
**COMMUNITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022**

COMMUNITY

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

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COMMUNITY

STATEMENT OF RESPONSIBILITIES OF THE NATIONAL EXECUTIVE COUNCIL

The legislation relating to Trade Unions requires Community to submit a return for each calendar year to the Certification Officer. This return contains financial statements that must give a true and fair view of the state of Community at the year end and of its transactions for the period then ended. The financial statements set out on the following pages have been prepared on the same basis and are used to complete the return to the Certification Officer.

In relation to Community, the requirement to prepare financial statements that give a true and fair view is the responsibility of the National Executive Council. The National Executive Council is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). In so doing, the National Executive Council is required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- Prepare the financial statements on the going concern basis unless it is inappropriate to do so.

The National Executive Council is responsible for keeping proper accounting records and establishing and maintaining a satisfactory system of control over its records and transactions in order to comply with the Trade Union and Labour Relations (Consolidation) Act 1992 (Amended). It is also responsible for safeguarding the assets of Community and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

COMMUNITY

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF COMMUNITY

Opinion

We have audited the financial statements of Community ("The Union") for the year ended 31 December 2022 which comprise the Combined Income and Expenditure Account, Income and Expenditure Account - General Fund, Income and Expenditure Account - Political Fund, Income and Expenditure Account - Member Support Fund and Income and Expenditure Account - Futures Fund, the Balance Sheet, Cash Flow Statement, Accounting Convention, Accounting Policies, Judgments and key sources of estimation uncertainty and notes to the financial statements, including the 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 31 December 2022 and of its income and expenditure for the year then ended; and
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

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 the audit of the financial statements in the UK, including the Financial Reporting Council'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 National Executive Council's 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 National Executive Council 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 National Executive Council is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and 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.

COMMUNITY

REPORT OF THE INDEPENDENT AUDITORS (CONTINUED) TO THE MEMBERS OF COMMUNITY

Matters on which we are required to report by exception

The Trade Union and Labour Relations (Consolidation) Act 1992 (Amended) requires us to report to you if, in our opinion:

- A satisfactory system of control over transactions has not been maintained; or
- The Union has not kept proper accounting records; or
- The financial statements are not in agreement with the books of account; or
- We have not received all the information and explanations we need for our audit.

We have nothing to report in this regard.

Responsibilities of the National Executive Council

As explained more fully in the Statement of Responsibilities of the National Executive Council, the National Executive Council is responsible for the preparation of financial statements and being satisfied that they give a true and fair view, and for such internal control as the National Executive Council 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 National Executive Council 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 National Executive Council either intends 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 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.

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:

As part of our planning process:

- We enquired of management the systems and controls the Union has in place, the areas of the financial statements that are most susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. The Union did not inform us of any known, suspected or alleged fraud.
- We obtained an understanding of the legal and regulatory frameworks applicable to the Union. We determined that the following were most relevant: FRS 102 and the Trade Union and Labour Relations (Consolidation) Act 1992 (Amended).
- We considered the incentives and opportunities that exist in the Union, including the extent of management bias, which present a potential for irregularities and fraud to be perpetuated, and tailored our risk assessment accordingly.
- Using our knowledge of the Union, together with the discussions held with the Union at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

COMMUNITY

REPORT OF THE INDEPENDENT AUDITORS (CONTINUED) TO THE MEMBERS OF COMMUNITY

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Identifying and testing journal entries and the overall accounting records, in particular those that were significant and unusual.
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.
- Reviewing and challenging the assumptions and judgements used by management in their significant accounting estimates, in particular those in relation to the assumptions in relation to valuation of investment properties and the calculation of the defined benefit pension asset.
- Testing key revenue lines, in particular cut-off, for evidence of management bias.
- Performing a physical verification of key assets.
- Obtaining third-party confirmation of material bank and loan balances, investments and defined benefit pension scheme assets.
- Reviewing documentation such as minutes of meetings.
- Assessing the extent of compliance, or lack of, with laws and regulations
- Documenting and verifying all significant related party balances and transactions.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements even though we have properly planned and performed our audit in accordance with auditing standards. The primary responsibility for the prevention and detection of irregularities and fraud rests with those charged with governance of the Union.

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.

HW FISHER LLP
Chartered Accountants
Statutory Auditor

Andrew Rich

Dated:

11 Aug 2023

Acre House
11 - 15 William Road
London NW1 3ER
United Kingdom

COMMUNITY**COMBINED INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 31 DECEMBER 2022**

	Notes	2022	2021
		£'000	£'000
OPERATING INCOME		9,081	11,258
OPERATING EXPENDITURE		<u>(11,032)</u>	<u>(10,873)</u>
OPERATING RESULT		(1,951)	385
OTHER ITEMS		<u>(4,669)</u>	<u>6,891</u>
SURPLUS / (DEFICIT) FOR THE YEAR		(6,620)	7,276
OTHER COMPREHENSIVE INCOME		1,237	9,410
COMPREHENSIVE RESULT FOR THE YEAR		<u>(5,383)</u>	<u>16,686</u>
Funds at the beginning of the year		90,710	74,024
Comprehensive result for the year		(5,383)	16,686
Funds at the end of the year		<u><u>85,327</u></u>	<u><u>90,710</u></u>

COMMUNITY

INCOME AND EXPENDITURE ACCOUNT – GENERAL FUND
YEAR ENDED 31 DECEMBER 2022

	Notes	2022		2021	
		£'000	£'000	£'000	£'000
OPERATING INCOME					
Contribution from members	1	5,620		6,053	
Investment income	2	2,742		4,568	
Other income	3	437		350	
			8,799		10,971
OPERATING EXPENDITURE					
Membership activity	4	854		914	
Branches	5	356		189	
Personnel costs	6	5,859		6,041	
Administration	7	1,139		1,287	
Conference and committees costs	8	434		56	
Affiliation fees	9	175		162	
Property and equipment costs	10	1,814		1,718	
			(10,631)		(10,367)
OPERATING SURPLUS / (DEFICIT)			(1,832)		604
OTHER ITEMS					
Change in investment values	13	(3,480)		6,337	
Gain / (Loss) on investment property	12	(1,453)		816	
Impairment of fixed assets	11			(334)	
Net pension scheme expenditure	19	264		72	
			(4,669)		6,891
SURPLUS / (DEFICIT) FOR THE YEAR			(6,501)		7,495
OTHER COMPREHENSIVE INCOME					
Remeasurement of defined benefit liability	19		1,237		9,410
Comprehensive Result for the Year			(5,264)		16,905
Funds at the beginning of the year			88,254		71,349
Comprehensive result for the year			(5,264)		16,905
Funds at the end of the year			82,990		88,254

COMMUNITY

YEAR ENDED 31 DECEMBER 2022

INCOME AND EXPENDITURE ACCOUNT POLITICAL FUND

	Notes	2022 £'000	2021 £'000
OPERATING INCOME			
Contributions from members	1	<u>225</u>	<u>232</u>
		225	232
OPERATING EXPENDITURE			
Affiliation fees and other expenses		<u>(250)</u>	<u>(253)</u>
(DEFICIT) / SURPLUS FOR THE YEAR		(25)	(21)
FUNDS AT BEGINNING OF THE YEAR		300	321
FUNDS AT END OF THE YEAR		<u><u>275</u></u>	<u><u>300</u></u>

INCOME AND EXPENDITURE ACCOUNT MEMBER SUPPORT FUND

		2022 £'000	2021 £'000
OPERATING INCOME			
Contributions from members	1	57	55
OPERATING EXPENDITURE			
Benefit payments and other expenses		<u>(53)</u>	<u>(34)</u>
SURPLUS FOR THE YEAR		4	21
FUNDS AT BEGINNING OF THE YEAR		100	79
FUNDS AT END OF THE YEAR		<u><u>104</u></u>	<u><u>100</u></u>

INCOME AND EXPENDITURE ACCOUNT FUTURES FUND

		2022 £'000	2021 £'000
OPERATING EXPENDITURE			
Benefit payments and other expenses		<u>(98)</u>	<u>(219)</u>
DEFICIT FOR THE YEAR		(98)	(219)
FUNDS AT BEGINNING OF THE YEAR		2,056	2,275
FUNDS AT END OF THE YEAR		<u><u>1,958</u></u>	<u><u>2,056</u></u>

COMMUNITY**BALANCE SHEET
AT 31 DECEMBER 2022**

	Notes	2022		2021	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	11		4,116		4,679
Investment properties	12		12,787		14,338
Investments	13		64,177		67,912
			<u>81,080</u>		<u>86,929</u>
CURRENT ASSETS					
Debtors and prepayments	14	824		673	
Cash in bank and in hand		1,353		2,904	
		<u>2,177</u>		<u>3,577</u>	
CURRENT LIABILITIES					
Creditors and accruals	15	(789)		(839)	
Bank loan	15,16	(335)		(322)	
		<u>(1,124)</u>		<u>(1,161)</u>	
NET CURRENT ASSETS					
			<u>1,053</u>		<u>2,416</u>
TOTAL ASSETS					
LESS CURRENT LIABILITIES					
			82,133		89,345
NON-CURRENT LIABILITIES					
Bank loan	16		(29)		(357)
PENSION ASSET/(LIABILITY)					
	19		3,223		1,722
			<u>85,327</u>		<u>90,710</u>
Represented by:					
GENERAL FUND			82,990		88,254
POLITICAL FUND			275		300
BENEVOLENT FUND			104		100
FUTURES FUND			1,958		2,056
			<u>85,327</u>		<u>90,710</u>

Approved for issue to the members on:

11 Aug 2023

R Rickhuss CBE
General Secretary *pp Alasdair McDiarmid*

Dean Cox
NEC President *Dean Cox*

COMMUNITY**CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2022**

	2022	2021
	£'000	£'000
Cash flows from operating activities		
Operating deficit	(1,951)	385
Adjustments for:		
Investment income	(2,742)	(4,568)
Depreciation	290	478
Movements in working capital:		
Change in debtors	(151)	(198)
Change in creditors	(37)	107
Net cash absorbed by operations	<u>(4,591)</u>	<u>(3,796)</u>
Investing activities:		
Payments to acquire tangible fixed assets	(290)	(803)
Payments to acquire fixed asset investments	(1,884)	(3,063)
Receipts from sale of tangible fixed assets	884	781
Receipts from sale of fixed asset investments	1,709	5,245
Income from investments	2,821	3,174
Net rental income	115	271
Net cash flow from investing activities	<u>3,355</u>	<u>5,605</u>
Financing activities:		
Loan repayment	(315)	(317)
Net cash flow from financing activities	<u>(315)</u>	<u>(317)</u>
Net increase /(decrease) in cash and cash equivalents	(1,551)	1,492
Cash balances brought forward	2,904	1,412
Cash balances carried forward	<u><u>1,353</u></u>	<u><u>2,904</u></u>

COMMUNITY

ACCOUNTING CONVENTION YEAR ENDED 31 DECEMBER 2022

INFORMATION IN RESPECT OF THE UNION

Community is a trade union registered in accordance with the Trade Union Labour Relations (Consolidation) Act 1992 with its head office at 465c Caledonian Road, London N7 9GX.

ACCOUNTING FRAMEWORK

The accounts have been prepared in accordance with FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS102"). The Union is a Public Benefit Entity.

In accordance with FRS102, the format of these accounts is based on those contained in the Regulations to the Companies Act 2006, notwithstanding that the Union does not report under that Act. The formats have been adapted, as required by Part 1 of Schedule 1 of the regulations, in order that they give a true and fair view of the Union's activities.

PRESENTATION CURRENCY

The financial statements have been prepared in sterling, which is the functional currency of the Union. Monetary amounts of these financial statements are rounded to the nearest thousand.

GOING CONCERN

The National Executive Council has considered the future prospects for the Union and also the level of investments held. Based on that consideration, the National Executive Council has a reasonable expectation that the Union has adequate resources to continue in operational existence for the foreseeable future. Thus the National Executive Council continues to adopt the going concern basis in preparing the financial statements.

COMMUNITY

ACCOUNTING POLICIES YEAR ENDED 31 DECEMBER 2022

The accounts have been prepared under the historical cost convention as modified to include the revaluation of certain fixed assets, and in accordance with the specific accounting policies as set out below.

RENTAL INCOME

Rental income is accounted for on an accruals basis and derived from investment properties.

INVESTMENT INCOME

Investment income is accounted for on an accruals basis.

CONTRIBUTIONS

Contributions are accounted for on an accruals basis.

TANGIBLE FIXED ASSETS

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. At each reporting date, the Union reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

MIXED USE PROPERTIES

Mixed Use Properties are measured in two different ways; for the proportion held by the union and its operations, this is initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. For the proportion held for investment, these assets are carried at fair value and the changes in fair value recognised in the income and expenditure account.

DEPRECIATION

Depreciation is provided on all tangible fixed assets, except freehold land, to write off the cost less estimated residual value in equal annual instalments over the estimated useful economic lives of the assets. The estimated useful economic lives are as follows:

Freehold properties	50 years
Long leased properties	50 years
Furniture and fittings	5 years
Office equipment	3 years
Motor vehicles	3 years

Motor vehicles are depreciated to reduce the book value of the vehicles to their realisable value at the balance sheet date.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income and expenditure account.

**COMMUNITY
ACCOUNTING POLICIES (CONTINUED)
YEAR ENDED 31 DECEMBER 2022**

INVESTMENT PROPERTIES

Investment properties, which are properties held to earn rentals and/or for capital appreciation are measured using the fair value model and stated at their fair value as at the balance sheet date. The surplus or deficit on revaluation is recognised in the income and expenditure account.

PENSION COSTS

The Union operates a defined benefit pension scheme, which requires contributions to be made to separately administered funds. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of the defined benefit obligations) and is based on actuarial advice.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, at the start of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in the income and expenditure accounts as pension movement.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability (excluding amounts included in the net interest) are recognised immediately in other comprehensive income in the period in which they occur. Remeasurements are not reclassified to income and expenditure in subsequent periods.

The defined net benefit pension asset or liability in the balance sheet comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

CORPORATION TAX

Current tax is payable on the excess of interest income, rental income and chargeable gains arising on the disposal of properties and investment over expenditure on the provident benefits and reinvested chargeable gains for the year. Current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Provident benefits comprise of payments as set out in the rules of the Union, which relate to death benefit and legal assistance, and a proportion of the costs of administering the Union in relation to those benefits.

DEFERRED TAX

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable income.

Deferred tax is calculated at the tax rates that are expected to apply in the period where the liability is settled or the asset is realised. Deferred tax is charged or credited in the income and expenditure accounts.

The Union has adopted a reinvestment policy whereby all realised proceeds on the disposal of investments are reinvested into other chargeable assets, thereby eliminating any current tax liability and thereby the need for the recognition of a deferred tax liability. Where the proceeds are not fully reinvested no current tax liability is considered likely to arise due to expenditure on provident benefits exceeding any chargeable gains that might arise.

COMMUNITY

ACCOUNTING POLICIES (CONTINUED)

YEAR ENDED 31 DECEMBER 2022

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term investments with original maturities of three months or less, and bank overdrafts.

FINANCIAL INSTRUMENTS

Financial assets are recognised in the Union's balance sheet when the Union becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

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.

OTHER FINANCIAL ASSETS

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value recognised in the income and expenditure account, except that investments in equity instruments that are not publically traded, and whose fair value cannot be measured reliably, are measured at cost less impairment.

IMPAIRMENT OF FINANCIAL ASSETS

Financial assets, other than those held at fair value through income and expenditure account, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment is recognised in the income and expenditure account.

BASIC FINANCIAL LIABILITIES

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price unless the arrangement constitutes a financing transaction.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of the activity of the Union from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. Trade payables are initially recognised at transaction price and derecognised when, and only when, the Union's obligations are discharged, cancelled or they expire.

COMMUNITY

ACCOUNTING POLICIES (CONTINUED)

YEAR ENDED 31 DECEMBER 2022

FIXED ASSET INVESTMENTS

Listed investments and certain sundry investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price (where applicable). The income and expenditure account includes the net gains and losses arising on revaluation and disposals throughout the year. The Union does not acquire put options, derivatives or other complex financial instruments. The main form of financial risk faced by the Union is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Certain other investments are held at amortised cost.

REALISED GAINS AND LOSSES

All gains and losses are taken to the income and expenditure account as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are separated between surplus on investments and change in market value in the income and expenditure account.

LEASES

Assets held under finance leases and hire purchase contracts are capitalised and depreciated over the shorter period of the lease and the estimated useful economic lives of the assets. The finance charges are allocated over the period of the lease in proportion to the capital outstanding and are charged to the income and expenditure account. Rentals payable under operating leases, including any lease incentives received, are charged to the income and expenditure account on a straight line basis over the term of the relevant lease.

BRANCHES

The expenditure in the year is controlled from Head Office. Branches do not have separate bank accounts and all expenses are claimed from Head Office.

COMMUNITY

JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY YEAR ENDED 31 DECEMBER 2022

In the application of the Union's accounting policies, the Union is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities at the balance sheet date and the amounts reported for revenue and expenses during the year that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

As at 31 December 2022, the key estimates are as follows:

ESTIMATES AND JUDGEMENTS

SPLIT OF MIXED USE PROPERTIES

The union holds mixed-use properties. In determining the split for recognition between tangible assets and investment property, the Union has allocated value by number of floors utilised.

VALUATION OF INVESTMENT PROPERTIES

Investment properties are stated at fair value. The fair value is determined at each balance sheet date by the Union. This assessment requires judgements to be made, which include the condition of the property, its location and the market performance of similar properties in the area. The union engaged with accredited independent valuer with a recognised and relevant professional qualification to determine the fair value.

DEFERRED TAX

Under HMRC rules affecting taxation of trade unions, a corporation tax liability does not arise on chargeable gains arising from the disposal of properties and investments where such gains are reinvested into other chargeable assets in the same accounting period. The Union has adopted a policy whereby such chargeable gains are all reinvested, thereby eliminating any corporation tax liability. Where the proceeds are not fully reinvested, no corporation tax liability is considered likely to arise due to the availability of sufficient excess expenditure on provident benefits. Accordingly in the opinion of the management, the revaluation of properties and investments does not give rise to a timing difference and to deferred tax liabilities.

RECOGNITION OF SURPLUS ON DEFINED BENEFIT PENSION SCHEME

The difference between the market value of the assets of the Pension Fund and the present value of accrued pension liabilities is shown as an asset or liability on the balance sheet, except that an asset is only recognised where the union has the sole right to determine the use of the surplus of assets over liabilities.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

**COMMUNITY
JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)
YEAR ENDED 31 DECEMBER 2022**

KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details are given in note 19.

COMMUNITY**NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2022**

1 CONTRIBUTIONS	2022 £'000	2021 £'000
General Fund Contributions	5,620	6,053
Political Fund Contributions	225	232
Member Support Fund Contributions	57	55
	<u>5,902</u>	<u>6,340</u>
2 INVESTMENT INCOME	2022 £'000	2021 £'000
Income from investments	2,821	3,174
Rental	765	531
- Income		
- Expense	(650)	(260)
Gain / (Loss) on disposal of investments	(246)	843
Gain on disposal of fixed assets	52	280
	<u>2,742</u>	<u>4,568</u>
3 OTHER INCOME	2022 £'000	2021 £'000
General Fund:		
Legal service income	27	76
Union Learning	141	274
Overage on land sale	269	--
	<u>437</u>	<u>350</u>
4 MEMBERSHIP ACTIVITY	2022 £'000	2021 £'000
Benefits scheme	8	12
Child benefits	10	7
Convalescent home	--	--
Driver Care Plus	--	--
Expenses of members attending schools	236	235
Legal expenses: general	163	60
Lifechange benefit	138	115
Regional organiser / National officer expenses	181	100
Publications	49	60
National & regional campaigns	39	82
Retirement benefits	3	3
Strike pay	--	216
VAT paid	27	24
	<u>854</u>	<u>914</u>

COMMUNITY**NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2022**

5 BRANCHES	2022 £'000	2021 £'000
Delegation expenses	215	55
Branch secretary honorarium	141	134
	<u>356</u>	<u>189</u>
6 PERSONNEL COSTS	2022 £'000	2021 £'000
Salaries	4,553	4,715
National Insurance	509	523
Staff superannuation - Contributions	497	503
Staff superannuation - Additional payments	300	300
	<u>5,859</u>	<u>6,041</u>
Number of employees at the balance sheet date	2022 Number	2021 Number
Full time Union officials and organisers	48	46
Membership support staff	17	16
Administration staff	40	42
	<u>105</u>	<u>104</u>
7 ADMINISTRATION	2022 £'000	2021 £'000
Postage and telephone	202	252
Printing and stationery	92	83
Audit fees	79	56
Legal and professional charges	368	407
Insurance	172	238
Motor expenses	99	67
Donations	21	74
Bank charges	26	28
Bank interest payable	18	14
Badges/regalia etc.	51	47
Sundry expenses	11	21
	<u>1,139</u>	<u>1,287</u>

Fees payable to the auditors for audit services were £78,500 (2021 £44,350) and fees for other services were £Nil (2021: £11,150).

COMMUNITY**NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2022**

8 CONFERENCE AND COMMITTEE COSTS	2022 £'000	2021 £'000
Executive council meetings	68	38
Biennial delegate conference	366	18
	<u>434</u>	<u>56</u>
9 AFFILIATION FEES	2022 £'000	2021 £'000
Alliance for Finance	1	1
CSEU	2	2
General Federation of Trade Unions	36	20
ICTU	2	1
Industrial	21	28
National Pensioners Convention	1	1
NCVO	--	1
Ron Todd Foundation	--	1
Scottish TUC	5	5
T.U.C	96	95
Unions21	3	3
Wales TUC	8	4
	<u>175</u>	<u>162</u>
10 PROPERTY AND EQUIPMENT COSTS	2022 £'000	2021 £'000
IT and equipment	181	273
Depreciation	290	478
Head office	472	296
Regional offices	871	671
	<u>1,814</u>	<u>1,718</u>

COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2022

11 TANGIBLE ASSETS

	Freehold Properties	Long Lease Properties	Furniture and Equipment	Leasehold Improvements	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 31 December 2021	4,513	573	1,026	934	509	7,555
Additions	--	--	55	77	158	290
Transfers	--	--	--	--	--	--
Disposals	(514)	--	--	--	(113)	(627)
At 31 December 2022	3,999	573	1,081	1,011	554	7,218
Depreciation						
At 31 December 2021	535	216	842	900	383	2,876
Charge for the Year	76	11	101	34	68	290
Transfer	27	(27)	--	--	--	--
Disposals	--	--	--	--	(64)	(64)
At 31 December 2022	638	200	943	934	387	3,102
Net book value						
At 31 December 2022	3,361	373	138	77	167	4,116
At 31 December 2021	3,978	357	184	34	126	4,679

12 INVESTMENT PROPERTIES

	2022 £'000	2021 £'000
Valuation		
At 31 December 2021	14,338	13,522
Additions	--	--
Transfers	--	--
Disposals	(98)	--
Change in market value	(1,453)	816
At 31 December 2022	12,787	14,338

The Union's UK investment property was valued at 31 December 2022 by an accredited independent valuer with a recognised and relevant professional qualification and recent experience of the location and category of the investment property being valued.

The Union's foreign investment property was valued at 31 December 2022 by the Union's property department. The valuation was based on a review of recent sales and valuations of similar properties in the location and category of the investment property being valued.

The valuation model applied in the valuations is consistent with the principles in FRS102 at the end of each year and is on the basis of open market value.

Community in Spain SL is a wholly owned subsidiary of Community Union with the purpose to administer the Spanish Investment Properties on behalf of the Union. Spanish SL do not trade or have any assets/liabilities. These properties are included in the Community financial statements as Community in Spain SL acts solely as trustee on behalf of Community in respect of the properties and that it is Community, and not the company, who has beneficial ownership and control over these properties.

COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2022

13 INVESTMENTS

	Listed investments £'000	Sundry investments £'000	Loans and mortgages £'000	Total £'000
Market value				
At 31 December 2021	66,021	1,513	378	67,912
Additions	1,884			1,884
Disposals	(2,124)		(15)	(2,139)
Transfers	324	(324)		--
Change in market value	(3,633)	153		(3,480)
At 31 December 2022	62,472	1,342	363	64,177

As at 31 December 2022, the total amount of financial assets held at fair value is £63,814K (2021: £67,381K). include both Community's listed investments and certain sundry investments.

14 DEBTORS

	2022 £'000	2021 £'000
Trade debtors	201	99
Other debtors and accrued income	623	574
	<u>824</u>	<u>673</u>

15 CREDITORS

	2022 £'000	2021 £'000
Trade creditors	404	547
Other creditors	<u>385</u>	<u>292</u>
	789	839
Bank loan due within one year	335	322
	<u>1,124</u>	<u>1,161</u>

16 BANK LOANS

	2022 £'000	2021 £'000
Bank loan due after one year	<u>29</u>	<u>357</u>

LOAN MATURITY ANALYSIS

Debt due within one year	335	322
In more than one year but not more than two years	29	328
In more than two years but not more than five years	--	29
In more than five years	--	--
	<u>364</u>	<u>679</u>

The bank loan is repayable by monthly instalments over ten years commencing February 2014. The applicable rate of interest is 1.65% over the bank base rate. The bank loans are secured by a Letter of Negative Pledge and Undertaking from the Union's investment portfolio manager confirming they will not allow the Union's investment fund portfolio to fall below a market value of £9,000,000.

COMMUNITY**NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2022****17 COMMITMENTS UNDER OPERATING LEASES****LESSEE**

At 31 December 2022, the Union had obligations of total future minimum lease payments under non-cancellable operating leases for the following periods:

	Land & Buildings		Other	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Expiry date:				
No later than 1 year	282	282	83	83
Later than 1 year, no later than 5 years	332	553	141	168
Later than 5 years	--	--	--	--
	<u>614</u>	<u>835</u>	<u>224</u>	<u>251</u>

The lease payments recognised as an expense during the year amounted to £289,367 (2021: £346,341).

LESSOR

At 31 December 2022, the Union had contractual future minimum lease receipts under non-cancellable operating leases for the following periods:

	Land & Buildings	
	2022	2021
	£'000	£'000
Expiry date:		
No later than 1 year	430	424
Later than 1 year, no later than 5 years	553	574
Later than 5 years	--	--
	<u>983</u>	<u>998</u>

The lease receipts recognised as rental income during the year amounted to £480,596 (2021: £401,478).

18 ANALYSIS OF CHANGES IN NET DEBT

	At 31 Dec	Cash flows	At 31 Dec
	2021		2022
	£'000	£'000	£'000
Cash and Cash equivalents	2,904	(1,551)	1,353
Bank loans	679	(315)	364
	<u>3,583</u>	<u>(1,866)</u>	<u>1,717</u>

COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED) YEAR ENDED 31 DECEMBER 2022

19 STAFF PENSION SCHEMES

The Union operates a final salary defined benefit pension scheme for its employees and officials, which is funded by the payment of contributions. The assets of the scheme are held in a separately administered fund controlled by the trustees of the scheme.

Community and the trustees of the scheme have agreed a funding plan to ensure that the scheme is sufficiently funded to meet current and future obligations.

On the 5 June 2021 the scheme closed to further accrual of pension for the final 18 active members of the scheme, however, the link to final salary would be maintained.

Community continue to make additional service contributions of £300,000 per annum as contained in the formal schedule of contributions drawn up on 27 June 2019.

The Union estimates that it will make contributions to the scheme totalling £300,000 for the year beginning 1 January 2023.

The valuation used for FRS102 disclosures has been based on a full assessment of the scheme as at 31 March 2021, which was the date of the last formal actuarial valuation. The present values of the defined benefit obligation, the related current service cost and any past service costs were measured using the projected unit credit method.

Net defined benefit pension liability at the balance sheet date

	2022	2021
	£'000	£'000
Fair value of scheme assets	39,533	55,250
Present value of defined benefit pension obligations	(36,310)	(53,528)
Net defined benefit pension asset/(liability)	<u>3,223</u>	<u>1,722</u>

The principal actuarial assumptions used at the balance sheet date were:

	2022	2021
	%	%
Rate of increase in pensionable salaries	3.15	3.35
Rate of increase in pensions in payment	3.40	3.35
Discount rate for scheme liabilities	4.95	1.90
Rate of inflation (RPI/CPI)	3.15/2.40	3.35/2.55

COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2022

19 STAFF PENSION SCHEMES (continued)

Reconciliation of opening and closing balances of the present value of defined benefit pension obligations

	2022	2021
	£'000	£'000
Scheme liabilities at start of year	53,528	58,343
Current service cost	--	123
Interest cost	1,000	777
Actual contributions - members	--	38
Actual benefit payments by the scheme	(1,689)	(1,453)
Remeasurement gains	(16,529)	(4,300)
Scheme liabilities at end of year	<u>36,310</u>	<u>53,528</u>

The current service cost is the cost to the Union of pension rights earned by members of the scheme in the year.

Reconciliation of opening and closing balances of the fair value of scheme assets

	2022	2021
	£'000	£'000
Fair value of scheme assets at start of year	55,250	50,583
Actual contributions - employer	300	383
Actual contributions - members	--	38
Interest income	1,025	670
Remeasurement gains / (losses)	(15,292)	5,110
Actual benefit payments by the scheme	(1,689)	(1,453)
Actual expense payments by the scheme	(61)	(81)
Fair value of scheme assets at end of year	<u>39,533</u>	<u>55,250</u>

COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED)
 YEAR ENDED 31 DECEMBER 2022

19 STAFF PENSION SCHEMES (continued)

Total cost of the scheme for the year analysed between the amounts recognised in the income and expenditure account and other comprehensive income

<u>Income and expenditure account</u>	2022	2021
	£'000	£'000
<i>Employment costs</i>		
Current service cost	--	123
Total employment cost	<u>--</u>	<u>123</u>
<i>Investment income</i>		
Interest income on scheme assets	(1,025)	(670)
Interest expense on scheme liabilities	1,000	777
Actual expense payments by the scheme	61	81
Net interest cost	<u>36</u>	<u>188</u>
Charge to income and expenditure	36	311
Employer contributions	(300)	(383)
Net pension scheme (income)/expenditure	<u>(264)</u>	<u>(72)</u>

Remeasurement of the net defined benefit pension liability recognised in other comprehensive income

	2022	2021
	£'000	£'000
Return on scheme assets less interest income	(15,292)	5,110
Actuarial (losses) / gains on assumptions	21,261	1,635
Actuarial gain on experience	(4,732)	2,665
Remeasurement of scheme liability	<u>1,237</u>	<u>9,410</u>

COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED) YEAR ENDED 31 DECEMBER 2022

19 STAFF PENSION SCHEMES (continued)

Analysis of fair value of scheme assets	2022 £'000	2021 £'000
Equities	16,290	22,047
Government bonds	17,599	24,497
Corporate bonds	2,063	2,565
Property	3,280	5,826
Cash	301	315
Total fair value of scheme assets	<u>39,533</u>	<u>55,250</u>

20 RELATED PARTIES

During the year a member of management paid £5K (2021:£3K) for the purchase of a motor vehicle. As at the date of purchase the vehicle had a carrying value of £5K.

As at 31 December 2022 included within sundry investments is an amount of £Nil (2021:£Nil), relating to investment of shares in IndyCube Ltd. During the year a fair value loss of £Nil (2021: £425K) relating to this investment has been recognised in the income expenditure account.

Remuneration of key Management Personnel:

	2022	2021
Aggregate compensation	252,215	338,581
Retirement (Paid February 2022)	-	80,979

During the year, Community made provisions for a severance package to a member of the management team of £56,000.

In previous accounting periods an amount of £513,613 had been paid to a member of Key Management Personnel in respect of the remaining 70% of their property as part of the Union's re-location policy. As at 31 December 2022 an amount of £Nil (2021: £513,613) is included within tangible fixed assets in relation to the property purchase. Under the purchase arrangement for this property, any profit on future sale in excess of £565,000 was to be split 70:30 to the Key Management Member and the Union respectively. The property was sold during the year for £570,000 and consequently an amount of £3,500 was paid to the Key Management Member

As at 31 December 2022 included within investments loans and mortgages is an amount of £32,579 (2021: £41,109) outstanding from a member of Key Management Personnel. Interest of £645 (2021: £689) received at 2% is included within investment income. Costs of £Nil (2021: £950) have been included within sundry expenses as moving costs.

As at 31 December 2022 included within investments loans and mortgages is an amount of £312,154 (2021: £326,423) outstanding from a member of the Key Management Personnel, of which £191,045 (2021: £199,808) was secured over their interest in a co-owned property. Interest of £6,422 (2021: £6,705) received at 2% is included within investment income in respect of this loan. As at 31 December 2022 an amount of £203,757 (2021: £203,757) is included within tangible fixed assets in relation to the 49% ownership interest the union holds in this co-owned property. There is a £Nil uplift during 2022 (2021: £2,857) in relation to property improvements. The individual resides at the property and no rental is charged in respect of the Union's owned part.

COMMUNITY

NOTES TO THE ACCOUNTS (CONTINUED) YEAR ENDED 31 DECEMBER 2022

21 CONTINGENT LIABILITIES

As explained in the accounting policies, no tax liabilities are expected to arise on the realisation of unrealised valuation increases on investments and investment properties. If the unrealised valuation increases at 31 December 2022 were all to give rise to chargeable gains (less indexation) the maximum liability to tax would be £6.1M which utilises a 25% rate of corporation tax (2021: £6.7M which utilises a 25% rate of corporation tax).

COMMUNITY**STATEMENT TO MEMBERS
YEAR ENDED 31 DECEMBER 2022****SUMMARY INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022	2021
	£'000	£'000
GENERAL FUND		
Contribution from members	5,620	6,053
Investment income	2,742	4,568
Other income	437	350
Total income	<u>8,799</u>	<u>10,971</u>
Total expenditure	<u>(10,631)</u>	<u>(10,367)</u>
Operating result	<u>(1,832)</u>	<u>604</u>
Other items	(4,669)	6,891
(Deficit) / Surplus for the year	<u><u>(6,501)</u></u>	<u><u>7,495</u></u>
POLITICAL FUND		
	2022	2021
	£'000	£'000
Contribution from members	225	232
Total income	<u>225</u>	<u>232</u>
Total expenditure	<u>(250)</u>	<u>(253)</u>
Surplus / (Deficit) for the year	<u><u>(25)</u></u>	<u><u>(21)</u></u>
MEMBER SUPPORT FUND		
	2022	2021
	£'000	£'000
Total income	57	55
Total expenditure	(53)	(34)
Surplus for the year	<u><u>4</u></u>	<u><u>21</u></u>
FUTURES FUND		
	2022	2021
	£'000	£'000
Total expenditure	(98)	(219)
Deficit for the year	<u><u>(98)</u></u>	<u><u>(219)</u></u>

COMMUNITY**STATEMENT TO MEMBERS (CONTINUED)
YEAR ENDED 31 DECEMBER 2022****SUMMARY BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022	2021
	£'000	£'000
Tangible assets	4,116	4,679
Investment properties	12,787	14,338
Investments	64,177	67,912
Current assets	2,177	3,577
Current liabilities	(1,124)	(1,161)
Long term liabilities	(29)	(357)
Pension asset/(liability)	3,223	1,722
Net assets	<u><u>85,327</u></u>	<u><u>90,710</u></u>
Represented by:-		
General Fund	82,990	88,254
Political Fund	275	300
Benevolent Fund	104	100
Futures Fund	1,958	2,056
	<u><u>85,327</u></u>	<u><u>90,710</u></u>

COMMUNITY

STATEMENT TO MEMBERS (CONTINUED) YEAR ENDED 31 DECEMBER 2022

INFORMATION TO BE PROVIDED TO MEMBERS UNDER THE TRADE UNION AND LABOUR RELATIONS (CONSOLIDATION) ACT 1992 (AMENDED)

Under the Trade Union and Labour Relations (Consolidation) Act 1992 (Amended), the Union is required to circulate all members with details of the salary and benefits provided to the General Secretary, the President and members of the National Executive Council.

In the year ended 31 December 2022, R Rickhuss received a salary of £124,943. In addition, other benefits of £18,553 were provided.

The President and members of the National Executive Council do not receive any salary from the Union or any benefits. All members of the National Executive Council and the President are reimbursed for any out of pocket expenditure incurred by them in the performance of their duties on behalf of the Union, as is the General Secretary.

Certain members of the National Executive Council are reimbursed for their loss of earnings whilst on Union business and this is listed below. In certain cases, the amounts are reimbursed directly to the employer of the National Executive Council member.

<u>Name</u>	<u>Amount</u>
J Whiston	£462

DECLARATION TO MEMBERS

We are also required by the Trade Union and Labour Relations (Consolidation) Act 1992 (Amended) to include the following declaration in this statement 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 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 rules of the union and contemplates bringing civil proceedings against the union or responsible officials or trustees, he should consider obtaining independent legal advice."