

No. 550/20

17th November 2020

Dear Colleague,

CWU Consolidated Accounts 2019

Further to LTB 521/20 dated 2nd November which invited questions to the 2019 CWU Accounts, at the closing time of 12:00 hours on Monday 16th November following questions had been submitted by the Harrow and District Branch.

Q1) It is noted that there has been a reduction of legal & medical costs from 2018 to 2019, can you provide a breakdown of these costs?

These are contained in the table below:

Code	Heading	2019	2018	Variance
5000	Bandit Attack PMTS	1,189	417	772
5001	Self-Insured Conditional Fees	-20,454	-25,912	5,458
5002	Criminal Defence	0	432	-432
5003	Disbursement Refunds	-16,004	-50,562	34,558
5004	Disbursement Costs	69,406	70,982	-1,576
5005	Referral Fees Income	-1,920	-4,500	2,580
5006	Commission Income	-69,568	0	-69,568
5008	Medical Fees	1,370	1,078	292
5009	Medical Tribunals	330	149	181
5011	Indemnity Insurance	47,027	41,750	5,277
5012	Solicitors Fees	53,029	31,752	21,277
5014	Department Expenses	4,569	6,906	-2,337
5015	Defendants Costs	40,922	84,000	-43,078
5017	BT Hearing Loss Referral fees	0	-360	360
5018	BT Hearing Loss Conditional Fees	-995	-995	0
5019	BT Hearing Loss Disbursements	0	950	-950
	TOTAL	108,901	156,087	-47,186

Q2) Has there been any income generated by the Legal & Medical Services in 2019 if so where is this recorded in the accounts?

Yes, there has been income generated from legal and medical services during 2019. This income has been included as part of the total expenses contained in the Accounts on page 24, note H Central Services to Members, Legal & Medical Services.

The total income received during 2019 was £108,941 and in 2018 it totalled £82,329, resulting in a £26,612 year on year increase. The breakdown of this income is the sum of the following headings detailed in the above table; 5001, 5003, 5005, 5006, 5017, and 5018.

Q3) It is noted that there is an explanation of Unionline on page 1 of the report. On page 24 under section H there is a considerable difference between 2018 and 2019 Unionline costs. Can you provide a full breakdown of the Unionline costs for 2019 and an explanation for the difference in costs between 2018 and 2019?

Breakdown of Unionline Costs:

Heading	2019	2018	Variance
General Department Expenses (directly related to ownership of Unionline)	53,656	21,897	31,759
Unionline Recharge	2,584,388	-1,022,395	3,606,783
TOTAL	2,638,044	-1,000,498	3,638,542

The explanation provided on page 1 of the “Report of the Senior Deputy General Secretary” is, as the question sets out, the answer to the point raised. That is, the impact on this particular set of accounts only is that, whilst those discussions continue at national level with the GMB, we have not yet finalised the issue of when we will take cash out of the business in time for that to be recorded in these accounts. Whilst we are of the opinion that the Union will receive repayment of the monies owed, we currently cannot do so with the certainty the auditors need to rely on (i.e. the timescale it will take us to recover the debt in full). In light of this, we can no longer carry this debt forward. In accounting terms, this is known as making a provision against an uncertain debt.

In summary, in not being able to specify exactly when amounts owed by Unionline will be repaid and therefore providing for the amounts outstanding we now show an operating loss of £1.04m and a total comprehensive expense of £4.75m. If we could have specified exactly when the amounts would be repaid, no provision would have been necessary and we would have been reporting an operating income of £2.89m and a total comprehensive expense of £816k. We want to be absolutely clear in repeating our previous messaging on this matter, this does not mean we have paid out this money in cash. The total and only cash amount loaned to Unionline remains as it has for some years now at £273,250.

This issue solely relates to the amounts we have recharged Unionline in recent years. Accordingly, as can be seen, particularly under HQ expenses page 21, the inclusion of this provision against the monies owed to us is the primary reason for the change from a surplus in 2018 to a deficit in 2019. This does not imply that we have written any debts off permanently, but more so that we have agreed to be very cautious in our current assessment as to the recoverability of amounts owed in the short term. Future recovery of any of these amounts owed will positively impact on our accounts in the future.

In short, the year on year difference is due to the Union not making a recharge to Unionline for the 2019 period. As well and as explained above, in 2019 the Union included a provision for bad debts against prior year Unionline recharge income. So in essence the 2018 accounts record income for Unionline in the form of a recharge and 2019 does not include any income, but instead writes off income from prior year recharges, creating the considerable difference year on year.

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.

Yours sincerely,



Tony Kearns
Senior Deputy General Secretary