

No. 236/18

19<sup>th</sup> April 2018

Dear Colleague,

## **CWU Consolidated Accounts 2017**

Further to LTB 195/18 dated 5<sup>th</sup> April 2018 which invited questions to the 2017 CWU Accounts, at the closing time the following questions had been submitted by Harrow and District Amalgamated Branch, Somerset, Devon and Cornwall Branch and Greater Mersey Amalgamated Branch.

**The following questions were received from the Harrow and District Amalgamated Branch:**

**Q1. *Has there been any income from Unionline and if so where is this shown in the accounts.***

No income has been received from Unionline.

**Q2. *Notes to accounts 17 Related Party Transactions it states that the CWU made an unsecured loan of £273.250 (other debtors note 8) was the same unsecured loan also made in 2016?***

The CWU has loaned a total of £273,250.00p to Unionline.

**Q3. *In addition there is accumulated interest of £61,140. It is also noted that the CWU recharged for staff and admin costs relating to activities of Unionline. What is the total amount of unsecured loans to Unionline since its set up and what is the total owed by Unionline to the CWU; Where is this shown within the accounts?***

The CWU has loaned a total of £273,250.00p to Unionline. This has accrued interest of £61,140. The total owed by Unionline to the CWU is the total of these two figures i.e. £334,389.54p. This figure is included in note 8 "Other Debtors".

**Q4. *Finally is there a financial risk to the Union should Unionline fail?***

The financial risk to the CWU should Unionline "fail" would be the total of the loan detailed in answers 2 and 3 above i.e. £273,250.00p.

**The following questions were received from the Somerset Devon & Cornwall Branch:**

**Q1. *The compensation referred to in the document, what are the CWU compensating the key management personnel for? Page 22, paragraph 16 Key Management Personnel "Key management compensation of £260,256 (2016: £253,477) was paid in the year. A key management personnel is defined as the roles of General Secretary and Senior Deputy General Secretary".***

The reason we disclose Key Management Personnel is to comply with Financial Reporting Standards, FRS 102. Key Management Personnel comes under a section called "Related Party Disclosures" within FRS 102. The extract from FRS 102 reads as follows.

*Disclosure of key management personnel compensation 33.6 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Compensation includes all employee benefits (as defined in Section 28 Employee Benefits) including those in the form of share-based payments (see Section 26 Share-based Payment). Employee benefits include all forms of consideration paid, payable or provided by the entity, or on behalf of the entity (e.g. by its parent or by a shareholder), in exchange for services rendered to the entity. It also includes such consideration paid on behalf of a parent of the entity in respect of goods or services provided to the entity.*

*33.7 An entity shall disclose key management personnel compensation in total.*

Accordingly the sum referred to contains the total of all employment costs (salaries, employers National Insurance Contributions, employers pension contributions) for those roles.

**Q2. Why do the CWU only spend just over £86K on organising & recruitment whereby on international activities, it is in the region of £404k, the opening statement made by Tony Kearns in regard to the financial situation the CWU finds itself in is highlighted and reliant on recruiting new members!!!**

The CWU does not "only" spend just over £86K on Organising & Recruitment. That section of the accounts refers only to one portion of the spend in this area. The majority of the sum referred to (£75K) is for expenditure on Travel & Subsistence for undertaking recruitment and organising activity by the employed Organisers and for bought in merchandise (£9.8K).

Within the Salaries section of the accounts (Section T page 30) is included an amount of £725,303 for the 13 Organisers we employ.

Within the TFS Constituency there are a number of Regional Organising Committees. The cost of these forms a part of the overall Telecom and Financial Services Budget. Accordingly CWU HQ expenditure on this issue across all budget areas is not "only" £86K but is in excess of £800K per annum. This is separate to the money spent by the union at Branch level.

**The following question was received from the Greater Mersey Amalgamated Branch:**

**Q1. Please could you give a separate breakdown of expenditure of the following committees: NEC, T&FS Industrial Executive and Postal Industrial Executive to include any substitution costs, subsistence, travel costs and central billing.**

The information requested is stored on a number of different finance systems at CWU Headquarters. To be able to produce the information as requested will take a number of days as it requires input from a number of different staff members within the Finance dept. As a result it will not be possible to answer this question in full prior to General Conference 2018.

Work on compiling the information requested will take place during conference week and the full detailed answer will be circulated to Branches via LTB week commencing 30<sup>th</sup> April 2018.

Any enquiries regarding this Letter to Branches should be addressed to the Senior Deputy General Secretary's Department on telephone number 020 8971 7237, or email address [sdgs@cwu.org](mailto:sdgs@cwu.org).

Yours sincerely,



Tony Kearns  
**Senior Deputy General Secretary**