing down of the union in good order (accountants, legal advice and office administration etc.).

(b) Cover a payment of £25000 for excess attached to one-year Run-off insurance, expiring 02 February 2022.

(c) Purchase further Run-off insurance cover. Ordinarily, Run-off insurance would be obtained to protect the Union and its Board members and Trustees, past and present, to cover the 6-year statute of limitations period. However, such was the insurance market post Covid, only annual terms were offered.

2. Any residual balance of the Remaining Funds held as at 03 February 2022 will be distributed amongst Members in accordance with the Constitution.

3. If a Member has not been traced by 03 February 2022, then the proportion of the residual balance due to that member will be donated to a Charitable Organisation (Pilots Together and Air Pilots Benevolent Fund are proposed or such other organisation with similar objectives) on the basis that the organisation can give a suitable indemnity to cover the risk of an untraceable Member coming forward to claim funds due after distribution.

4. Should a replacement Trustee be required for any reason, then the last PPU Board shall appoint a replacement in accordance with the Constitution's eligibility criteria.

5. The current Board's 2-year tenure expires on 20 November 2021. Should an issue regarding the running or governance of the Union subsequently arise, the Trustees should deal with any such issues with their own discretion on the basis that they use that discretion within the purpose and spirit of the Constitution.

DISTRIBUTION OF FUNDS

Remaining funds will be distributed in accordance with the PPU Constitution Section 18: The Union may be voluntarily dissolved by the consent of 76% (seventy-six per cent) of its members, such members having been balloted on the question of dissolution as provided for under Rule 13. Following realisation of all assets and liabilities of the Union any residual assets of the Union shall be distributed to its members pro-rata to each member based upon the period of continuous membership of each member over the total length of continuous membership of all current and fully paid-up members.

TRUSTEES' ROLE

The Trustees will authorise the final distribution of funds, as the current Board's tenure will have expired. In order to remain fully constituted once Captain Andy Slater had completed his maximum four-year term, Captain Jon Clancy was appointed by the Board as replacement Trustee on 2 June 2021. We offer our sincere thanks to Andy for his four years of diligent effort.

The PPU

Trustees' Annual Report 2020-2021

VOTE OF THANKS

The Trustees would like to thank all the PPU Members, Board Members and all the support staff for their indefatigable hard work and dedication to the PPU over the past nine years. Your work has been simply astonishing. Thank you.

CONCLUSION

The PPU was formed to provide an independent alternative representative body, By Pilots For Pilots. Over the years, the struggle for recognition, industrial friction and slowly diminishing membership numbers finally left the union in a position where it was not prudent to continue operating. The Membership was balloted on the "Dissolution of the Union in accordance with Section 18.1 of the PPU Constitution". The resolution was carried 143:17. The Certification Office was informed 19 January 2021 that PPU was to be dissolved on 2 February 2021, and the PPU was subsequently removed from the list of trade unions.



Captain Andy Slater



Captain Jon Pugh



Captain Jon Clancy

Date..... 29 Nov 21

PPU Trustees

The PPU

Independent Auditor's report to the members of the PPU

For the period ended 1 February 2021

Opinion

We have audited the financial statements of The PPU for the period ended 1 February 2021, which comprise the Income and Expenditure Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standard (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

Basis for qualified opinion

We were unable to have access to the predecessor's audit working papers. Consequently, we were unable to obtain sufficient evidence that:

- The accounting policies used for the corresponding amounts are consistent with those of the current period and appropriate disclosures have been made where this is not the case;
- The corresponding amounts agree with the amounts and other disclosures presented in the preceding period and are free from errors in the context of the financial statements of the current period; and
- Where corresponding amounts have been adjusted as required by relevant legislation and accounting standards, appropriate disclosures have been made.

Qualified opinion on the financial statements

In our opinion, except for the effects of the matter described in the Basis for Qualified opinion paragraph, the financial statements:

- Give a true and fair view of the matters to which they relate;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of sections 28, 32 and 36 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 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.

Emphasis of Matter – financial statements prepared on a basis other than going concern

We draw your attention to note 1 in the financial statements, which explains that the Union's members have voted to dissolve the Union and that the operations of the PPU have ceased on 2 February 2021. The Board of Trustees therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Our opinion is not modified in respect of this matter.

The PPU

Independent Auditor's report to the members of the PPU

For the period ended 1 February 2021

Other information

The Union's 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.

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.

Responsibilities of officers

The Union's officers are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. The Trade Union and Labour Relations (Consolidated) Act 1992 (Amended) requires the officers of the Union to:

- Keep proper accounting records which give a true and fair view of the state of affairs of The PPU and explain its transactions;
- Establish and maintain a satisfactory system of control of the accounting records, cash holdings and all receipts and remittances;
- Prepare an annual return for the Certification Officer giving a true and fair view of the revenue account and balance sheet; and
- Provide member of The PPU with a statement of income and expenditure for the period.

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 the irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtain an understanding of the legal and regulatory framework applicable to the Union and the sector in which it operates, and then obtain an understanding of how the Union is complying with that legal and regulatory framework, by enquiry and review.

The PPU

Independent Auditor's report to the members of the PPU

For the period ended 1 February 2021

- We assess the susceptibility of the Union's financial statements to material misstatement, including how fraud might occur, and then perform specific audit procedures, including the assessment of controls that management has in place to prevent and detect fraud, the review of significant accounting estimates and the testing of journal entries.

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.

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 (Amended) 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
- The financial statement are not in agreement with the accounting records and returns.

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 any party other than the Union and Union's members as a body, for our audit work, for this report, or for any opinion we have formed.

William Price & Co Audit Ltd

Michael Laughton CA (Senior Statutory Auditor)

For and on behalf of William Price & Co. Audit Ltd, Statutory Auditor

Westbury Court,
Church Road,
Westbury on Trym,
Bristol BS9 3EF

Date: 6/12/2021

William Price & Co Audit Ltd is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

Income and Expenditure Account
for the period from 1 January 2020 to 1 February 2021

	Notes	2021 £	2019 £
Income	2	116,598	190,834
Expenditure	3	(172,934)	(153,284)
		<u>(56,336)</u>	<u>37,550</u>
Administrative expenses	4	(64,824)	(69,365)
Surplus/(Deficit) for the year		<u><u>(121,160)</u></u>	<u><u>(31,815)</u></u>
Balance brought forward at 1 January 2020		<u>143,677</u>	<u>175,492</u>
Balance carried forward at 1 February 2021		<u><u>22,517</u></u>	<u><u>143,677</u></u>

All recognised gains and losses for the year are included in the Income and Expenditure Account.

The overall result for the year arose on the Union's continuing activities.

The notes on pages 9 to 10 form part of these accounts.

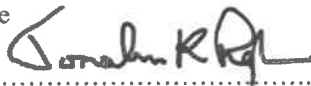
The PPU
Balance Sheet
As at 1 February 2021

	Notes	£	2021 £	£	2019 £
Current assets					
Cash at bank and in hand		62,229		178,898	
Creditors: amounts falling due within one year	5	(39,712)		(35,221)	
			<u>22,517</u>		<u>143,677</u>
Net Assets			<u><u>22,517</u></u>		<u><u>143,677</u></u>
 Represented by:					
 Funds					
Income and Expenditure account	6		<u>22,517</u>		<u>143,677</u>
Total Members' Funds			<u><u>22,517</u></u>		<u><u>143,677</u></u>

The Annual Accounts were approved and authorised for issue by the Board on ... 29 Nov. 21.
and signed on its behalf by:



.....
Jon Clancy
Trustee



.....
Jon Pugh
Trustee

The notes on pages 9 to 10 form part of these accounts.

The PPU
Notes to the Accounts
for the period from 1 January 2020 to 1 February 2021

1 Accounting policies

Accounting convention

These financial statements have been prepared in accordance with Section 1a of the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102").

The financial statements have been prepared under the historical cost convention.

Going Concern

The PPU ceased operations on 2 February 2021, following a ballot of the members. A further ballot was held on 15 July 2021 to determine the distribution of the remaining funds. After making enquiries regarding the remaining liabilities of the PPU, the Board of Trustees has a reasonable expectation that the Union has adequate resources to clear all of its outstanding liabilities as they fall due. In light of these circumstances, the accounts have not been prepared under the going concern basis.

Subscriptions

Subscriptions represent amounts receivable in respect of membership subscriptions and legal insurance subscriptions levied to members.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The PPU has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

The financial instruments are recognised in the balance sheet when the Union becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Classification of financial liabilities

Basic financial liabilities, including trade payables, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

The PPU
Notes to the Accounts
For the period from 1 January 2020 to 1 February 2021

2 Income	2021	2019
	£	£
Membership subscriptions	75,574	120,422
Legal insurance subscriptions	41,024	70,412
	<u>116,598</u>	<u>190,834</u>
3 Expenditure	2021	2019
	£	£
Insurance	127,469	112,913
Accountancy	12,550	17,633
Audit fees	3,000	4,800
Legal and professional fees	27,368	15,465
Bank charges	2,547	2,473
	<u>172,934</u>	<u>153,284</u>
4 Office costs	2021	2019
	£	£
Affiliation fees	-	1,452
Board members expenses	-	1,416
Insurance	-	428
IT, Advertising & promotion	14,545	18,612
Miscellaneous expenses	40	152
Room hire	-	98
Online voting	1,102	1,080
Website development	2,132	-
Printing, postage & stationery	-	8
Telephone and fax	4,997	6,856
Website hosting	2,243	6,011
Outsourced staff & training costs	39,500	32,250
Travelling	265	1,002
	<u>64,824</u>	<u>69,365</u>
5 Creditors: amounts falling due within one year	2021	2019
	£	£
Trade creditors	-	8,171
Other creditors	39,712	27,050
	<u>39,712</u>	<u>35,221</u>
6 Income and Expenditure Account		
At 1 January 2019	143,677	175,492
Net operating deficit	(121,160)	(31,815)
At 1 February 2021	<u>22,517</u>	<u>143,677</u>

Irregularity statement

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, they should consider obtaining independent legal advice.