

Charity registration number: 313439

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

Trustees' report and financial statements

for the year ended 31 December 2021

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

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GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

Reference and administrative details of the Trust, its Trustees and advisers for the year ended 31 December 2021

Trustees	S Woolley, Chair B Richards S Parkinson E Nicholson N Rae A Pratten S Orchard L Ambler J Westerman CBE A Prochaska M Sanders M Bennett
Company registered number	313439
Registered office	86 Wood Lane Quorn Leicestershire LE12 8DB
Company secretary	D Nicholls
Independent auditors	PKF Smith Cooper Audit Limited Statutory Auditors 2 Lace Market Square Nottingham NG1 1PB

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

Trustees' report for the year ended 31 December 2021

The Trustees present their report with the financial statements of the charity for the year ended 31 December 2021.

The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

Objectives and activities

a. Policies and objectives

The principal objective of the Trust is to provide educational courses and seminars for the individual members of the trade unions that are affiliated trade unions. It also produces publications and carries out project work in support of these activities and for the wider benefit of the community.

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

Achievements and performance

a. Main achievements of the Trust and review of activities

There were five overriding priorities this year:

1. To ensure that our subsidiary company developed new business post the worst of the Covid lockdown and started to repay loans provided to it during the pandemic.
2. To continue to seek the engagement of a development officer/fundraiser for the Trust.
3. To sustain our education programme.
4. To recruit and induct new enthusiastic Trustees.
5. To ensure 100% occupancy of the rental housing.

We consider that we have been successful in achieving four of these priorities.

Thanks to new and successful leadership and management from the Hotel General Manager Andrea O'Dwyer pandemic loans have been repaid and regular payments into the Trust have been resumed, and the profit targets envisaged at the point of new build are still realised within the Hotel budget.

Our education offer, inevitably over this period more online and hybrid has been extensive, but the take up not always as we would have wished. We were successful in at last engaging many learners in our exciting history programme organised jointly with the Workers Education Association. Many of our online seminars on particular topics have proved successful and our professional development forum for union education officers has proved continually popular. Our fringe meeting at the TUC was the largest ever. Our pioneering conference to bring community organisations and trade unions together was very successful and has led to ongoing monthly meetings and new thinking around this whole area of work. The Young members' development weekend remains a high quality and enjoyable feature of our annual programme and many thanks to Sarah Woolley, Ben Richards, and Daniel Warren for organising it so well.

We have said a fond farewell to Trustees Melantha Chittenden, Dami Benbow and Antoinetta Torselliano, and during the year had productive discussions to welcome new Trustees Simon Parkinson, Margaret Bennett, Edda Nicolson and Ben Richards to join us from the end of the year.

Cecile Henry Martin has managed our rental properties effectively and we have retained 100% occupancy with no voids throughout the year.

We have not been as successful as would have wished despite strenuous head hunting and advertising campaigns in finding a development officer/fund raiser to work with us. Two part time freelance appointments did not work out. We have continued to prioritise this work and established a progress group to focus on it.

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

Trustees' report (continued) for the year ended 31 December 2021

Achievements and performance (continued)

The Trusts additional income generating schemes through the Win Win services have been widely promoted through a new monthly newsletter. We agreed to add an ethical lottery scheme to this suite of services called Union Lotto which can hopefully raise a steady income stream.

We have maintained our interest in developing a sculptural project at Quorn, our publishing venture Workable Books which has received several interesting proposal for publication.

We have written to all agricultural and horticultural colleges to seek interest in supporting us in the creation of a market garden/educational project at Quorn.

Our contribution through a range of partnerships and events to developing thinking about the future of adult education, including at our TUC Fringe meeting, has made a recognised contribution to this vital debate. A verbatim transcript of our BGCM debate on education is available. This was a pivotal debate about the future of adult education in Britain.

Our four year sponsorship of a PhD on aspects of the history of the GFTU by Edda Nicolson has come to an end and we are delighted that Edda has been able to join the Trustees.

Our previous sponsorship of the political literacy project Shout Out and ongoing support have developed well and we are pleased that there is now an All Party Parliamentary Group on this subject.

Formal occupancy licenses for the land and buildings have been drafted but remain to be negotiated in place.

New auditors have been appointed in PKF Smith Cooper.

Financial review

a. Financial review

The results of the year are set out in the consolidated Statement of Financial Activities on page 10 and show a surplus of £230,685 (2020: £253,906 surplus as restated). The group had net assets of £769,615 (2020: £538,930 as restated) as shown on the Balance Sheet on page 11, represented by a restricted fund surplus of £1,303,393 (2020: £1,027,259 as restated) and an unrestricted fund deficit of £533,778 (2020: £488,329 as restated).

The trust continues to be, in part, financially supported by the Federation, which maintains adequate resources to fund the Trust's operations through the payment of a management charge. The Federation has assured the Trustees that it expects to maintain these payments to the Trust at a sufficient level to enable the Trust to continue its current activities.

In 2021 the General Federation of Trade Unions had a deficit of £23,146 (2020: £355,379 deficit) and showed a surplus before the payment of management charges to the Trust of £176,854 (2020: £44,621).

b. Reserves policy

The Trust has two funds, the General Reserve Fund, which the Trustees are free to use in accordance with the charitable objectives set out in the Trust Deed and the Restricted Reserve fund, which can only be used to fund the specific projects undertaken by the Trust. The Restricted Fund also includes the sum of £3,000,000, which the Trust is required to maintain under the terms of exceptional Gift Aid donated by the Federation in 2005. The Executive Committee of the Federation has varied the terms of the restriction to take account of fluctuations in the value of underlying investments. There is no governing requirement to hold a specific level of General Reserve, due to the financial support of the Trust by the General Federation of Trade Unions. At present the General Reserve stands at £533,778 deficit (2020: £488,329 deficit as restated). The Trust's policy is to achieve positive general reserves over the medium term.

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

Trustees' report (continued) for the year ended 31 December 2021

c. Principal risks and uncertainties

The Trustees have assessed the major risks to which the Trust is exposed, in particular those related to the financing of the Trust and its dependence on payments from the Federation. The Trustees are satisfied that all possible steps have been taken to mitigate those risks. The risks and opportunities facing the trust in this sector have been under constant review.

Structure, governance and management

a. Constitution

The Trust, an unincorporated organisation, charity number 313439, is a recognised charity, operated under the rules of its Trust Deed dated 29 October 1970. The management of the Trust is the responsibility of the Trustees who are elected and co-opted under the terms of the Trust Deed (as amended). The General Federation of Trade Unions has the power to appoint the Trustees, subject to there not being a majority of Trustees who are also officers, employees or Trustees of the Federation. The Trustees have reviewed the application and relevance of the Trust deed and made no amendments. Developments in legislation and guidance from the Charity Commissioners have been considered.

b. Methods of appointment or election of Trustees

The Trust Deed provides that the General Federation of Trade Unions may appoint trustees, subject to there being a majority of independent trustees. Should a vacancy for an independent trustee occur, the Trustees seek nominations for the individuals having regard to any specific skills needed.

c. Organisational structure and decision-making policies

The board of trustees meet regularly to discuss the development of the Trust along with finance and issues relevant to the running of the Trust. The day to day operations of the charity are managed by the Secretary who has delegated authority, within the terms of delegation approved by the trustees, for all operational matters.

d. Policies adopted for the induction and training of Trustees

New trustees are fully briefed by the Secretary with regard to their legal obligations under the charities legislation, the content of the Trust Deed, the decision making processes and recent financial performance. Trustees are encouraged to attend appropriate external training events where they will facilitate the undertaking of their role.

e. Related party relationships

The Trust continues to maintain its close relationship with the General Federation of Trade Unions whose principal activity is to provide services to members of affiliated trade unions. The Federation has confirmed its continuing support in order that the Trust can carry out its charitable objectives.

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

Trustees' report (continued) for the year ended 31 December 2021

Statement of Trustees' responsibilities

The Trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, of the charity for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

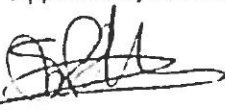
The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditors are aware of that information.

Approved by order of the members of the board of Trustees and signed on their behalf by:



S Woolley
(Chair of Trustees)

Date: 27/09/2022

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

Independent auditors' report to the Members of General Federation of Trade Unions Educational Trust

Opinion

We have audited the financial statements of General Federation of Trade Unions Educational Trust (the 'parent charity company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated statement of financial activities, the Consolidated balance sheet, the Trust balance sheet, and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent charity's affairs as at 31 December 2021 and of the Group's incoming resources and application of resources, including its income and expenditure 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 Charities Act 2011.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, 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 Trustees' 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 Group's or the parent charity'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 Trustees with respect to going concern are described in the relevant sections of this report.

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

Independent auditors' report to the Members of General Federation of Trade Unions Educational Trust (continued)

Other information

The other information comprises the information included in the Annual report other than the financial statements and our Auditors' report thereon. The Trustees are responsible for the other information contained within the Annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- the parent charity has not kept sufficient accounting records; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees 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 Trustees 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 Trustees are responsible for assessing the Group's and the parent charity'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 Trustees either intend to liquidate the Group or the parent charity or to cease operations, or have no realistic alternative but to do so.

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

Independent auditors' report to the Members of General Federation of Trade Unions Educational Trust (continued)

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 Auditors' 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. Based on our understanding of the entity, we identify the key laws and regulations affecting the charity to be the charities SORP. 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 that the principal risk of fraud or non-compliance with laws and regulations related to:

- management bias in respect of accounting estimates and judgements made;
- management override of control;
- posting of unusual journals or transactions.

We focussed on those areas that could give rise to a material misstatement in the charity's financial statements. Our procedures included, but were not limited to:

- Enquiry of management and those charged with governance around actual and potential litigation and claims, including instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of meetings of those charged with governance where available;
- Reviewing legal expenditure in the year to identify instances of non-compliance with laws and regulations and fraud;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias. In particular the assumptions used in relation to the defined benefit pension scheme and investment property valuations.

It is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 Auditors' report.

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

**Independent auditors' report to the Members of General Federation of Trade Unions Educational Trust
(continued)**

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an Auditors' 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 charity and the charity's trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

PKF Smith Cooper Audit Limited

PKF Smith Cooper Audit Limited

Statutory Auditors
2 Lace Market Square
Nottingham
NG1 1PB

Date: 3 October 2022

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

**Consolidated Statement of financial activities (incorporating income and expenditure account)
for the year ended 31 December 2021**

		Restricted funds 2021 £	Unrestricted funds 2021 £	Total funds 2021 £	<i>As restated</i> Total funds 2020 £
Income from:					
Management charges received from GFTU		-	200,000	200,000	400,000
Charitable activities		-	-	-	3,049
Trading activities:					
Hotel		1,203,456	-	1,203,456	614,361
HMRC Covid-19 grants received		197,442	-	197,442	344,550
Investment income		-	4	4	17
Other income		-	121,287	121,287	117,387
Total income		1,400,898	321,291	1,722,189	1,479,364
Expenditure on:					
Trading activities:					
Hotel		1,168,064	-	1,168,064	1,168,091
Day Nursery		(5,300)	-	(5,300)	-
Charitable activities	2	-	441,740	441,740	396,814
Total expenditure		1,162,764	441,740	1,604,504	1,564,905
Net income/(expenditure) before net gains on investments		238,134	(120,449)	117,685	(85,541)
Gain on revaluation of investment property	9	-	75,000	75,000	339,447
Net income/(expenditure) before taxation		238,134	(45,449)	192,685	253,906
Taxation		38,000	-	38,000	-
Net movement in funds	14	276,134	(45,449)	230,685	253,906
Reconciliation of funds:	14				
Total funds brought forward	14	1,027,259	(488,329)	538,930	285,024
Net movement in funds	14	276,134	(45,449)	230,685	253,906
Total funds carried forward	14	1,303,393	(533,778)	769,615	538,930

The Consolidated statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 13 to 29 form part of these financial statements.

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST
Registered number: 313439

**Consolidated balance sheet
as at 31 December 2021**

	Note	2021 £	As restated 2020 £
Fixed assets			
Tangible assets	8	4,798,454	4,882,354
Investment property	9	2,360,000	2,285,000
		7,158,454	7,167,354
Current assets			
Stocks		7,202	4,966
Debtors	11	182,557	237,580
Cash at bank and in hand		272,619	92,276
		462,378	334,822
Creditors: amounts falling due within one year	12	(6,851,217)	(6,963,246)
Net current liabilities		(6,388,839)	(6,628,424)
Total assets less current liabilities		769,615	538,930
Total net assets		769,615	538,930
Charity funds			
Restricted funds	14	1,303,393	1,027,259
Unrestricted funds	14	(533,778)	(488,329)
Total funds		769,615	538,930

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:



S Woolley
Chair of Trustees

Date 27/09/2022.

The notes on pages 13 to 29 form part of these financial statements.

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST
Registered number: 313439

**Trust balance sheet
as at 31 December 2021**

	Note	2021 £	As restated 2020 £
Fixed assets			
Tangible assets	8	4,608,643	4,652,192
Investments	10	2	2
Investment property	9	2,360,000	2,285,000
		6,968,645	6,937,194
Current assets			
Debtors	11	889,813	970,903
Cash at bank and in hand		104,053	62,095
		993,866	1,032,998
Creditors: amounts falling due within one year	12	(6,331,440)	(6,339,781)
Net current liabilities		(5,337,574)	(5,306,783)
Total assets less current liabilities		1,631,071	1,630,411
Total net assets		1,631,071	1,630,411
Charity funds			
Restricted funds	14	2,052,351	2,052,351
Unrestricted funds	14	(421,280)	(421,940)
Total funds		1,631,071	1,630,411

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:



S Woolley
Chair of Trustees

Date: 27/09/2022

The notes on pages 13 to 29 form part of these financial statements.

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

Notes to the financial statements for the year ended 31 December 2021

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011, and applicable regulations

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated.

The Consolidated statement of financial activities (SOFA) and Consolidated balance sheet consolidate the financial statements of the Trust and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis. No separate statement of financial activities is presented for the parent undertaking in accordance with UK GAAP.

The financial statements are presented in sterling which is the functional currency of the Group and are rounded to the nearest £1.

1.2 Going concern

The financial statements have been prepared on a going concern basis.

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

As at 31 December 2021, the Trust owed £6,396k to its related undertaking the General Federation of Trade Unions (GFTU). No terms and conditions are attached to the balances due, but the GFTU has agreed not to seek repayment of the amounts for a minimum of 12 months from the date of approval of the financial statements. Furthermore, the Trust continues to receive operational and financial support from the GFTU, as it has done for many years and the GFTU have confirmed that it will continue to be the case.

In turn the Trust is owed £839k by its subsidiary undertaking, the GFTUET Trading Company. Based on the budgets and cashflow forecasts for the Trading Company, and Trust are expecting partial repayment of amounts due.

Having due regard to the ongoing support of the wider GFTU family of entities and forecast financial information, the Trustees are satisfied that the Company is a going concern for a minimum of twelve months from the date of approval of the financial statements.

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

Notes to the financial statements for the year ended 31 December 2021

1. Accounting policies (continued)

1.3 Income

Donations and similar is recognised once the Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Consolidated statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Gift Aid is recognised in the year it is receivable.

Income from hotel trading activities represents fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Revenue from the sale of food and drink is recognised at point of sale. Revenue from accommodation, events and room hire is recognised over the period to which the services relate.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. No expenditure is netted off incoming resources. All costs have been attributed to the functional categories of resources expended in the Statement of Financial Activities.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Group's objectives, as well as any associated support costs.

Governance costs comprise all costs involving the accountability of the Group and its compliance with regulation and good practice. These costs include costs relating to statutory audit and professional fees together with an apportionment of overheads and support costs.

Costs of hotel and training company trading activities comprise cost of sales, establishment, employment, administration, depreciation and financial costs of generating the income from hotel trading activities.

All expenditure is inclusive of irrecoverable VAT.

1.5 Taxation

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Subsidiary undertakings are liable to Corporation and Capital Gains Tax.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

Notes to the financial statements for the year ended 31 December 2021

1. Accounting policies (continued)

1.6 Tangible fixed assets and depreciation (continued)

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives.

Depreciation is provided on the following bases:

Land and buildings	- 2% straight line
Improvements to property	- 15% reducing balance
Fixtures, fittings and equipment	- 15% reducing balance or 33% straight line

Certain land and buildings are not depreciated as in the Trustees' opinion the difference between the residual value and the original cost would result in an immaterial charge to depreciation.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of financial activities.

1.7 Investment property

Investment properties are initially measured at cost and subsequently remeasured to fair value at each reporting date. Changes in fair value are recognised in the SOFA.

1.8 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Financial Activities.

1.10 Debtors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Financial Activities.

1.11 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable surpluses from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

Notes to the financial statements for the year ended 31 December 2021

1. Accounting policies (continued)

1.12 Pensions

Defined contribution scheme

The Group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Group to the fund in respect of the year.

Defined benefit scheme

Certain members of staff have joint contracts of employment with this entity and the General Federations of Trade Unions (GFTU) and have participated in the Defined Benefit Pension Scheme (DBPS) operated by the GFTU. However, the GFTU is the only admitted body to the DBPS and no financial commitments exist in respect of ongoing contributions to be made by the Trust to the scheme, these are solely the responsibility of the GFTU. Therefore, the actuarial impact of the DBPS is reflected in the financial statements of the GFTU only.

The pension costs of the staff who work for the Trust are charged to the income and expenditure account as they become payable.

1.13 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Group and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Group for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

2. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Education	441,740	441,740	396,814
<i>Total 2020</i>	<u>396,814</u>	<u>396,814</u>	

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

**Notes to the financial statements
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3. Analysis of expenditure by activities

	Direct costs 2021 £	Support costs 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Education	-	441,740	441,740	396,814
<i>Total 2020</i>	26,632	370,182	396,814	

Analysis of support costs

	Total funds 2021 £	<i>As restated Total funds 2020 £</i>
Staff costs	230,854	196,881
Depreciation	36,028	41,054
Occupancy costs	14,989	27,136
Other costs	153,369	97,236
Governance costs	6,500	7,875
	441,740	370,182

4. Auditors' remuneration

	2021 £	<i>2020 £</i>
Fees payable to the Trust's auditor for the audit of the Trust's annual accounts	6,500	13,500

5. Staff costs

	Group 2021 £	<i>Group 2020 £</i>	Trust 2021 £	<i>Trust 2020 £</i>
Wages and salaries	778,292	908,138	189,833	165,343
Social security costs	51,831	34,751	18,544	14,832
Pension costs	34,957	26,072	22,477	16,706
	865,080	968,961	230,854	196,881

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

**Notes to the financial statements
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5. Staff costs (continued)

The average number of persons employed by the Trust during the year was as follows:

	Group 2021 No.	<i>Group 2020 No.</i>	Trust 2021 No.	<i>Trust 2020 No.</i>
Research and education officers	1	1	1	1
Administration	8	10	8	10
Hotel staff	39	54	-	-
	48	<i>65</i>	9	<i>11</i>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	Group 2021 No.	<i>Group 2020 No.</i>
In the band £60,001 - £70,000	1	-
In the band £70,001 - £80,000	-	1

Key management personnel remuneration during the year totalled £60,436 for short-term employment benefits and £12,871 for post-employment benefits.

6. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2020 - £NIL).

During the year ended 31 December 2021, no Trustee expenses have been incurred (2020 - £NIL).

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

Notes to the financial statements
for the year ended 31 December 2021

7. Intangible assets

Group and Trust

	Goodwill £
Cost	
At 1 January 2021	1
At 31 December 2021	<u>1</u>
Amortisation	
At 1 January 2021	1
At 31 December 2021	<u>1</u>
Net book value	
At 31 December 2021	<u>-</u>
At 31 December 2020	<u>-</u>

The goodwill arose on the purchase of the Quorn Grange Hotel investment property in 2012.

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

**Notes to the financial statements
for the year ended 31 December 2021**

8. Tangible fixed assets

Group

	Land and buildings £	Property improvements £	Fixtures, fittings and equipment £	Total £
Cost				
At 1 January 2021 (as restated)	4,425,787	379,434	719,124	5,524,345
Additions	-	-	12,438	12,438
Disposals	(961)	(3,325)	(40,345)	(44,631)
At 31 December 2021	<u>4,424,826</u>	<u>376,109</u>	<u>691,217</u>	<u>5,492,152</u>
Depreciation				
At 1 January 2021 (as restated)	7,546	278,488	355,957	641,991
Charge for the year	7,546	17,579	59,540	84,665
On disposals	-	(2,184)	(30,774)	(32,958)
At 31 December 2021	<u>15,092</u>	<u>293,883</u>	<u>384,723</u>	<u>693,698</u>
Net book value				
At 31 December 2021	<u>4,409,734</u>	<u>82,226</u>	<u>306,494</u>	<u>4,798,454</u>
At 1 January 2021 (as restated)	<u>4,418,241</u>	<u>100,946</u>	<u>363,167</u>	<u>4,882,354</u>

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

**Notes to the financial statements
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8. Tangible fixed assets (continued)

Trust

	Freehold property £	Property improvements £	Plant and machinery £	Total £
Cost				
At 1 January 2021 (as restated)	4,425,787	6,811	373,056	4,805,654
Additions	-	-	1,205	1,205
Disposals	(961)	-	-	(961)
At 31 December 2021	<u>4,424,826</u>	<u>6,811</u>	<u>374,261</u>	<u>4,805,898</u>
Depreciation				
At 1 January 2021 (as restated)	7,546	4,688	141,228	153,462
Charge for the year	7,546	261	35,986	43,793
At 31 December 2021	<u>15,092</u>	<u>4,949</u>	<u>177,214</u>	<u>197,255</u>
Net book value				
At 31 December 2021	<u>4,409,734</u>	<u>1,862</u>	<u>197,047</u>	<u>4,608,643</u>
At 1 January 2021 (as restated)	<u>4,418,241</u>	<u>2,123</u>	<u>231,828</u>	<u>4,652,192</u>

9. Investment property

Group and Trust

	Freehold investment property £
Valuation	
At 1 January 2021 (as restated)	2,285,000
Surplus on revaluation	75,000
At 31 December 2021	<u>2,360,000</u>

The investment property was revalued on 20 April 2020 by Berkley Estates, based on market value, and further consideration to the appreciation in value made by the Trustees during 2021.

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

**Notes to the financial statements
for the year ended 31 December 2021**

10. Fixed asset investments

	Investments in subsidiary companies £
Trust	
Cost and net book value	
At 1 January 2021	2
At 31 December 2021	2
	2

Principal subsidiaries

The following were subsidiary undertakings of the Trust:

Names	Principal activity	Class of shares	Holding	Included in consolidation
GFTUET Trading Company Limited	Quorn Grange Hotel	Ordinary	100%	Yes
Albion Education and Training Ltd	Dormant	Ordinary	100%	Yes

The financial results of the subsidiaries for the year were:

Names	Profit/(Loss) for the year £	Net assets £
GFTUET Trading Company Limited	224,725	(862,738)
Albion Education and Training Ltd	-	1,286

The registered office of the subsidiary undertakings is the same as that of the parent charity.

The subscribers to the shares of GFTUET Trading Company Limited are D Nicholls and J Fray, trustees to the Trust and the Trust is the beneficial owner of those shares. Albion Education and Training Ltd is a wholly owned subsidiary of GFTUET Trading Company Limited.

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**Notes to the financial statements
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11. Debtors

	Group 2021 £	<i>Group As restated 2020 £</i>	Trust 2021 £	<i>Trust As restated 2020 £</i>
Due within one year				
Trade debtors	44,598	41,071	2,203	40,499
Amounts owed by group undertakings	-	-	839,807	797,149
Other debtors	90,646	196,509	38,490	133,255
Prepayments and accrued income	9,313	-	9,313	-
Deferred taxation	38,000	-	-	-
	<u>182,557</u>	<u>237,580</u>	<u>889,813</u>	<u>970,903</u>

12. Creditors: Amounts falling due within one year

	Group 2021 £	<i>Group As restated 2020 £</i>	Trust 2021 £	<i>Trust As restated 2020 £</i>
Amounts due to GFTU	6,396,295	6,405,251	6,210,319	6,183,957
Trade creditors	99,992	112,736	3,266	37,381
Other taxation and social security	50,099	99,896	-	-
Other creditors	-	9,563	-	3,937
Accruals and deferred income	304,831	335,800	117,855	114,506
	<u>6,851,217</u>	<u>6,963,246</u>	<u>6,331,440</u>	<u>6,339,781</u>

Amounts due to the GFTU are classified within one year in absence of a formal loan agreement between the two parties and is therefore technically repayable on demand. However, the GFTU have confirmed that there is no expectation that amounts would need to be repaid in the foreseeable future.

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

Notes to the financial statements for the year ended 31 December 2021

13. Prior year adjustments

Trust

A prior year adjustment has been reflected in respect of costs previously reported as investment properties.

Certain costs capitalised in the year to 31 December 2019 were classified as investment properties when they should have been classified as fixed assets under fixtures and fittings. These have been reclassified as an opening balance sheet adjustment as of 1 January 2020, resulting in a decrease to investment properties of £223,389 and an equivalent increase in fixtures and fittings within fixed assets. They have been depreciated in the year to 31 December 2020, resulting in a decrease to previously reported results of £33,508 and an equivalent decrease to the closing funds. In addition, costs previously capitalised within investment properties have been identified as general expenditure and should not have been capitalised. An opening balance sheet adjustment as of 1 January 2020 has been made to decrease investment properties by £4,817, with an equivalent decrease to opening reserves.

Costs in relation to original purchase and subsequent extension of the Quorn Grange Hotel were classified as investment properties in previous years. The triennial review of FRS 102 in 2017 included a new accounting policy choice in relation to investment property rented to another group entity where entities are allowed to choose to measure such properties at cost rather than report the asset as an investment property. The trustees were not aware of this option and have now taken the decision, in light of this information, to change the accounting policy in relation to the accounting treatment of the asset. This amendment was effective for accounting periods beginning on or after 1 January 2019, therefore the date of transition would have been 1 January 2018 and would have been presented in the 31 December 2019 financial statements. As a result, a prior year adjustment has been made to the financial statements to transfer the property to fixed assets. In the Directors opinion the fair value of the original purchase consideration of £2,035,000 of the hotel was £1,700,000 as at 1 January 2018, based on a recent independent valuation at that time. Therefore a £335,000 reduction in value has been reflected in the financial statements, thereby reducing opening funds accordingly. The remaining cost expended on the extension of the hotel of £2,354,253 has also been transferred to fixed assets from investment properties with no impact on the statement of financial activities, as in the Director's opinion the residual value of the hotel equates to the cost in the balance sheet and therefore no depreciation has been applied.

In addition, costs of £377,301 relating to improvements to the head office building have been transferred to fixed assets from investment properties. Depreciation of £7,546 has been charged for the year ended 31 December 2020, thereby reducing funds accordingly.

Investment properties represent MEWS houses at the Quorn Grange Hotel, which are rented out to tenants. An independent valuation of the MEWS houses was undertaken in 2020 which reported an uplift of £339,447 which was not reflected in the financial statements and therefore a prior year adjustment has been made to reflect the change in value, resulting in an increase in value of investment properties and funds accordingly.

The following accounting errors were also identified in the Trust's financial statements in respect of the year ended 31 December 2020:

- Overstatement of debtors of £111,199 relating to amounts due from subsidiary undertakings which were no longer recoverable.
- Overstatement of other debtors of £28,472 relating to VAT which was not reclaimable.

The reduction of the Trust's reserves brought forward as at 1 January 2021 as a result of these adjustments is £139,671.

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

Notes to the financial statements for the year ended 31 December 2021

13. Prior year adjustments (continued)

Subsidiaries

The following accounting errors were identified in the financial statements of the Trust's subsidiaries in respect of the year ended 31 December 2020:

- Overstatement of creditors of £111,199 relating to amounts due to the Trust which were no longer recoverable;
- Overstatement of accruals and deferred income of £19,961;
- Overstatement of prepayments of £24,643;
- Understatement of the taxation and social security creditor of £14,854.

The net reduction in the Group's reserves brought forward as at 1 January 2021 as a result of the prior year errors in the Trusts and Trust's subsidiary accounts is £48,008.

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

**Notes to the financial statements
for the year ended 31 December 2021**

14. Statement of funds

Statement of funds - current year

	As restated Balance at 1 January 2021 £	Income £	Expenditure £	Taxation £	Gains/ (Losses) £	Balance at 31 December 2021 £
Unrestricted funds						
General reserve fund	(827,776)	321,291	(441,740)	-	-	(948,225)
Revaluation reserve	339,447	-	-	-	75,000	414,447
	<u>(488,329)</u>	<u>321,291</u>	<u>(441,740)</u>	<u>-</u>	<u>75,000</u>	<u>(533,778)</u>
Restricted funds						
Restricted reserve fund - investment	<u>1,027,259</u>	<u>1,400,898</u>	<u>(1,162,764)</u>	<u>38,000</u>	<u>-</u>	<u>1,303,393</u>
Total of funds	<u><u>538,930</u></u>	<u><u>1,722,189</u></u>	<u><u>(1,604,504)</u></u>	<u><u>38,000</u></u>	<u><u>75,000</u></u>	<u><u>769,615</u></u>

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

**Notes to the financial statements
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14. Statement of funds (continued)

Statement of funds - prior year

	<i>As restated Balance at 1 January 2020 £</i>	<i>Income £</i>	<i>As restated Expenditure £</i>	<i>As restated Gains/ (Losses) £</i>	<i>As restated Balance at 31 December 2020 £</i>
Unrestricted funds					
General reserve fund	(866,048)	520,453	(482,181)	-	(827,776)
Revaluation reserve	-	-	-	339,447	339,447
	<u>(866,048)</u>	<u>520,453</u>	<u>(482,181)</u>	<u>339,447</u>	<u>(488,329)</u>
Restricted funds					
Restricted reserve fund - investment	<u>1,151,872</u>	<u>958,911</u>	<u>(1,083,524)</u>	<u>-</u>	<u>1,027,259</u>
Total of funds	<u><u>285,824</u></u>	<u><u>1,479,364</u></u>	<u><u>(1,565,705)</u></u>	<u><u>339,447</u></u>	<u><u>538,930</u></u>

Restricted reserve fund - investment

The Trustees consider the capital element of the exceptional Gift Aid received in 2005 amounting to £3,000,000 should be treated as a restricted fund on the grounds that whilst the income from this capital fund can be used in accordance with charitable objectives set out in the trust deed, the capital fund itself cannot be expended. Accordingly the Statement of Financial Activities on page 9 has been presented to separately disclose the restricted funds is made each year to maintain the capital element of the 2005 exceptional Gift Aid at its market value.

During 2012 the Trust disposed of its managed investments portfolio and used the realised proceeds to purchase a hotel property and a limited company to operate the hotel business. As such, the income and expenditure from the hotel trading activities, and any realised or unrealised gain/(loss) on revaluation is treated as restricted funds in the Consolidated Statement of Financial Activities. During 2014 a training company was incorporated as a subsidiary of the hotel trading company and, as such, the income and expenditure from the training company trading activities is treated in the same manner.

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

**Notes to the financial statements
for the year ended 31 December 2021**

15. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Restricted funds 2021 £	Unrestricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	2,355,944	2,442,510	4,798,454
Investment property	-	2,360,000	2,360,000
Current assets	253,545	170,833	424,378
Creditors due within one year	(1,344,096)	(5,507,121)	(6,851,217)
Deferred tax asset	38,000	-	38,000
Total	1,303,393	(533,778)	769,615

Analysis of net assets between funds - prior year (as restated)

	<i>Endowment funds 2020 £</i>	<i>Restricted funds 2020 £</i>	<i>Unrestricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Tangible fixed assets	(6,462)	2,429,628	2,459,188	4,882,354
Investment property	-	-	2,285,000	2,285,000
Current assets	6,462	81,535	246,825	334,822
Creditors due within one year	-	(1,483,904)	(5,479,342)	(6,963,246)
Total	-	1,027,259	(488,329)	538,930

16. Operating lease commitments

At 31 December 2021 the Group and the Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2021 £	<i>Group 2020 £</i>	Trust 2021 £	<i>Trust 2020 £</i>
Not later than 1 year	2,599	2,599	2,599	2,599
Later than 1 year and not later than 5 years	3,465	6,064	3,465	6,064
	6,064	8,663	6,064	8,663

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

Notes to the financial statements for the year ended 31 December 2021

17. Related party transactions

The Educational Trust was established by the General Federation of Trade Unions (GFTU) and continues to be supported financially by it.

During the year management charges of £200,000 (2020: £400,000) were paid by GFTU to the Trust. GFTU also recharged employment costs of £231,741 (2020: £196,881) to the Trust.

At the balance sheet date an amount of £6,210,319 (2020: £6,183,975) was due to GFTU from the Trust.