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ASSOCIATION OF REVENUE & CUSTOMS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2023

ASSOCIATION OF REVENUE AND CUSTOMS
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FOR THE YEAR ENDED 31 DECEMBER 2023

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ASSOCIATION OF REVENUE AND CUSTOMS

TRUSTEES REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The accounts for the year ended 31 December 2023 show a surplus of £72,098 (£112,515 - 2022). This surplus is mainly the result of increased expenditure as the restrictions on Union activity imposed by the Covid-19 pandemic have receded. Distributions received totalling £18,760 of which £16,529 of reinvested distribution has been added to the cost of our investments.

Our net assets have increased by £72,098 to £750,846. This reflects our investments at cost of £348,914 rather than their value at 31 December 2023 of £1,130,203. This difference between value and costs provides us with additional reserves to deal with unforeseeable events.

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

Subscription income has increased marginally compared to 2022. We continue with our ongoing drive to increase our membership density across the section. As in previous years our subscription income is a percentage of members' subscriptions remitted to us by the FDA under the Transfer of engagement dating back to ARC becoming a section of the FDA. Each of us pays our monthly subscriptions to FDA who retain the balance in accordance with the Transfer Agreement to pay for staff and other establishment costs. Following a rule change at ADC 2017 the rebate fell from 30% of subscriptions in 2017 to 25% in 2018 but was increased to 30% in 2019 and 2020 due to the fall in ARC's net assets during 2018 and 2019 but was reduced again to 25% in 2021, 2022 and 2023 due to the increase in ARC's net assets for these years. The Rebate rate will fall to 20% for 2024.

Our costs in 2023 were higher as normal Union activities resumed post-Pandemic and we held our conference in Leeds and 2024 Conference is currently planned to be held in Belfast in May 2024.

Committee and officers' expenses increased in 2023 compared to 2022 due to increased activities. Centre expenses includes expenses incurred by members, other than committee members, on caseworking have increased in 2023. All committee members' expenses are included within committee and officers' expenses, including significant expenditure on caseworking.

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

Our legal fees remain lower during 2023 and are now comprised mainly of cases dealing with disability discrimination and unfair dismissal. We have a number of cases in the Employment Tribunal during 2024, so costs may remain significant but are likely to be less than previous years.

Our spending on ARC News was nil again in 2023 as we issued no paper editions. Instead we are using the ARC website and email as our main conduit for communications with members.

In line with our surplus of £72,098, our cash balance has increased by £62,170. The difference comprises mainly of our reinvested investment income and the increase of closing debtor and increase of closing creditor balances. The committee continue to monitor our ongoing cash requirements and will invest cash balances not needed to meet forecast expenditure taking account of forecast income in the short to medium term.

ASSOCIATION OF REVENUE AND CUSTOMS

TRUSTEES REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Accounting Policies

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

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

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

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

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

The member may raise any such concerns with such one or more of the following as it seems appropriate to raise it with: the officials of the union, the trustees of the property of the union, the auditor or auditors of the union, the Certification Officer (who is an independent officer appointed by the Secretary of State) and the police.

Where a member believes that the financial affairs of the union have been or are being conducted in breach of the law or in breach of the rules of the union and contemplates bringing civil proceedings against the union or responsible officials or trustees, the member should consider obtaining independent legal advice.

RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

Conor Burke

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Conor Burke, Honorary Treasurer, on behalf of trustees.

Date: 31 May 2024

ASSOCIATION OF REVENUE AND CUSTOMS
INCOME AND EXPENDITURE ACCOUNT
FOR THE 12 MONTHS ENDED 31 DECEMBER 2023

	Year Ended 31/12/2023 £	Year Ended 31/12/2022 £	Notes
INCOME			
Subscriptions	198,024	192,597	
Investment Income	18,760	12,620	6
Sundry Receipts	0	0	
	<u>216,784</u>	<u>205,217</u>	
EXPENDITURE			
Training	4,350	0	
Diaries	2,044	2,741	
Conference / AGM	33,364	34,931	
Website Development	1,501	0	
Website Support	8,784	8,064	
Committee / Officers	34,987	20,140	
Stationery, printing and postage	103	215	
Campaigns	39,650	0	7
ARC News	0	0	
Centre and Caseworker expenses	1,414	238	
Sundry Expenses	72	72	
Gift to Hospice	0	0	
Ballots	26	0	
Legal Fees	15,936	23,966	
Audit	2,455	2,335	
Accountancy & Investment Advice	0	0	
	<u>144,686</u>	<u>92,702</u>	
SURPLUS / (DEFICIT) TO GENERAL FUND	<u>72,098</u>	<u>112,515</u>	

ASSOCIATION OF REVENUE AND CUSTOMS

BALANCE SHEET

AS AT 31 DECEMBER 2023

	31 December 2023		31 December 2022		Notes
	£	£	£	£	
FIXED ASSETS					
Investments		348,914		332,385	1
		<u>348,914</u>		<u>332,385</u>	
CURRENT ASSETS					
Debtors	14,513		2,163		2
Cash at Bank and Current Investments	411,114		348,944		3
	<u>425,627</u>		<u>351,107</u>		
CURRENT LIABILITIES					
Creditors	23,695		4,744		4
Net Current Assets		401,932		346,363	
NET ASSETS		750,846		678,748	
MEMBERS' FUNDS					
Political Fund		-		-	5
General Fund brought forward		678,748		566,233	
T/F from Political Fund to General Fund		-		-	
Surplus / (Deficit) for year		72,098		112,515	
		750,846		678,748	

The balance sheet as at 31 December 2023 and the income and expenditure account and the related notes to the accounts for the year then ended are certified correct to the best of my knowledge and belief.

C. P. Burke

Conor P Burke
Treasurer

Date: 31 May 2024

ASSOCIATION OF REVENUE AND CUSTOMS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
<i>1. Investments</i>		
Shares in Unity Trust Bank at cost	10,000	10,000
Investments in Unit Trusts (note 6)	338,914	322,385
	348,914	332,385
<i>2. Debtors</i>		
AGM	3,147	1,566
Supplier refund	-	-
ARC Benevolent Fund	3,242	-
FDA - Subscriptions	6,024	597
ARC News Committee	-	-
Diaries	2,100	-
	14,513	2,163
<i>3. Cash at bank and current accounts</i>		
Bank account	411,114	348,944
Centre balances	-	-
	411,114	348,944
<i>4. Creditors</i>		
FDA misc	-	-
Website support	732	1,344
Campaigns	17,552	0
Legal costs	1,140	0
Audit	2,400	2,200
Investment advice	1,200	1,200
Committee / Officers Expenses	671	0
Other accruals	-	-
	23,695	4,744
<i>5. Political Fund</i>		
Balance brought forward	-	-
Subscriptions for year	-	-
less expenditure	-	-
Transfer to General Fund	-	-
Balance carried forward	-	-

ASSOCIATION OF REVENUE AND CUSTOMS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

6. Investments

Investments:

	2023			2022		
	Number	Cost	Value	Number	Cost	Value
Unit Trusts						
Scottish Widows Ethical B	51,696.94	40,919	97,294	51,789.42	40,919	91,098
Edentree Amity UK A	49,959.74	42,306	111,210	49,195.50	40,628	105,328
Aegom Ethical Equity A	83,064.75	48,480	216,218	76,011.07	44,278	172,188
Columbia Threadneedle Responsible UK Income	85,010.61	132,441	259,027	85,010.61	122,308	239,815
Columbia Threadneedle Responsible Global Equi	16,609.71	13,016	111,435	13,232.74	12,500	103,943
Janus Henderson Global Sustainable Equity	23,596.21	33,675	122,818	23,598.06	33,675	106,828
Jupiter Ecology	34,781.96	28,077	202,111	34,781.96	28,077	181,933
		338,914	1,120,113		322,385	1,001,133

	2023			2022		
	Number	Cost	Value	Number	Cost	Value

Shares

Lloyds plc	191	-	91	191	-	87
Unity Trust Bank plc	10,000	10,000	10,000	10,000	10,000	10,000
		10,000	10,091		10,000	10,087

Totals

		348,914	1,130,204		332,385	1,011,220
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We received distributions of £18,760 from some of our investments during 2023. Included in this income was £16,529 of income that was reinvested. This reinvested income has been added to the cost of the relevant investments and included as investment income in the income and expenditure account.

7. Campaigns

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

	2023	2022
"Funding The Future"	39,650	-
	39,650	-

8. Related Parties note

ARC is a section of FDA. ARC has received £198,024 (2022: £192,597) and is due £6,024 (2022: £597) from FDA in respect of member subscriptions in 2023.

ARC has paid £34,987 (2022: £20,140) to its committee members in respect of expenses incurred throughout the year.

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

Opinion

We have audited the financial statements of the Association of Revenue and Customs (ARC) for the year ended 31 December 2023 which comprise the income and expenditure account, the balance sheet and notes to the financial statements, which have been prepared under the accounting policies set out in the Trustees' report. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 105 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of ARC's affairs as at 31 December 2023 and of its transactions 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 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 ARC'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 conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the union to cease to continue as a going concern.

Our responsibilities and the responsibilities of the Officers of ARC with respect to going concern are described in the relevant sections of this report.

Other information

The officers of ARC 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.

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

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.

Matters on which we are required to report by exception

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

- proper accounting records have not been kept;
- a satisfactory system of control over its accounting records, cash holdings and receipts and remittances has not been maintained; or
- the financial statements are not in agreement with the accounting records and returns.
- we have not received all the information and explanations we require for our audit.

Responsibilities of officers

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

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

In preparing the financial statements, the officers are responsible for assessing the union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the officers either intend to liquidate the union or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Extent to which the audit was capable of detecting 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:

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience through discussion with the Officers and other management (as required by auditing standards).
- We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related trade union legislation) and taxation legislation. We considered that extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.
- With the exception of any known or possible non-compliance, and as required by auditing standards, our work in respect of these was limited to enquiry of the Officers.
- We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.
- We addressed the risk of fraud through management override of controls, by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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.

Use of our report

This report is made solely to union's members as a body. Our work has been undertaken so that we might state to union's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the union and the union's members as a body, for our audit work, or for the opinion we have formed.

Orcom Civals Audit Ltd

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Date : 31 May 2024