national education union

ATL the education union

amie for leaders in education

Accounts

For the eight-month period to 31 August 2017

Contents

Honorary treasurer's report for the Association of Teachers and Lecturers for the eight months to 31 August 2017

The Executive Committee has pleasure in presenting to Conference the final set of accounts of the Association covering the shorter-than-normal eight-month period to 31 August 2017.

Summary

From a financial perspective 2017 has proved to be another successful year for ATL, despite additional cost incurred in balloting members and preparing for the amalgamation with the NUT. This has led to an operating deficit of £320,000, which are costs directly attributable to activities relating to the amalgamation. However unrealised gains on investments have resulted in a small surplus before pension scheme assets of £12,000.

Revised accounting practice

2015 saw the compulsory introduction of Financial Reporting Standards 102, although our early adoption in 2014 allowed us to be ahead of the norm and so we are reporting the accounts in this format for the fourth year. FRS102 is the new financial reporting standard adopted in the UK for years beginning on or after 1 January 2015, transitioning from the previous UK Generally Accepted Accounting Practice. For ATL, the changes that have previously been reported affect investments, reported at market value rather than net book value; Pension Trust liabilities, being shown in the primary financial statements rather than being disclosed in the notes to the accounts; and accounting for deferred tax on both the property and investment gains on the Statement of Comprehensive Income.

In addition to the FRS reporting requirements, we have reviewed the position shown by the ATL Pension Scheme and the reports received from the actuary as at 31 August 2017. The General Purposes Committee was mindful that the formal triennial actuarial valuation of the scheme, which was signed off in November 2017, showed that there was still a surplus in the scheme. By contrast the figures provided by the actuary under section 28 of FRS102 at 31 August 2017 indicated a deficit based on the models and assumptions prescribed for that calculation.

The General Purposes Committee has considered the different position shown in the two valuations and the requirements of the new accounting standard, FRS102. The Association is governed by the Trade Union and Labour Relations (Consolidation) Act 1992 which states that the accounts shall show a true and fair view but does not prescribe a particular accounting framework that shall be followed. Therefore, the Committee feel that the triennial actuarial valuation better reflects the present reality of the scheme and that a departure from the requirements of FRS102 is justified in order that the accounts show a true and fair view. Furthermore, the latest funding position, as at 30 September 2016, indicates that the scheme had surplus of £2,290,000 with a funding level of 111%.Following discussions with the actuary, the current levels of funding will remain until the foreseeable future, with contribution rates remaining at their current level of 24.5%, of which the employee contribution rates vary between 6% and 9.5%.

Honorary treasurer's report for the Association of Teachers and Lecturers for the eight months to 31 August 2017 (continued)

Results

For the eight months to 31 August 2017, the Association recorded an operating loss of £320,000. However, expenditure for the period included unplanned costs relating to the amalgamation with the NUT. Despite this, the Association is content with the financial results and is now building on the success of the National Education Union to ensure that we continue to put our members and their interests first.

Taking into account non-operational items, unrealised gains on the investments, the Association achieved a surplus before pension schemes of £12,000 in the period to August 2017. This compares to the previous full year's results of £496,000. However, after making the necessary adjustments for the defined benefit pension scheme, the reduced surplus on the defined benefit pensions scheme and the increases in property values, total comprehensive income decreased by £462,000 compared with last year's increase of £504,000.

Results for the eight month/year (extracted from the statement of comprehensive income)	**Aug 2017**	**Dec 2016**
	£'000	£'000
Operating (deficit) surplus	(320)	112
Non-operational activities	332	384
Surplus for the year before pension scheme	**12**	**496**
Deficit for the year before tax	**(1,331)**	**(361)**
Total comprehensive (expenditure)/income at 31 August/31 December	**(462)**	**504**

The eight months to August 2017 have been a challenging period in respect of the continued operations. The earlier part of the year had seen the Association working tirelessly to ensure that members would vote for a new union with the NUT, while still maintaining the excellent service to them, and continuing to recruit and retain members against the backdrop of cuts in public expenditure, reduction in education professionals and the continued interference in education by Government.

Statement of financial position

The net assets of ATL as at 31 August 2017, excluding the Pension Scheme, amounted to £18,391,000, an increase of £2,114,000 over December 2016 position. However, reductions in the pension scheme surplus by £2,576,000 has resulted in an overall reduction to the balance sheet of £462,000.

The future

From a financial perspective, the period to August 2017 has been an unusual one. Cuts to education funding, the advancement of academies and the reduction of teacher numbers is making retention and recruitment much more difficult. Coupled with Government policies, the reduction of facilities time, and the current competitiveness within education unions, the current level of union activity is unsustainable. It is for these reasons that the Association of Teachers and Lectures and the National Union of Teachers entered into negotiation in 2016 and all of the hard work across both ATL and the NUT has paid off. Members of both unions agreed to the amalgamation and since then have been working together to form a new and bigger National Education Union. With a combined membership in excess of 450,000, the National Education Union is now the fourth largest union in the UK and the largest education union. New members joining the union since its formation have been better than we could have anticipated, with over 60,000 joiners for the four-month period to December 2017.

Since its formation on 1 September 2017, the National Education Union has continued to serve members of both the two amalgamation unions as well as the new members who have joined NEU. During its transition period, 1 September 2017 to 31 December 2018, the National Education Union will operate with two sections while work is undertaken to bring the two unions together. The first set of National Education Union accounts will be for the longer 16-month period and will show the two sections of the union separately before consolidating them. This transitional period will be used to harmonise the two sections and ensure that the National Education Union continues to provide its members with the level of service that they have come to expect from a 21st century trade union.

The road ahead will by no means be easy. However, with the professionalism of the staff and management, the future of the National Education Union will be stronger than the two combining parts. Membership continues to grow at a faster rate than the individual unions had previously and retention of members has improved significantly. The demands from our members for information, guidance, local representation and activity, legal assistance, professional development and support continue to grow and now, as a bigger union, the National Education Union can serve them better. We will have a greater influence on policies, and will ensure that the Government listens to the concerns of our members; by giving them a greater voice the National Education Union will become ever-more important to our members in the years ahead.

Stephen Buck

Dated: 7 March 2018

Statement of responsibilities of the Executive Committee

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

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

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed
- prepare the accounts on the going concern basis unless it is inappropriate to do so.

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

Independent auditor's report to the members

Opinion

We have audited the financial statements of the Association of Teachers and Lecturers (the 'union') for the period ended 31 August 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the accounting policies set out therein.

In our opinion, the financial statements:

- give a true and fair view of the state of the union's affairs as at 31 August 2017 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Trade Union and Labour Relations (Consolidation) Act 1992.

This report is made solely to the union's members, as a body, in accordance with the provisions of the Trade Union and Labour Relations (Consolidation) Act 1992. Our audit work has been undertaken so that we might state to the union's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the union and the union's members as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the union in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our 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 audit opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in which the ISAs (UK) require us to report to you where:

- the Executive Committee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- the Executive Committee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the union's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Other information

The Executive Committee is responsible for the other information. The other information comprises the information included in the report of the Honorary Treasurer, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Executive Committee

As explained more fully in the Statement of Responsibilities of the Executive Committee, the Committee is 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 Executive Committee determines 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 Executive Committee is responsible for assessing the union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the union or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Committees website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Moore Stephens LLP

Chartered Accountants Statutory Auditor

150 Aldersgate Street, London, EC1A 4AB

Accounting policies

ACCOUNTING CONVENTION

The accounts have been prepared under the historical cost convention and in accordance with UK GAAP, including Financial Reporting Standard 102 (FRS102), with the exception of the defined benefit pension scheme which has departed from the requirements of FRS102 Section 28 Employee Benefits as detailed below and in Note 20.

The preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires ATL management to exercise judgement in applying ATL's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed on pages 8 and 9.

SUBSCRIPTION INCOME

Subscription income is accounted for on a receivable basis for the current year with income received in advance being deferred into the following year.

EXPENDITURE

All expenditure in the accounts is inclusive of VAT where applicable.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

a) Land and buildings - Land and buildings are stated at fair value every year with the surplus or deficit arising being transferred to the revaluation reserve through other comprehensive income, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the comprehensive income statement. Full valuations are made by an independent professionally qualified valuer every five years and in the intervening years these valuations are updated by the Association, as required.

Buildings are depreciated on a straight line basis over 50 years. Building improvements have been capitalised and will be depreciated on a straight-line basis over 10 years.

b) Equipment - All capitalised equipment is stated at cost and depreciated over its useful life on a straight-line basis as follows:

- Furniture, fittings and equipment - five years.
- Computer equipment - three years.

INVESTMENTS

Investments are stated at fair value, which is determined by reference to the quoted market price at the reporting date. Where fair value cannot be measured reliably, investments are measured at cost less impairment. Movements in the fair value of investments are included in the statement of comprehensive income.

OPERATING LEASES

Rental payments in respect of operating leases are charged to the statement of comprehensive income on a straight line basis over the life of the lease.

BRANCH ACCOUNTS

The Association operates a number of branches throughout the country which hold money for their local operating purpose. Expenses incurred by the branches are reimbursed by the union and included in the accounts. The funds of the branches are part of the Association's finances; however, due to the immaterial amounts involved they are not included within the statement of financial position.

Accounting policies

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF UNCERTAINTY

Preparation of the financial statements requires management to make significant judgements and estimates. Actual results may differ from these estimates. Estimates and judgements are continuously evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable. The items in the financial statements where these judgements and estimates have been made include:

Revaluation of freehold properties

The Association carries its freehold properties at fair value, with changes in fair value being recognised in other comprehensive income. The Association engaged an independent valuation specialist to determine the fair value at 30 June 2017 on an existing use basis. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Taxation

The tax expense for the year comprises current and deferred tax.

Management estimation is required to determine the amount of deferred tax assets or liabilities that need to be recognised, based upon likely timing and level of future taxable profits.

Employee benefits

For the defined benefit schemes the amounts charged to the operating profit are the costs arising from the employee services rendered during the period and the costs of plan introductions, benefit changes, settlements and curtailments. They are included in staff costs. The net interest cost on the defined benefit liability is charged to the statement of comprehensive income and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in the net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Association in the separate trustee-administered funds. Pension schemes assets are measured at fair value and liabilities are measured on the actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each date of the statement of financial position.

The pension scheme asset shown in the statement of financial position has been calculated in accordance with the triennial valuation prepared by the actuary as at 30 September 2016 and signed off on 9 November 2017. This was prepared on the basis of the Statutory Funding Obligation of the scheme as set out by the actuary.

This basis has been adopted in place of the report prepared by the actuary under FRS102 as at 31 August 2017 and represents a departure from Section 28 of FRS102. The trustees believe that this departure is necessary for the accounts to show a true and fair view given the following circumstances.

The report under FRS102 s28 shows a deficit of £17,627,000 based on the results under which liabilities are calculated using the projected unit method and discounted at the projected rate of return on high-quality corporate bonds.

The triennial valuation showing a surplus of £2,290,000 adopts a different basis of valuation under the projected unit method assuming the continued operation of the scheme valuing the provision required to meet future benefits under the technical provisions by reference to the statement of funding principles put in place by the trustees.

Employee benefits (continued)

The trustees believe that adopting the FRS102 basis of valuation would not give a true and fair view when considering the variance between the two valuations. The schedule of contributions signed on 26 June 2014, effective until 30 June 2019, sets the basis for contributions to the scheme and requires no deficit payments to be made. The trustees therefore consider that adoption of the triennial report and disclosure of the surplus calculated therein more closely reflects the actual position of the scheme and the commitments of the Association.

The full position of the scheme is set out in Note 20 to these financial statements.

CORPORATION TAX

Corporation tax is payable on investment income and chargeable gains but only to the extent that these exceed provident benefit expenditure.

DEFERRED TAX

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates enacted or substantially enacted at the date of the statement of financial position.

PROVISIONS FOR LIABILITIES

A provision is recognised when the group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

HOLIDAY PAY ACCRUAL

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the date of the statement of financial position and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the date of the statement of financial position.

GOING CONCERN

The Association became a Section of the National Education Union on 1 September 2017 and was deregistered as a separate union with the Certification Officer from this date. As all the assets and liabilities of the union will be transferred to the National Education Union to form the opening position from the amalgamation date and the Association's activities are continuing without interruption, the accounts have therefore been prepared on a going concern basis and the Executive Committee consider that there are no material uncertainties about the Association's ability to continue as a going concern.

Statement of comprehensive income for the eight months to 31 August 2017

	Note	Aug 2017 £'000	Aug 2017 £'000	Dec 2016 £'000	Dec 2016 £'000
INCOME					
Subscriptions			11,240		16,926
Other income	1		454		716
			11,694		17,642
EXPENDITURE					
Staff costs	2	7,451		10,508	
Property and equipment costs	3	847		1,289	
Communication costs	4	922		1,497	
Membership activity	5	1,875		2,458	
Benefits to members	6	988		1,867	
Professional costs	7	98		154	
VAT refund relating to expenditure		(167)		(243)	
			12,014		17,530
OPERATING (DEFICIT)/SURPLUS FOR THE YEAR			(320)		112
NON OPERATIONAL ITEMS					
Unrealised gain on financial assets at fair value	11		332		384
SURPLUS BEFORE PENSION SCHEME			12		496
Adjustments in respect of the defined benefit pension scheme	20	(1,343)		(857)	
			(1,343)		(857)
DEFICIT FOR THE YEAR BEFORE TAX			(1,331)		(361)
Tax (charge)/credit	9		(365)		8
DEFICIT FOR THE YEAR AFTER TAX			(1,696)		(353)
OTHER COMPREHENSIVE INCOME					
Actuarial gain/(loss) on the pension scheme	20		266		(9,666)
Change in value of defined benefit scheme			(1,498)		10,523
Property Revaluation			2,466		-
TOTAL OTHER COMPREHENSIVE INCOME			1,234		857
TOTAL COMPREHENSIVE (EXPENDITURE)/INCOME FOR THE YEAR			**(462)**		**504**

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

Statement of financial position as at 31 August 2017

	Note	Aug 2017 £'000	Aug 2017 £'000	Dec 2016 £'000	Dec 2016 £'000
FIXED ASSETS					
Tangible	10		11,548		8,979
Investments	11		5,570		5,181
			17,118		14,160
CURRENT ASSETS					
Debtors	12	500		674	
Cash and deposits at banks and building societies		5,173		5,889	
		5,673		6,563	
CURRENT LIABILITIES					
Creditors	13	1,029		1,821	
Subscription income received in advance		1,537		1,124	
		2,566		2,945	
NET CURRENT ASSETS			3,107		3,618
PROVISION FOR LIABILITIES AND CHARGES	14		(1,834)		(1,501)
NET ASSETS EXCLUDING PENSION SCHEME			18,391		16,277
Pension scheme assets on the defined benefit pension scheme	20		2,290		4,866
			20,681		21,143
GENERAL FUND			12,308		15,236
REVALUATION RESERVE			8,223		5,757
DILAPIDATION RESERVE			150		150
			20,681		21,143

S R Buck

Honorary treasurer

Approved on: 7 March 2018

Statement of changes in equity for the period ended 31 August 2017

	General Reserve	Reval-uation reserve	Dilapi-dation reserves	Total
	£'000	**£'000**	**£'000**	**£'000**
At 1 January 2016	**14,732**	**5,757**	**150**	**20,639**
Deficit for the year before tax	(361)	-	-	(361)
Tax				
- Current	-	-	-	-
- Deferred	8	-	-	8
Defined benefit pension scheme				
- Actuarial loss	(9,666)	-	-	(9,666)
- Change in value	10,523	-	-	10,523
At 31 December 2016	**15,236**	**5,757**	**150**	**21,143**
Deficit for the year before tax	(1,331)	-	-	(1,331)
Revaluation	-	2,466	-	2,466
Tax				
- Current	-	-	-	-
- Deferred	(365)	-	-	(365)
Defined benefit pension scheme				
- Actuarial gain	266	-	-	266
- Change in value	(1,498)	-	-	(1,498)
At 31 August 2017	**12,308**	**8,223**	**150**	**20,681**

Statement of cash flows for the period ended 31 August 2017

	Note	Aug 2017	Dec 2016
		£'000	£'000
OPERATING ACTIVITIES			
Net cash (outflow)/inflow from operating activities	15	(607)	148
INVESTING ACTIVITIES			
Dividend and interest income		101	138
Purchase of fixed assets		(205)	(90)
Payments to acquire investments		(212)	(706)
Proceeds from sale of investments		207	643
Tax on investment income			
		(109)	**(15)**
(Decrease)/Increase in cash and cash equivalents		**(716)**	**133**
Cash and cash equivalents at 1 January		5,889	5,756
Cash and cash equivalents brought forward and carried forward		**5,173**	**5,889**

1 OTHER INCOME

	Aug 2017 £'000	Dec 2016 £'000
Dividend and interest income	101	138
Gain on disposals of investments	52	140
Retained insurance rebates and commission	74	147
Union Learning Fund	78	111
Report magazine	149	178
Other income	-	2
	454	716

2 STAFF COSTS

	Aug 2017 £'000	Dec 2016 £'000
Salaries and employer's NI	6,321	8,878
Pensions costs	971	1,405
Pensions to former employees	(14)	(21)
Staff training and recruitment	173	246
	7,451	10,508

3 PROPERTY AND EQUIPMENT COSTS

	Aug 2017 £'000	Dec 2016 £'000
Rates and rent	161	234
Lighting, heating and cleaning	55	80
Office expenses	120	160
Leasing equipment	28	40
IT running expenses	314	461
Maintenance of plant and equipment	19	18
Building maintenance	31	74
Depreciation	102	195
Insurance for headquarters	17	27
	847	1,289

4 COMMUNICATION COSTS

	Aug 2017 £'000	Dec 2016 £'000
Postage and telephone	306	365
Printing:		
- Booklets, bulletins and pamphlets	82	204
- General	20	76
Stationery	25	47
Publicity and advertising	450	746
Recruiters in the field	39	59
	922	1,497

5 MEMBERSHIP ACTIVITY

	Aug 2017 £'000	Dec 2016 £'000
Annual Conference expenses	514	573
Travelling expenses	179	245
Subsistence	114	183
Expenses of other conferences and meetings	126	393
ULF Costs	56	125
Research	3	1
Delegates' expenses to international meetings	1	2
Subscriptions, affiliation fees and donations:		
- TUC	260	351
- Education International	157	141
- Others	22	32
Branch expenditure	278	372
Ballots	165	40
	1,875	2,458

6	BENEFITS TO MEMBERS	Aug 2017 £'000	Dec 2016 £'000
	Legal assistance	(155)	43
	Regional officials	158	282
	Insurance on behalf of members	86	143
	Monthly mailings	723	1,073
	Sustentation fund	(45)	66
	Training courses	221	260
		988	1,867

7	PROFESSIONAL COSTS	Aug 2017 £'000	Dec 2016 £'000
	Audit and accountancy	19	48
	Consultancy and other professional services	79	106
		98	154

8	EMPLOYEES	Aug 2017 Numbers	Dec 2016 Numbers
	The average number during the year was:		
	Regional and national casework officials*	65	53
	Organisers (including learning organisers)	31	29
	Office staff **	108	120
		204	202

* Organisation changes in the year have moved 10 employees formerly reported as office to regional officials.

**Included in the above are five former employees whose pensions are enhanced by ATL (2016: five).

9	**TAX**	**Aug 2017**	**Dec 2016**
		£'000	**£'000**
	Deferred tax	365	(8)
	Tax (credit)/charge	365	(8)

The deferred tax is included within the provision for liabilities and charges balance as set out in note 14. The balance of deferred tax relates to timing differences on the revaluation of the freehold property and the increase in the value of the quoted investments.

10	**TANGIBLE FIXED ASSETS**	**Freehold properties**	**Furniture fittings and equipment**	**Total**
		£'000	**£'000**	**£'000**
	Cost or valuation			
	At 1 January 2017	9,030	867	9,897
	Additions	-	205	205
	Revaluation	2,250	-	2,250
	Disposals	-	-	-
	At 31 August 2017	11,280	1,072	12,352
	Depreciation			
	At 1 January 2017	216	702	918
	Revaluation	(216)	-	(216)
	Charge for the year	-	102	102
	Disposals	-	-	-
	At 31 August 2017	-	804	804
	Net book value			
	At 3 August 2017	11,280	268	11,548
	At 31 December 2016	8,814	165	8,979

The land and buildings were revalued on an open market basis in June 2017 by CBRE (London office) and Wells McFarlane (Market Harborough) who are independent firms of chartered surveyors. On a historical cost basis the freehold properties would have been included at an original cost of £2.503m (2016:£2.503m) with an aggregate depreciation of £649,000.

11 INVESTMENTS

	Aug 2017 £'000	Dec 2016 £'000
Listed investments at fair value	5,470	5,081
Other investments at fair value	100	100
	5,570	5,181

Other investments relate to 50,040 fully paid ordinary shares in Unity Trust Bank. The Association does not make use of derivatives and similar complex financial instruments.

The cost of the shares on acquisition was £3.771m (2016: £3.741m).

	Aug 2017 £'000	Dec 2016 £'000
Market value		
At 1 January 2017	5,081	4,494
Additions at fair value	212	706
Disposal proceeds	(207)	(643)
Change in fair value of investments		
Realised profits on sale of investments	52	140
Profit on revaluation of financial assets to fair value	332	384
At 31 August 2017	5,470	5,081

	Market value £'000	Market value £'000
UK fixed interest	575	550
Equities:		
UK	1,970	1,814
Europe	208	167
US	529	505
Japan	100	93
Far East	78	71
Other	2,010	1,881
	5,470	5,081

11 INVESTMENTS (continued)

All investments relate to quoted investments on readily accessible markets, primarily the London Stock Exchange. Investments are carried at fair value, determined with reference to the quoted market price at the reporting date. The main investment risk lies in the combination of uncertain investment markets and volatility in yield. The Association manages these risks by retaining expert advisers.

12 DEBTORS

	Aug 2017 £'000	Dec 2016 £'000
Trade debtors	100	38
VAT debtor	-	49
Other debtors	142	143
Prepayments and accrued income	258	444
	500	674

13 CREDITORS: Amounts falling due within one year

	Aug 2017 £'000	Dec 2016 £'000
Trade creditors	271	355
Social security costs and other taxes	16	235
Other creditors and accruals	742	1,231
	1,029	1,821

14 PROVISION FOR LIABILITIES AND CHARGES

	Deferred tax	Unfunded pension	Aug 2017 £'000	Dec 2016 £'000
At 1 January	1,196	305	1,501	1,561
Amounts paid in relation to unfunded pensions	-	(32)	(32)	(52)
Deferred tax (see Note 9)	365	-	365	(8)
At 31 August	1,561	273	1,834	1,501

14 PROVISION FOR LIABILITIES AND CHARGES (continued)

The Association has provided for unfunded pension costs payable to certain employees and former employees, where the Association has agreed to fund the differential between the pension payable under the Association's schemes and the Teachers' Superannuation Scheme.

15 NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Aug 2017 £'000	Dec 2016 £'000
Operating surplus for the year	(320)	112
Dividend and interest income receivable	(101)	(138)
Depreciation	102	195
Gain on sale of investments	(52)	(140)
Decrease in provision for liabilities and charges	(32)	(52)
Decrease in debtors and prepayments	175	11
(Decrease) / increase in creditors and accrued expenses	(792)	235
Increase / (decrease) in subscription income received in advance	413	(75)
Net cash (outflow)/inflow from operating activities	(607)	148

16 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Aug 2017 £'000	Dec 2016 £'000
(Decrease)/increase in cash	(716)	133
Net funds at 1 January	5,889	5,756
Net funds at 31 August	5,173	5,889

17 ANALYSIS OF NET FUNDS

	At 1 January 2017 £'000	Cash Flow £'000	Non-cash Changes £'000	At 31 August 2017 £'000
Cash & deposits at banks and building societies	5,889	(716)	-	5,173

18 CONTINGENT LIABILITIES

The Association is involved in numerous ongoing legal cases on behalf of its members, the outcome of which is inevitably uncertain. Provision has been made for the estimated unbilled future costs where the Association considers that they may not be totally recovered.

19 OPERATING LEASE COMMITMENTS

Future minimum lease payments under non-cancellable operating leases are as follows:

	Aug 2017 £'000	Dec 2016 £'000
Operating leases which expire:		
Within one year	6	-
In the second to fifth years inclusive	50	70
	56	70

Leases relate to IT and office equipment.

20 STAFF PENSION SCHEMES

The Association operates a funded defined benefit pension scheme. This provides benefits based on final pensionable pay.

The contributions made by the employer over the financial year equate to £971k. Following the 2014 triennial valuation, the employer’s contributions were reduced to between 15.0% and 18.5% from July 2014 and was the same for 2017.

ATL has made the decision to depart from Section 28 of FRS102 and record the defined benefit pension scheme at the triennial valuation as at 30 September 2016, signed off in November 2017. The Association believes that this more accurately reflects the present reality of the position of the scheme by reference to the statement of funding principles prepared by the Trustees in June 2014. As such, a net adjustment for £1.498m has been included in other comprehensive income to decrease the value of the pension scheme to an asset of £2.290m.

The funding position of the scheme has continued to be reviewed and discussed with the actuary. The triennial valuation at 30 September 2016 continue to show that the scheme is overfunded (111% overfunded based on the last available funding statement at 30 September 2016) and therefore that the scheme remains in a net asset position. Consequently, the Association continues to have no requirement to make any deficit payments in respect of the scheme.

20 STAFF PENSION SCHEMES (continued)

FRS102 Section 28

As noted above, ATL has departed from the accounting requirements of FRS102 Section 28 and has valued the defined benefit pension scheme in accordance with its most recent triennial valuation. For the purposes of the financial statements, the FRS102 Section 28 valuation is initially included, with a change in the value of the defined benefit scheme included to bring the value of the scheme to its triennial position. These results can be seen on the face of the statement of comprehensive income.

The 2016 and 2017 valuations disclosed below have been completed in accordance with FRS102 Section 28. Under Section 28, administration (that is, non-investment) expenses are recognised in income and expenditure as part of the service cost. In addition, a net interest cost, based on the net defined benefit liability, is also recognised in the income and expenditure account.

The main financial assumptions, used in preparing the August 2017 valuation under Section 28 of FRS102, were:

	Aug 2017	**Dec 2016**
Discount rate	2.50%	2.70%
Retail price inflation	3.10%	3.30%
Consumer price inflation	2.10%	2.30%
Rate of increase in pensionable salaries	4.10%	4.30%
Rate of increases of pensions in payment		
CPI capped at 2.5% pa	1.80%	1.90%
Rate of increase for deferred pensioners	2.10%	2.30%

Demographic assumptions

	2017	**2016**
Retiring today		
Males	22.1	22.2
Females	23.9	24.2
Retiring in 20 years		
Males	23.5	23.9
Females	25.4	26.1

20 STAFF PENSION SCHEMES (continued)

The fair value of the assets in the scheme and the expected rate of return at 31 August/December were:

	Triennial valuation 30 September 2016	FRS102 Aug 2017	FRS102 Dec 2016
	£’000	£'000	£'000
Diversified growth funds	23,862	22,899	23,814
Private Equity	-	2,500	-
Cash	164	318	161
Total market value of assets	24,026	25,717	23,975
Present value of liabilities	(21,736)	(43,344)	(40,525)
Surplus/(deficit) in the scheme	2,290	(17,627)	(16,550)

Present value of scheme liabilities, fair value of assets and surplus

	Triennial valuation 30 September 2016	FRS102 Aug 2017	FRS102 Dec 2016
		£'000	£'000
Fair value of scheme assets	24,026	25,717	23,975
Present value of scheme liabilities	(21,736)	(43,344)	(40,525)
Surplus/(deficit) in scheme	2,290	(17,627)	(16,550)

Reconciliation of opening and closing balances of the present value of the scheme liabilities

	Aug 2017	Dec 2016
	£'000	£'000
Scheme liabilities at start of period	40,525	28,850
Current service cost	2,015	1,913
Interest cost	744	1,130
Contributions by scheme participants	196	237
Past service costs	-	-
Actuarial losses/(gains)	30	8,749
Benefits paid, death in service insurance premiums and expenses	(166)	(354)
Scheme liabilities at end of period	43,344	40,525

20 STAFF PENSION SCHEMES (continued)

	Aug 2017 £'000	**Dec 2016 £'000**
Fair value of scheme assets at start of year	23,975	22,823
Expected return on scheme assets	296	(917)
Actuarial (losses)	-	-
Contributions by employer	1,091	1,414
Contributions by scheme participants	196	237
Business combinations	-	-
Administration expenses	(114)	(117)
Interest income	439	889
Benefits paid, death in service insurance premiums and expenses	(166)	(354)
Fair value of scheme assets at end of year	25,717	23,975

The following is an analysis of the amounts recognised in the statement of comprehensive income:

Amounts charged to income and expenditure	**Aug 2017 £'000**	**Dec 2016 £'000**
Current service cost	(2,015)	(1,913)
Business combination	-	-
Administration expenses	(114)	(117)
Past service cost	-	-
Expected return on pension scheme assets	-	-
Net interest	(305)	(241)
Total charge to income and expenditure	(2,434)	(2,271)

20 STAFF PENSION SCHEMES (continued)

Actuarial loss recognised in other comprehensive income

	Aug 2017 £'000	Dec 2016 £'000
Actual return on assets less interest	296	(917)
Actuarial losses on defined benefit obligation	(30)	(8,749)
Experience gains and losses arising on the scheme liabilities	-	-
Total amount recognised	266	(9,666)

	Aug 2017 £'000	Dec 2016 £'000
Movement in the deficit during the year		
Deficit in scheme at beginning of year	(16,550)	(6,027)
Movement in year:		
Current service cost	(2,015)	(1,913)
Business combination	-	-
Administration expenses	(114)	(117)
Net interest	(305)	(241)
Past service cost	-	-
Net finance charge	-	-
Contributions	1,091	1,414
	(1,343)	(857)
Actuarial gain/(loss)	266	(9,666)
(Deficit) in the scheme at the end of the year	(17,627)	(16,550)

Contributions are currently paid at the rate of 24.5% of pensionable pay, of which the member pays between 6.0% and 9.5% of pensionable pay.

20 STAFF PENSION SCHEMES (continued)

	2017	2016	2015	2014	2013
	£'000	£'000	£'000	£'000	£'000
History of experience gains and losses					
Defined benefit obligation	43,344	40,525	28,850	26,795	19,450
Plan assets	25,717	23,975	22,823	21,273	19,073
(Deficit)	(17,627)	(16,550)	(6,027)	(5,522)	(377)
Experience adjustments on plan liabilities	-	-	-	(13)	126
Experience adjustments on plan assets	-	-	-	(510)	785

21 KEY MANAGEMENT PERSONNEL

Key management compensation of £548k (2016: £820k) was paid in the year, of which £466k (2016: £677k) is included within total salary costs.

22 CAPITAL COMMITMENTS

At the period end the Association did not have any capital commitments.

Notes to the accounts for the period ended 31 August 2017

SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FULL ACCOUNTS

SUMMARY INCOME STATEMENT
FOR THE PERIOD ENDED 31 August 2017

	Aug 2017 £'000	Dec 2016 £'000
Subscriptions income	11,240	16,926
Other income	454	716
Total Income	11,694	17,642
Total Expenditure	(12,014)	(17,530)
OPERATING (DEFICIT)/SURPLUS FOR THE YEAR	(320)	112
NON OPERATIONAL ITEMS		
Revaluation of investments to market value	332	384
	12	496
Items relating to s28 of FRS102	(1,343)	(857)
DEFICIT FOR THE YEAR BEFORE TAX	(1,331)	(361)
Tax (charge)/credit	(365)	8
DEFICIT FOR THE YEAR AFTER TAX	(1,696)	(353)

SUMMARY STATEMENT OF FINANCIAL POSITION

	Aug 2017 £'000	Dec 2016 £'000
Fixed assets	11,548	8,979
Investments	5,570	5,181
Current assets	5,673	6,563
Current liabilities	(2,566)	(2,945)
Provision for liabilities	(1,834)	(1,501)
Net assets excluding pension scheme	18,391	16,277
Pension scheme assets	2,290	4,866
	20,681	21,143
General fund	12,308	15,236
Revaluation reserve	8,223	5,757
Dilapidation reserve	150	150
	20,681	21,143

SUMMARY OF SALARIES AND BENEFITS PROVIDED

Name	**Position**	**Details**	**Amount**
			£
M Bousted	General secretary	Salary	83,981
		Pension contributions	12,422
Shelagh Hirst	President - to August	Clothing allowance	536
		Salary reimbursement	33,303

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS

Set out below is the report of the auditors to the members as contained in ATL's accounts for the period ended 31 August 2017.

Opinion

We have audited the financial statements of the Association of Teachers and Lecturers (the 'union') for the period ended 31 August 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the accounting policies set out therein.

In our opinion, the financial statements:

- give a true and fair view of the state of the union's affairs as at 31 August 2017 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Trade Union and Labour Relations (Consolidation) Act 1992.

This report is made solely to the union's members, as a body, in accordance with the provisions of the Trade Union and Labour Relations (Consolidation) Act 1992. Our audit work has been undertaken so that we might state to the union's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the union and the union's members as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the union in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our 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 audit opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in which the ISAs (UK) require us to report to you where:

- the Executive Committee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- the Executive Committee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the union's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Other information

The Executive Committee is responsible for the other information. The other information comprises the information included in the Report of the Honorary Treasurer, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Executive Committee

As explained more fully in the Statement of Responsibilities of the Executive Committee, the Committee is 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 Executive Committee determines 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 Executive Committee is responsible for assessing the union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the union or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Committees website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Moore Stephens LLP

Chartered Accountants Statutory Auditor

150 Aldersgate Street, London, EC1A 4AB

Statement to members as required under the Trade Unions (Consolidation) Act 1992 (Amended) for the year ended 31 August 2017

Statement to Members

We are required by the Trade Union and Labour Relations (Consolidation) Act 1992 to include the following declaration in this statement to all members. The wording is as prescribed by the Act.

"A member who is concerned that some irregularity may be occurring, or have occurred, in the conduct of the financial affairs of the union may take steps with a view to investigating further, obtaining clarification and, if necessary, securing regularisation of that conduct. The member may raise any such concerns with such one or more of the following as it seems appropriate to raise it with: the officials of the union, the trustees of the property of the union, the auditors of the union, the Certification Officer (who is an independent officer appointed by the Secretary of State) and the police. Where a member believes that the financial affairs of the union have been or are being conducted in breach of the law or in breach of the rules of the union and contemplates bringing civil proceedings against the union or responsible officials or trustees, he should consider obtaining independent legal advice."

National Education Union (ATL section)
7 Northumberland Street
London WC2N 5RD

Tel: 0345 811 811
enquiries@neu.org.uk
www.atl.org.uk

twitter.com/atlunion
facebook.com/atlunion
www.neu.org.uk

Cardiff
Tel: 029 2046 5000
wales.cymru@neu.org.uk

Belfast
Tel: 028 9078 2020
ni@neu.org.uk