

REGISTERED CHARITY NUMBER: 313439

**REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019
FOR
GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST**

Sturgess Hutchinson (Leicester) Limited
21 New Walk
Leicester
LE1 6TE

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

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FOR THE YEAR ENDED 31 DECEMBER 2019**

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GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2019

The trustees present their report with the financial statements of the charity for the year ended 31 December 2019. 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 for the public benefit

The Trustees confirm they have complied with the duty in the Charities Act 2011 to have due regard to the general guidance issued by the Charity Commission on public benefit.

The principal objective of the Trust is to provide educational course 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.

Significant activities

Anniversary year.

This year was the 120th year since the founding of the General Federation of Trade Unions and we were asked to fund educational work to promote a wider awareness of this important history.

At the centre of this work was support for two graphic novel productions to promote this understanding and the role of the GFTU in a wider context. The first was a full length novel *For the Many Not the Few*, a History of Britain shaped by the people. This was launched successfully at an extremely well attend reception in the House of Commons with the Leader of the Opposition, Shadow Chancellor and many MPs and Lords and of course many attendees from the Labour and Trade union Movement.

Trustee Dr Alice Procheska gave a riveting account of the GFTU's history and this was later published on the GFTU website as an educational tool. Edda Nicolson, the Trusts sponsored PhD student also gave a unique account of some recently discovered work of the GFTU particularly in relation to campaigns for support for returning first world war soldiers and grant support given by the GFTU in the 1940s to women trade unionists going to Ruskin College. Again this has been published as a permanent record.

The second celebratory history was specifically on the GFTU and this is an invaluable insight in a popular form which is given to students on courses to help locate the work of our organisation.

Rebuilding at Quorn.

Thanks to a loan from the GFTU, the Trust has been able to significantly redevelop the Quorn Site. 10 houses for rent were opened in December.

25 new bedrooms, an expanded function room and other improvements were made to the hotel and opened in July leading to an immediate increase in revenue.

Two new classrooms with state of the art communications and learning technology were opened in October in the GFTU offices.

It is the intention of the Trust to draw up licenses with occupants of the land and property, the GFTU and the GFTU Trading company. Heads of terms have been established.

Shout Out

We sponsored Shout Out, a political literacy project in schools to the tune of £20,000. A full report on their work in the ten schools chosen for the GFTU work was given at the BGCM. This is attached. 1,052 pupils have been reached by this project. The Trust believes we can consider this a great success.

Women Organise.

The programme of films organised by Mike at the HOME independent cinema on the theme of women organising attracted 250+ viewers and was considered by the management at HOME a great success.

Workable Books

Our publishing arm published two new books: *Heroes in the Evening Mist*, a posthumous novel by William Ash MBE, Inveterate Second World War prison camp escapee, fighter pilot and head of radio drama at the BBC and former President of the Writers' Guild. It has a foreword by Dr John Callow and an afterword by our Secretary.

The main publication over the period has been *For the Many Not the Few*, an illustrated history of Britain co-produced with graphic novel writer Sean Wilson, and Robert Brown, illustrator. The Secretary of the Trust acted as history adviser on the project and added a resource section. Jeremy Corbyn wrote a foreword to the book.

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2019

Adult Education Commissions.

Dame Helen Ghosh, Master of Balliol College Oxford chaired a centenary adult education commission. Dr Jonathan Michie of Kellogg College is assisting this. The Secretary was asked to submit oral evidence and some written points.

Education Debate.

There was an extensive education debate at the GFTU's BGCM, this included the following speakers, Paul Di Felice, Principal Ruskin College, Paul Gibson, trade union tutor Northern College, Dr Mike Seal, Newman University, Sarah Woolley GFTU, Cat Smith MP, Geoff Thompson, Youth Charter and University of East London, Matteo Berghamini, Shout Out, Alison Stoecker, John Mc Donnell's office, Professor Keith Gildart University of Wolverhampton. A full verbatim transcript of this debate is available on request.

Union educational use of Quorn.

28 unions use Quorn as well as many companies and voluntary organisations for their educational work.

New friends like the Chartered Society of Physiotherapists, Pharmacists Defence Association, Community and Prison Officers Association have all booked up all of their training at Quorn.

Online learning.

We are committed to face to face learning and the mixing of union groups on courses. This is where the most learning takes place. However, we have retained a useful online learning presence and the Operations Manager Ian Richards should be thanked for pursuing this. Ian is working with Martin Robinson to update and refresh this site.

The site is also a great asset for the training of hotel and GFTU staff. We have recently asked all GFTU and hotel staff for example to undertake online GDPR training.

Cybercrime training.

Given the prevalence now of cybercrime in all sectors, we have arranged thanks to the Leicestershire Police a training day for all hotel and GFTU Education staff and will open this to affiliates.

Red Cross.

Our arrangement with the Red Cross is proving productive and first aid and manual handling training are being delivered to hotel and GFTU staff.

Trade Union Official's apprenticeship.

The GFTU affiliated this and once we declared that we would want to act as the End Point Assessor we stood down from the chair and have been involved in the development of the key duties then the knowledge, skills and behaviours definitions. In short, in January 2020 the first ever professional set of definitions of the work standards and areas of trade union officials will be launched so that unions can create apprenticeship training for new and existing staff.

TUC.

We usually have a social event and stand at the TUC. This year we held a fringe meeting on trade union education with Ruskin, Shout Out and Others.

Education Courses.

GFTU ET Core courses have not been greatly taken up other than the 5 day courses at Northern College. Specialist courses have been in greater demand for individual unions and we have been able to meet their demands, particularly for new reps training.

With the exception of the Trade Union Management Programme to be delivered in October, the Young members development weekend to run in November and the Webinars, the main course programme concludes in July.

Our educational impact through a wider range of offers has had the effect of increasing the number of individuals involved in our work across a broader age range, from school students, university students and young people to mature adults. This is why we are so central to the future of lifelong learning debates in the country.

Professional Development.

An important educational function we have is to provide a CPD forum for education officers, health and safety officers, HR officers, Finance Officers and General Secretaries. Dates for the next two year's proposed meetings have been circulated.

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2019

Funding, staffing, legal and strategic.

Several years ago the Trust began to create more sustainable and alternative forms of funding, so that it did not rely on the GFTU's 100% subsidy.

The first step towards this was the purchase of Quorn and the expansion of Quorn now makes the success of the future funding of education and related charitable work dependent on the success of the two new funding streams at Quorn. The business plans to date all conclude that the expanded hotel should achieve £185,000 per annum profit for the Trust and that the Housing rental income should generate £106,000.

In addition to these funding streams, we are seeking to promote the 60 or so new practical services to unions and voluntary organisations which attract commission. We have a target of around £40,000 per annum for this. This work is beginning to pick up and around £10,000 has been generated this year.

Our ethical shop with excellent gifts to create a funding stream remains slow to develop a stream.

We have also been successful in establishing Service Level Agreements to manage the finances and education administration of other organisations. We have recently taken on the accountancy work for the Institute for Employment Rights and other organisations are interested in this support. We do not have a target for income generation for such work, but will do so realistically in the next budget setting round.

The income generated by all of these new streams combined, is insufficient to sustain the level of Education Trust spending as it stands currently.

Therefore we have had to Commission an education funding expert, Paul Skitt, to help us to consider future models of funding for our education programme and work generally. Paul's interim report is attached.

Other education projects.

We have given support to the development of a web resource to preserve and analyse the cultural engagement of manual workers in the nineteenth century.

We continue to support a research project with Wolverhampton University and others looking at the impact of the nationalisation of the coal industry.

We are increasingly asked to participate in training events. Over recent months The Secretary was asked to speak at the Wigan Diggers' Festival on the works of Gerard Winstanley, which was a well attended and enjoyable event in the church where he was baptised.

The Secretary was also asked to speak at the excellent festival of reading now in its tenth year on the novels of William Ash. These events are added to the education statistics.

A further tranche of the training the trainers course was delivered to 15 PCS members at Quorn by colleagues from the youth and community department at Leeds Beckett University.

GMB Outreach.

A very imaginative community education project run from St Anthony's Catholic Church in Trafford Park Manchester and in conjunction with the GMB Union has visited us and we believe there are several areas for future joint working. A further report to follow.

Organisation and staffing of the Educational Trust.

Meetings are planned two years in advance.

Searches for new active Trustees are regularly undertaken.

Full training of Trustees is encouraged and the Charity Commissioners website is a regular source of support along with the receipt of publications in leaders and governance within the sector.

The Education Administrator's job description includes minuting and servicing the Trust meetings, but that has not yet proved possible. Attention to this will be needed.

The Trust is keen to appoint a full time fundraiser and development officer.

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2019

Site Management

Site management is now undertaken by Neil High and Gary Shenton.

In order to improve management of this work, their contracts have been taken on by the Trust and they are managed by the Operations Manager.

A new Head of Finance, Heather Bundock, and a new Senior Finance Officer, Surjeet Dhillon commence employment with us at the beginning of December. Part of their contracts are attributed to the Educational Trust. It should be noted that some five days of interview and recruitment time were spent and that we were ably assisted by the Operations Manager and Angela Sinclair the Office Manager of POA and Paula Larwell the Finance Officer. With thanks to them.

Special Winter Education Programme.

A new winter programme of courses was organised following a request by the Executive Committee.

Win Win Services.

We are constantly reviewing and seeking to expand our services to unions. A consolidating meeting will be held at the end of January.

We have been approached by an employment law service to consider buying their company. We are at the early stages of due diligence.

Leicestershire Promotions who rent office space from us, are interested in us providing the full suite of services for them from ICT to accounts. They are also providing quality training for the hotel staff.

Payroll work is undertaken for three unions.

Financial accountancy work is undertaken for two unions.

Education management work is undertaken for two unions.

Administrative back up is undertaken for two unions.

A new website has been constructed and has a better system of advertising courses and our sense of history.

Insurances.

A significant insurance survey and audit was undertaken and some cost savings made and insurances renewed.

Financial administration.

Management accounts have been received on a regular basis. We have been pleased to see a significant improvement in these.

Financial review

The results of the year are set out in the consolidated Statement of Financial Activities on page 9 and show a surplus of £93,914 (2018 – £236,706 deficit). The group had net assets of £620,824 (2018 - £526,910) as shown on the Balance Sheet on page 10, represented by a restricted fund surplus of £1,486,872 (2018 - £1,605,220) and an unrestricted fund deficit of £866,048 (2018 - £1,078,310).

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

In 2019 the General Federation of Trade Unions had a deficit of £138,034 (2018 – £605,576 deficit) and showed a surplus before Gift Aid of £261,966 (2018 - £180,576 deficit).

At the end of 2018 a cybercrime affected the organisation and funds were fraudulently taken from the Trust's account. A significant amount has been returned and steps are being taken to achieve full recovery.

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2019

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 £866,048 deficit (2018: £1,078,310 deficit). The Trust's policy is to achieve positive general reserves over the medium term.

Future plans

The Trust has established a small working group to monitor progress of the new build at Quorn.

Structure, governance and management

Governing document

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.

Appointment 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.

We have been pleased to welcome new Trustees and induct them. The Trust offered 4 places for younger colleagues keen to learn about charity management.

Professional indemnity for all Trustees has been reviewed and increased.

Trustee induction and training

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.

Organisation

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.

Related parties

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.

Risk management

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 of Gift Aid 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.

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2019**

Reference and administrative details

Registered Charity number
313439

Registered office
86 Wood Lane
Quorn
Leicestershire
LE12 8DB

Trustees

J Smith	Chair
L Ambler	
D Benbow	
S Orchard	
M Sanders	
N Rae	
A Pratten	
A Torsello	
C Appleyard	
A Prochaska	
J Westerman	
O Williams	

Secretary
D Nicholls

Auditors
Sturgess Hutchinson (Leicester) Limited
21 New Walk
Leicester
LE1 6TE

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2019**

Trustees responsibility statement

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 in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards 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 charity 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.

In so far as the trustees are aware:

- there is no relevant audit information of which the trust's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

The auditors, Sturgess Hutchinson (Leicester) Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees on 7 OCT 2020 and signed on the board's behalf by:

O Williams
Trustee



REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

We have audited the group and parent charity financial statements of the General Federation Of Trade Unions Educational Trust for the year ended 31 December 2019 on pages seven to twenty which comprise the Group Statement of Financial Activities, the Group and the Parent Charity Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charity's trustees, as a body, in accordance with section 154 of the Charities Act 2011. 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 charitable company and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees Responsibility Statement set out on page five, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the state of affairs of the parent charity and its subsidiary undertakings as at 31 December 2019 and of the incoming resources and application of resources, including income and expenditure of the parent charity and its subsidiary undertakings, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (applicable to smaller entities);
- have been prepared in accordance with the requirements of the Charities Act 2011; and
- Comply with the requirements of Regulation 15 of The Charities (Accounts and Reports) Regulations 2008.

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 Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the 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.



7 OCT 2020

Mr David Goodwin (Senior Statutory Auditor)
for and on behalf of Sturgess Hutchinson (Leicester) Limited
Chartered Certified Accountants and Registered Auditors
21 New Walk
Leicester
LE1 6TE

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	Restricted fund £	Unrestricted funds £	2019 Total funds £	2018 Total funds £
Income and endowments					
Voluntary income:					
Gift Aid		-	400,000	400,000	425,000
Income from hotel trading activities		1,805,419	-	1,805,419	1,575,855
Publications		-	-	-	-
Investment income	2	-	63	63	89
Incoming resources from charitable activities:					
Course fees, events and seminars		-	112,767	112,767	110,161
Grants receivable		-	-	-	-
Other incoming resources:					
Other income		-	15,773	15,773	13,572
Sale of assets		-	-	-	-
Total income		<u>1,805,419</u>	<u>528,603</u>	<u>2,334,022</u>	<u>2,124,677</u>
Expenditure					
Costs of hotel trading activities		1,790,544	-	1,790,544	1,745,130
Costs of training company trading activities		-	-	-	-
Expenditure on charitable activities		133,223	303,807	437,030	593,374
Governance		-	12,534	12,534	22,879
Total expenditure		<u>1,923,767</u>	<u>316,341</u>	<u>2,240,108</u>	<u>2,361,383</u>
Net income/(expenditure)	5	(118,348)	212,262	93,914	(236,706)
Transfers between funds		-	-	-	-
Net movement in funds		(118,348)	212,262	93,914	(236,706)
Net gains/(losses) on investments		-	-	-	-
Net movement in funds		(118,348)	212,262	93,914	(236,706)
Reconciliation of funds					
Total funds brought forward		<u>1,605,220</u>	<u>(1,078,310)</u>	<u>526,910</u>	<u>763,616</u>
Total funds carried forward		<u>1,486,872</u>	<u>(866,048)</u>	<u>620,824</u>	<u>526,910</u>

Continuing operations

All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2019

	Notes	2019 £	2018 £
Fixed assets			
Tangible assets	9	7,047,334	4,489,702
Intangible assets	10	-	-
Current assets			
Stocks		11,183	10,283
Debtors	12	337,665	627,901
Cash at bank and in hand		<u>42,931</u>	<u>89,520</u>
		391,779	727,704
Creditors			
Amounts falling due within one year	13	(6,818,289)	(4,690,496)
Net current assets/(liabilities)		<u>(6,426,510)</u>	<u>(3,962,792)</u>
Total assets less current liabilities		<u>620,824</u>	<u>526,910</u>
Net assets		<u>620,824</u>	<u>526,910</u>
Funds	15		
Restricted funds		1,486,872	1,605,220
Unrestricted funds		<u>(866,048)</u>	<u>(1,078,310)</u>
Total funds		<u>620,824</u>	<u>526,910</u>

The financial statements were approved by the Board of Trustees on 7 Oct 2019 and were signed on its behalf by:

O Williams
Trustee



The notes form part of these financial statements

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

BALANCE SHEET
AT 31 DECEMBER 2019

	Notes	2019 £	2018 £
Fixed assets			
Tangible assets	9	1,081	2,213
Intangible assets	10	-	-
Investments	11	6,772,969	4,142,263
Current assets			
Debtors	12	1,081,538	1,317,007
Cash at bank and in hand		<u>9,252</u>	<u>58,766</u>
		1,090,790	1,375,773
Creditors			
Amounts falling due within one year	13	(6,299,297)	(4,081,682)
Net current assets/(liabilities)		<u>(5,603,707)</u>	<u>(2,705,909)</u>
Total assets less current liabilities		<u>1,565,543</u>	<u>1,438,567</u>
Net assets/(liabilities)		<u>1,565,543</u>	<u>1,438,567</u>
Funds	15		
Restricted funds		2,413,983	2,547,206
Unrestricted funds		<u>(848,440)</u>	<u>(1,108,639)</u>
Total funds		<u>1,565,543</u>	<u>1,438,567</u>

The financial statements were approved by the Board of Trustees on 7 Oct 2019 and were signed on its behalf by:

O Williams
Trustee



The notes form part of these financial statements

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies

Basis of preparing the financial statements

The accounts (financial statements) have been prepared in accordance with 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 United Kingdom and Republic of Ireland (FRS 102), and 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 in the relevant notes to these accounts.

1.1 Basis of consolidation

The consolidated accounts consolidate the individual accounts of the Trust and its subsidiaries GFTUET Trading Company Limited, Albion Education and Training Ltd and Third Age Challenge Trust. Intra-group trading is eliminated on consolidation. No separate statement of financial activities is presented for the parent undertaking in accordance with the UK GAAP.

1.2 Basis of accounting

The accounts are prepared under the historical cost convention, with the exception of investments which are included at market value.

1.3 Donations and similar incoming resources

Donations and similar incoming resources are included in the year which they are received, which is when the charity becomes entitled to the resource.

1.4 Gift Aid

Gift Aid is included in the year it is receivable.

1.5 Income from hotel trading activities

Income from hotel trading activities represents the total invoice value, excluding value added tax, of the sales made during the period and derives from the provision of services falling within the company's ordinary activities.

1.6 Investment income

Investment income is accounted for on a receivable basis, advised where necessary by the fund managers.

1.7 Grants receivable

Grants receivable are included in the year they are receivable. Where the charity acts as intermediary on a project and receives grant income on behalf of partner organisations, neither this income nor the matched onward payment to the partner organisation is reflected in the Statement of Financial Activities.

1.8 Investment gains and losses

Any gains or losses on the sale of investment assets and any gain or loss resulting from revaluing investment assets to market value at the balance sheet date are reflected within the Statement of Financial Activities.

1.9 Expenditure

Unless otherwise stated all expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. 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.

1.10 Fund accounting

The nature and purpose of the funds is explained in note 15. Grant funded income and expenditure is disclosed in the Statement of Financial Activities as restricted, where appropriate (see note 15).

1.11 VAT

The Trust operates a partial exemption VAT scheme. Any irrecoverable VAT is debited to the original expense to which it relates.

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies - continued

1.12 Scholarship awards and grants

Scholarship awards and grants are charged against income in the year in which they are paid.

1.13 Taxation

The Trust and its subsidiary Third Age Challenge Trust are registered charities, and as such, have no liability to Income, Corporation or Capital Gains Tax. The subsidiary company, GFTUET Trading Company Limited, is liable to income, Corporation and Capital Gains Tax.

1.14 Going concern

The Group can continue its operations due to continued support from the General federation of Trade Unions.

1.15 Costs of hotel trading activities

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

1.16 Cost of training company trading activities

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

1.17 Governance 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, professional fees together with an apportionment of overheads and support costs.

1.18 Intangible fixed assets

Negative goodwill represents the difference between the cost of acquisition and the fair value of the separate net assets of the business acquired. Negative goodwill is amortised through the profit and loss account in equal instalments over its estimated useful life of 5 years.

1.19 Tangible fixed assets

All fixed assets are stated at cost. Each purchase is considered on its merits as to whether it is a fixed asset irrespective of value. Depreciation is provided at rates calculated to write off the cost, less estimates residual value, of each tangible fixed asset over its expected useful life, as follows:

Office equipment	33% per annum straight line
Computer equipment	33% per annum straight line
Fixtures, fittings and equipment	15% per annum reducing balance
Property improvements	15% per annum reducing balance
Land and buildings	Not depreciated (see below)

Profit or losses on the disposal of the fixed assets are included within other recognised gains or losses in the Statement of Financial Activities. Realised and unrealised gains or losses in the value of the freehold property are taken to the General Fund.

The land and buildings in the Group balance sheet represent the investment properties in the Charity balance sheet. As such the land and buildings are held for their investment potential and the trustees are of the opinion that to depreciate the asset would not show a true and fair position during a period of refurbishment and improvement. To reflect the fair value of the land and buildings the assets were subject to the revaluation during the year which is shown in note 9 and reflected in the Consolidated Statement of Financial Activities for the year.

Non depreciation of the land and buildings is a departure from the accounting standards referred to in note 1. If depreciated over the generally accepted rate of 50 years additional depreciation of £40,700 would be charged to the Consolidated Statement of Financial Activities for the year.

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. Accounting policies – continued

1.20 Investment properties

The investment property is included in the balance sheet of the charity at open market value without charging depreciation. Realised and unrealised gains or losses in the value of the investment property are taken to the General Fund. Property Improvements and Fixed & Moveable Assets & Equipment, purchased with the investment property, are depreciated in line with the group policies for tangible fixed assets depreciation as outlined in note 1.19.

1.21 Pensions

The Trust operates a Defined Benefit Pension Scheme for staff who all have joint contracts of employment with this entity and the General Federation of Trade Unions. The actuarial impact of the Pensions Scheme, including the net pension liability, is reflected solely in the accounts of the General Federation of Trade Unions.

This policy represents a true and fair override of the accounting standards referred to in note 1, as the trustees of the charity, in agreement with the executive committee of the Federation, are of the opinion this more accurately reflects the position of the General Federation of Trade Unions as the primary member of the scheme and main supporter of the Group as outlined in note 16.

The effect of this policy cannot be assessed with any certainty as the scheme liability has built up over a number of years, during which time, staff cost allocations to the Trust have been varied.

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

2. Investment income

	2019	2018
	£	£
Deposit account interest	<u>63</u>	<u>89</u>

3. Charitable activities costs

	Direct costs	Support costs (See note 4)	Totals
	£	£	£
Education	133,223	316,341	449,564
Training	-	-	-
	<u>133,223</u>	<u>316,341</u>	<u>449,564</u>

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019**

4. Support costs

	Staff costs £	Occupancy £	Other costs £	Governance costs £	Totals £
Education	207,388	12,907	83,512	12,534	316,341
Training					
	<u>207,388</u>	<u>12,907</u>	<u>83,512</u>	<u>12,534</u>	<u>316,341</u>

5. Net income/(expenditure)

Net income/(expenditure) is stated after charging/(crediting):

	2019 £	2018 £
Auditors' remuneration	13,500	13,500
Depreciation - owned assets	82,699	86,699
Amortisation – intangible assets	-	-
	<u>-</u>	<u>-</u>

6. Trustees' remuneration and benefits

There were no trustees' remuneration or other benefits for the year ended 31 December 2019 nor for the year ended 31 December 2018.

Trustees' expenses

Trustees' expenses paid for the year ended 31 December 2019 were £5,169 (2018 - £349).

7. Staff costs

	2019 £	2018 £
Wages and salaries	156,840	186,631
Social security costs	16,514	18,833
Other pension costs	19,614	18,006
Redundancy	-	-
	<u>192,968</u>	<u>223,470</u>

The average monthly number of employees during the year was as follows:

	2019	2018
Research and education officers	1	1
Project staff	-	-
Administration	10	10
	<u>11</u>	<u>11</u>

The number of employees that received emoluments of between £70,000 and £80,000 is 1 (2018 – 1).

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 DECEMBER 2019

8. Pensions

Staff of the parent charity have joint contracts of employment with the Federation and Educational Trust. The staff costs are administered by the Federation and a recharge is made to the trust based on the time spent on the Trust's activities. The net pension liability set out below is reflected in the accounts of the Federation.

The Federation is a member of the General Federation of Trade Unions Pension Scheme, a defined benefit scheme in the UK which covers various organisations on a combined basis. The Federation's share of the scheme equates to 64% (2018 - 64%) of net assets and future liabilities.

A full actuarial valuation for statutory funding purposes was carried out by a qualified independent actuary as at 31 December 2018.

An actuarial valuation report as at 31 December 2019 was carried out by a qualified actuary and the results of this valuation are reflected in the financial statements to 31 December 2019 as outlined below.

The major assumptions used by the actuary were:

	2019	2018
Weighted average assumptions to determine defined benefit obligations		
Discount rate	2.10%	2.90%
Salary increase rate	3.90%	4.10%
Pensions-in-payment increase rate (where linked to RPI)	2.90%	3.10%
Deferred pension increase rate	2.10%	2.30%
Price inflation rate (RPI)	2.90%	3.10%
Price inflation rate (CPI)	2.10%	2.30%
Assumed life expectancy on retirement at age 65		
Retiring today (member age 65)	22.3	22.7
Retiring in 20 years (member age 45 today)	23.9	24.9

	2019	2018
Amounts recognised in the balance sheet were as follows:	£000s	£000s
Defined benefit obligation	8,067	7,463
Fair value of plan assets	(7,033)	(6,635)
Net defined benefit liability	<u>1,034</u>	<u>828</u>

	2019	2018
Change in defined benefit obligation	£000s	£000s
Defined benefit obligation at end of prior year	7,463	7,965
Cost arising from employee service in reporting period	24	24
Loss on curtailments/changes/introductions	-	74
Interest expense	212	202
Benefit payments from plan assets	(313)	(445)
Participant contributions	7	6
Effect of changes in assumptions	463	(363)
Effect of experience adjustments	211	-
	<u>8,067</u>	<u>7,463</u>

	2019	2018
Change in fair value of plan assets	£000s	£000s
Fair value of plan assets at end of prior year	6,635	7,169
Interest income	189	182
Employer contributions	88	89
Participant contributions	7	6
Benefit payments from plan assets	(313)	(445)
Return on plan assets	427	(366)
	<u>7,033</u>	<u>6,635</u>

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019

9. Tangible fixed assets

Group	Land and buildings £	Property improvements £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 January 2019	4,084,070	379,434	495,831	4,959,335
Additions	2,637,513	-	2,818	2,640,331
Disposals	-	-	-	-
Revaluation	-	-	-	-
	<u>6,721,583</u>	<u>379,434</u>	<u>498,649</u>	<u>7,599,666</u>
At 31 December 2019	<u>6,721,583</u>	<u>379,434</u>	<u>498,649</u>	<u>7,599,666</u>
Depreciation				
At 1 January 2019	-	215,835	253,798	469,633
Charge for the year	-	40,595	42,104	82,699
Eliminated on disposals	-	-	-	-
	<u>-</u>	<u>256,430</u>	<u>295,902</u>	<u>552,332</u>
At 31 December 2019	<u>-</u>	<u>256,430</u>	<u>295,902</u>	<u>552,332</u>
Net book value				
At 31 December 2019	<u>6,721,583</u>	<u>123,004</u>	<u>202,747</u>	<u>7,047,334</u>
At 31 December 2018	<u>4,084,070</u>	<u>163,599</u>	<u>242,033</u>	<u>4,489,702</u>

The historical cost of the property included in land and buildings is £1,545,366.

Trust	Computer equipment £	Office equipment £	Total £
Cost			
At 1 January 2019	24,644	1,364	26,008
Additions	-	-	-
Disposals	-	-	-
	<u>24,644</u>	<u>1,364</u>	<u>26,008</u>
At 31 December 2019	<u>24,644</u>	<u>1,364</u>	<u>26,008</u>
Depreciation			
At 1 January 2019	23,352	443	23,795
Charge for the year	993	139	1,132
Eliminated on disposals	-	-	-
	<u>24,345</u>	<u>582</u>	<u>24,927</u>
At 31 December 2019	<u>24,345</u>	<u>582</u>	<u>24,927</u>
Net book value			
At 31 December 2019	<u>299</u>	<u>782</u>	<u>1,081</u>
At 31 December 2018	<u>1,292</u>	<u>921</u>	<u>2,213</u>

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019

10. Intangible fixed assets

Group and Trust

Cost

At 1 January 2019 and 31 December 2019

Purchased
goodwill
£
1

Amortisation

At 1 January 2019 and 31 December 2019

1

Net book value

At 31 December 2018 and 31 December 2019

-

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

11. Fixed asset Investments

Investment properties
Trust

	Quorn Grange Property £	Property improvements £	Fixed & moveable assets & equipment £	Total £
Cost				
At 1 January 2019	4,096,880	6,811	112,000	4,215,691
Additions	2,637,513	-	-	2,637,513
Disposals	-	-	-	-
Revaluation	-	-	-	-
	<u>6,734,393</u>	<u>6,811</u>	<u>112,000</u>	<u>6,853,204</u>
At 31 December 2019	<u>6,734,393</u>	<u>6,811</u>	<u>112,000</u>	<u>6,853,204</u>
Depreciation				
At 1 January 2019	-	3,778	69,652	73,430
Charge for the year	-	455	6,352	6,807
Eliminated on disposals	-	-	-	-
	<u>-</u>	<u>4,233</u>	<u>76,004</u>	<u>80,237</u>
At 31 December 2019	<u>-</u>	<u>4,233</u>	<u>76,004</u>	<u>80,237</u>
Net book value				
At 31 December 2019	<u>6,734,393</u>	<u>2,578</u>	<u>35,996</u>	<u>6,772,967</u>
At 31 December 2018	<u>4,096,880</u>	<u>3,033</u>	<u>42,348</u>	<u>4,142,261</u>

Investment properties were revalued at 31 December 2016 by an external and independent valuer.

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. Fixed asset investments continued

Subsidiary undertakings

Trust	Unlisted investments £
Cost	
At 1 January 2019 and 31 December 2019	<u>2</u>
Net book value	
At 31 December 2018 and 31 December 2019	<u>2</u>

The trust holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
GFTUET Trading Company Limited	England and Wales	Ordinary	100
Quorn Grange Day Nursery Limited	England and Wales	Ordinary	100
Albion Education and Training Ltd	England and Wales	Ordinary	100

The subscribers to the shares of GFTUET Trading Company Limited and Quorn Grange Day Nursery 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 Company Ltd is a wholly owned subsidiary of GFTUET Trading Company Limited.

For the year ended 31 December 2019 the Trust's subsidiaries reported the following results:

Company	Surplus/(deficit) £	Funds £
GFTUET Trading Company Limited	(37,682)	(782,760)
Quorn Grange Day Nursery Limited	-	(81,833)
Albion Education and Training Ltd	-	(84,924)

12. Debtors: amounts falling due within one year

Group	2019 £	2018 £
Trade debtors	121,237	89,542
Other debtors	216,428	538,359
Prepayments and accrued income	-	-
	<u>337,665</u>	<u>627,901</u>
Trust	2019 £	2018 £
Trade debtors	135,934	87,676
Other debtors	120,416	438,634
Prepayments and accrued income	-	-
Amounts due from group undertakings	<u>825,188</u>	<u>790,697</u>
	<u>1,081,538</u>	<u>1,317,007</u>

Included within amounts due from group undertakings is £568,719 (2018 - £568,719) due after more than one year.

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019**

13. Creditors: amounts falling due within one year

Group	2019	2018
	£	£
Trade creditors	112,087	616,417
Amounts due to GFTU	6,237,187	3,572,160
Taxation and social security	74,080	54,429
Other creditors	294,334	342,345
Taxation	-	-
Accruals	100,601	105,145
	<u>6,818,289</u>	<u>4,690,496</u>
Trust	2019	2018
	£	£
Trade creditors	50,374	493,241
Amounts due to GFTU	6,237,186	3,572,160
Taxation and social security	-	-
Other creditors	3,937	3,937
Accruals	7,800	12,344
	<u>6,299,297</u>	<u>4,081,682</u>

14. Financial commitments

The Trust and the General Federation of Trade Unions are committed to making the following annual contribution to the General Federation of Trade Unions Pension Scheme:

	2019	2018
	£	£
Expiry date:		
Within one year	70,000	70,000
Within two to five years	280,000	280,000
In more than five years	<u>350,000</u>	<u>630,000</u>
	<u>700,000</u>	<u>980,000</u>

15. Analysis of net assets between funds

	Unrestricted fund	Restricted funds	2019 Total funds	2018 Total funds
	£	£	£	£
Net assets	<u>(866,048)</u>	<u>1,486,872</u>	<u>620,824</u>	<u>526,910</u>
	<u>(866,048)</u>	<u>1,486,872</u>	<u>620,824</u>	<u>526,910</u>

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019

16. Movement in funds

Group

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.

Group	At 1 January 2019 £	Net movement in funds £	Transfers between funds £	At 31 December 2019 £
Unrestricted funds				
General reserve fund	(1,078,310)	212,262	-	(866,048)
Restricted funds				
Restricted reserve fund - investment	1,605,220	(118,348)	-	1,486,872
TOTAL FUNDS	<u>526,910</u>	<u>93,914</u>	<u>-</u>	<u>620,824</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General reserve fund	528,603	(316,341)	212,262
Restricted funds			
Restricted reserve fund - investment	1,805,419	(1,923,767)	(118,348)
TOTAL FUNDS	<u>2,334,022</u>	<u>(2,240,108)</u>	<u>93,914</u>

GENERAL FEDERATION OF TRADE UNIONS EDUCATIONAL TRUST

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019**

16. Movement in funds - continued

Trust

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 and unrestricted income and expenditure.

Trust	At 1 January 2019 £	Net movement in funds £	Transfers between funds £	At 31 December 2019 £
Unrestricted funds				
General reserve fund	(1,108,639)	(135,001)	-	(1,243,640)
Restricted funds				
Restricted reserve fund - investment	2,547,206	(133,223)	-	2,413,983
TOTAL FUNDS	<u>1,438,567</u>	<u>(268,224)</u>	<u>-</u>	<u>1,170,343</u>

18. Related party disclosures

Group

The Educational Trust was established by the General Federation of Trade Unions and continues to be supported financially by it. Financial transactions during the year included:

	2019 £	2018 £
Gift Aid donated by the General Federation of Trade Unions	400,000	425,000
Employment costs allocated by the General Federation of Trade Unions	192,968	217,078
Rent costs allocated by the General Federation of Trade Unions	-	-

The balance due to the General Federation of Trade Unions by the GFTU Educational Trust at the year end was £6,237,187 (2018 - £3,572,160) which is included in creditors.