Unite the Union

STATEMENT TO MEMBERS ISSUED IN CONNECTION WITH THE UNION'S ANNUAL RETURN FOR PERIOD ENDED 31 DECEMBER 2022 AS REQUIRED BY SECTION 32A OF TRADE UNION AND LABOUR RELATIONS (CONSOLIDATION) ACT 1992

General Secretary's Introduction – Sharon Graham

I am pleased to finally be able to report on our 2022 accounts. The publication of these accounts is the start of our path back to normal financial reporting following the unavoidable long delay in completion of the 2021 accounts which were submitted to the Certification Officer in February 2026.

At the end of 2021, only months after I took office, I kept my promise to investigate historical allegations of financial wrongdoing by commissioning an independent valuation of the Birmingham hotel which eventually came in at only £29 million. This was tens of millions of pounds less than had been previously reported. Following this, I instigated independent investigations into the Birmingham development and later our affiliated services.

It is now a matter of record that the investigations I commissioned revealed serious historical financial irregularities which occurred under previous leadership. The Union's auditors have now described that period before I took office, as a "pervasive fraud environment". The in-depth financial audit that was required as a result of these discoveries took over three years to complete. The audit process for 2022 has been completed in a much shorter time and I am grateful to the finance team for their hard work in making this happen.

However, 2022 was a year of investigation and discovery. We certainly did not know all the things we know now, and we had only just begun to uncover the full extent of how inadequate the financial control framework was that I had inherited. I immediately brought in qualified accountants, and we instigated a new 'gifts and hospitality' policy but in 2022, as the truth started to emerge, we were only at the start of putting in place all the changes that we needed. I am therefore still unable to give full assurances that all the transactions relating to the period are complete and accurate.

2022 was also the first full year of my first term as General Secretary and it saw Unite move further forwards towards our new focus on jobs, pay and conditions. As Covid measures ended and inflation went into double figures, we froze membership subscription rates and confirmed the new level of strike pay at £70 a day, the highest in the movement. We also made a substantial pension investment in the pension fund which had gone into deficit under the previous administration and was put back into a healthy position.

And our focus on the workplace saw Unite using its resources to benefit members. We backed a record number of industrial disputes; we saw hundreds of millions of pounds back into members' pockets as a result and we saw our paying membership grow for the first time.

Income and Expenditure

The total income of the union for the period was £177,812,000. This amount included contributions of £151,056,000 in respect of membership income of the union. The union's total expenditure for the period was £195,906,000

Political Fund

In respect of the union's political fund, its total income was £5,566,000 and total expenditure was £2,688,000.

Salary paid to and other benefits provided to the General Secretary.

The General Secretaries of the union were paid in total:

Office held	Gross salary	Employers N.I. contributions	Benefits			Total
			Pension contributions	Description	Value	
	£000	£000	£000		£000	£000
General Secretary	157,170	19,127	31,610	Car benefit	6,259	214,166
Assistant General Secretary	137,002	16,402	27,598		-	181,002
Assistant General Secretary	113,576	12,979	22,709	Car benefit	5,825	155,089
Assistant General Secretary	107,770	12,631	21,524	Car benefit	8,968	150,893
Assistant General Secretary	107,770	12,631	21,524	Car benefit	6,370	148,295

Irregularity statement

A member who is concerned that some irregularity may be occurring, or has 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 concern 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 auditor or 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.

Right to withdraw from contributing to the Political Fund

Unite the Union has rules in place approving the furtherance of political objects within the meaning of the Trade Union and Labour Relations Consolidation Act 1992. Any payments in the furtherance of those objects will be made out of a separate fund, the political fund of the Union.

Members, who currently contribute to the political fund, have the right to withdraw from contributing to that fund and the Union is required by law to notify you of this. You can communicate your intention to withdraw in one of the following ways:

(a) by delivering the notice, either personally or by an authorised agent or by post, at the head office or a branch office of the union (Addresses can be found at www.unitetheunion.org);

(b) by sending it by e-mail to the following email address membership@unitetheunion.org;

(c) by completing an electronic form provided by the union which sets out the notice and sending it to the union by electronic means with instructions by the union;

(d) by any other electronic means prescribed under the 1992 Act (as inserted by the 2016 Act)

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UNITE THE UNION

INDEPENDENT AUDITOR'S REPORT TO UNITE THE UNION

Disclaimer of opinion

We do not express an opinion on the accompanying Consolidated Financial Statements of the Group. Because of the significance of the matters described in the 'Basis for disclaimer of opinion' section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these Consolidated Financial Statements.

We were engaged to audit the Consolidated Financial Statements of Unite the Union (the "Union") and its subsidiaries (together, the "Group") for the year ended 31 December 2022 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Funds, Consolidated Statement of Cash Flows and notes to the consolidated accounts, including a summary of significant accounting policies (the "Consolidated Financial Statements").

The financial reporting framework that has been applied in the preparation of the Consolidated Financial Statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for disclaimer of opinion

As explained in Note 20 to the Consolidated Financial Statements, certain criminal investigations are ongoing with the nature of those investigations expected to incorporate events and actions relevant to the Group.
Given the nature of these investigations, it has not been possible to determine their full scope, and therefore their potential impact on these Consolidated Financial Statements. As a result, our assessment of the risk of fraud may not be complete and therefore the impact of potential fraud on these Consolidated Financial Statements cannot be fully determined.

In addition to these investigations, Unite the Union has conducted its own investigations into a range of matters, including historic potential fraud and other irregularities. Reports from these investigations, made available to us by the Union, raise a number of findings and serious concerns, which may impact these Consolidated Financial Statements beyond those already identified and recognised.

We acknowledge that the Union has attempted to determine whether the Consolidated Financial Statements are free from the impact of fraud and other irregularities and therefore obtain the information that we considered necessary for audit purposes. However, the confidential nature of on-going police investigations and the pervasive risk of fraud has meant that the Union has been unable to determine whether adjustments should have been made to the Consolidated Financial Statements as a result of these events.

During the course of our audit, we sought to obtain sufficient appropriate audit evidence in respect of a number of pervasive and/or material areas of the Consolidated Financial Statements and related notes to the Consolidated Financial Statements but for the reasons outlined below, sufficient appropriate audit evidence has not been provided.

We have therefore not been able to obtain sufficient appropriate audit evidence to form the basis for an audit opinion on the Consolidated Financial Statements. We specifically draw attention to the lack of sufficient appropriate audit evidence in the following pervasive and/or material areas which apply to the Consolidated Financial Statements as set out below:

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INDEPENDENT AUDITOR'S REPORT TO UNITE THE UNION

1. Management Override of Controls

As detailed in Note 20 to the Consolidated Financial Statements, investigations undertaken by the Union have identified evidence of potential dishonesty, fraud, and other irregularities.

Those concerns include individuals who may have had an ability to override controls. Those individuals either left the organisation prior to the financial year or had substantially reduced influence on the operation of the Union throughout the financial year.

The Union has sought to establish whether Management Override of Controls has occurred, either through the use of journals, or, given Senior Management's position of influence, via other forms of override such as procurement policy breaches, coercion of staff members and override of payment and expense controls.

However, a combination of uncertainties over ongoing police investigations, and whether those findings may reveal additional information that could impact the financial statements, inadequate controls throughout the year and the nature of this risk result in a pervasive fraud environment.

The Union has been unable to determine whether dishonesty, fraud and other irregularities may impact the Consolidated Financial Statements, both within Unite the Union and its wholly owned subsidiary, Blackhorse HCC Limited, particularly in respect of opening balances as at 1 January 2022.

Given the pervasive nature of the risk of fraud throughout the year, and in accordance with International Standard on Auditing (UK) 240 'The Auditor's Responsibilities Relating to Fraud in an Audit of Consolidated Financial Statements', it has not been possible to determine whether dishonesty, fraud and other irregularities may impact the Consolidated Financial Statements. We have been unable to obtain sufficient appropriate audit evidence, and therefore these conditions impose a limitation in the scope of our audit work.

2. Opening balances as at 1 January 2022

In respect of the matters above, notably management override of control, and as a result of the disclaimer of opinion for the year ended 31 December 2021, we have also not been able to obtain sufficient appropriate audit evidence in respect of opening balances as at 1 January 2022 and the corresponding figures for the year ended 31 December 2021 in all cases.

3. Notes to the Financial Statements

As a result of the limitations outlined above, we were unable to obtain sufficient appropriate audit evidence in respect of the Notes to the Consolidated Financial Statements.

As a result of the matters set out above, we were also unable to determine whether any adjustments might have been found necessary in respect of the relevant elements making up the Consolidated Financial Statements of the Group. The possible effects of any undetected misstatements in respect of these matters, if any, could be pervasive and/or material to the Consolidated Financial Statements. We have not been able to obtain sufficient appropriate audit evidence through the performance of additional procedures.

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Other matters:

4. Cash at bank and in hand (2022 - £99.3m; 2021 - £121.0m) and borrowings (2022 - £nil; 2021 - £nil)

Included in cash at bank and in hand is amounts totalling £0.5m (2021 - £2.4m) that, due to incomplete bank mandates, could not be directly confirmed by the respective bank. As a result, the Union has been unable to obtain sufficient, appropriate information to determine the existence, accuracy and completeness of amounts held with that bank in 2022.

As a result, we have not been able to obtain sufficient appropriate audit evidence in relation to the existence and accuracy of cash at bank amounts set out above and the completeness of cash and potential borrowings. We were unable to satisfy ourselves by alternative means.

5. Related party disclosures

Investigations undertaken by the Union identified contractual relationships and associated transactions between the Union and organisations associated with those individuals who initiated the contractual relationship. None of the transactions are classified and presented as a related party transaction, as defined by Financial Reporting Standard 102. The Union has been unable to determine whether other conflicts of interest exist and hence whether related party transaction disclosures are complete. The scope of the investigations conducted by the Union did not specifically address the completeness of potential related party transactions and as a result its findings in this respect are inconclusive.

Furthermore, in relation to the current and prior financial years, the Group and the Union had no formal procedures or controls in relation to conflicts of interest and transactions with related parties. This included transactions with and/or involving members of key management personnel and the Executive Council. A member of either body would be considered to be related parties.

The Union has been unable to determine whether related party relationships exist and hence require inclusion within the Consolidated Financial Statements. We are therefore unable to conclude whether the Consolidated Financial Statements are free from material misstatement arising from the omission of related party transactions. As a result, a limitation of scope exists in relation to the completeness of related party disclosures in the financial year ended 31 December 2022 and comparative year involving key management personnel or members of the Executive Council.

6. Valuation of investments within defined benefit pension schemes (2022 - £946.8m; 2021 - £1,175.1m)

The Consolidated Financial Statements of Unite the Union incorporate the fair value of assets held by UPS along with the present value of Unite the Union's obligations associated with that pension scheme. Investment assets contain a wide range of investments, including financial derivatives, notably repurchase agreements. In the prior year, £151.1m of repurchase agreements were valued by investment managers and custodians engaged on behalf of UPS. Amounts recognised are recorded as financial liabilities and offset financial assets recognised at fair value.

Financial derivatives are complex financial instruments. In light of the level of valuation estimation, the passing of time and limitations to information available, Unite was unable to determine, with sufficient certainty, their fair value as at 31 December 2021.

Unite the Union concluded that it would not have been in the public interest to further delay the approval of those Consolidated Financial Statements. Both planned and alternative audit procedures could not be performed within the timeframe. As a result, it is not possible to determine, to an appropriate level of probability, whether financial derivatives recognised in the prior year, with a book value of £151.1m included in the Consolidated Financial Statements, were free from material misstatement.

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INDEPENDENT AUDITOR'S REPORT TO UNITE THE UNION

Matters on which we are required to report by exception

Arising from the limitation of our work referred to above in the Basis of disclaimer of opinion section of our report above:

- proper accounting records have not been kept in accordance with the requirements of section 28 of the Act;
- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- the Union has not maintained a satisfactory system of controls over its transactions in accordance with the requirements of the Act.

We have nothing to report in respect of the following matters to which the Trade Union and Labour Relations (Consolidation) Act 1992 ("the Act") requires us to report to you if, in our opinion:

- the Consolidated Financial Statements are not in agreement with the accounting records and returns.

Responsibilities of the Executive Council

As explained more fully in the Statement of Responsibilities of the Executive Council, the Executive Council is responsible for the preparation of the Consolidated Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Executive Council 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 Council 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 Executive Council 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 responsibility is to conduct an audit of the Consolidated Financial Statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matters described in the Basis for disclaimer of opinion section of our report above, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these Consolidated Financial Statements.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations
Based on:

- Our understanding of the Union and the sector in which it operates;
- Discussion with management and the Executive Committee; and
- Obtaining and understanding of the Union's policies and procedures regarding compliance with laws and regulations.

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We considered the significant laws and regulations to be the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Trade Union and Labour Relations (Consolidation) Act 1992.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the Consolidated Financial Statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation, UK tax legislation, Employment Taxes and the Bribery Act 2010.

Our procedures in respect of the above which were limited by the matters described in the Basis for disclaimer of opinion section included:

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the Consolidated Financial Statements from our sector experience and through discussion with management and the Executive Committee;
- We had regard to laws and regulations in areas that directly affect the Consolidated Financial Statements including financial reporting and taxation legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items;
- We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We identified non-compliance with Section 32 (2) of the Trade Union and Labour Relations (Consolidation) Act 1992, to submit a signed Annual Return to the Certification Office not later than 1st June in the year following that to which it relates. We have not identified any impact of this instance of non-compliance on these Consolidated Financial Statements;
- We review Executive Committee and Finance and General Purposes Committee meeting minutes for any instances of non-compliance with laws and regulations;
- We reviewed of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- We considered and reviewed financial statement disclosures and agreed amounts to supporting documentation; and
- We reviewed legal expenditure accounts and sample tested costs to determine whether non-compliance with laws and regulations had occurred.

Fraud

We assessed the susceptibility of the Consolidated Financial Statements to material misstatement, including fraud. Our risk assessment procedures which were limited by the matters described in the Basis for disclaimer of opinion included:

- Review of the scope and outcomes of the investigations commissioned by the Union and any further allegations made in the press in relation to potential instances of fraud;
- Enquiry with management and the Executive Committee regarding any known or suspected instances of fraud;
- Obtaining an understanding of the policies and procedures relating to:
  - o Detecting and responding to the risks of fraud; and
  - o Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team, with assistance from our internal forensics specialists, as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

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As a result of indicators of potential dishonesty, fraud, and other irregularities:

- Considered those individuals, where information indicates potential dishonesty, fraud, and other irregularities, the employment status throughout the financial year and their ability to influence the financial statements;
- As a result of changes to our risk assessment and audit materiality, expanded substantive testing throughout a significant number of financial statement areas;
- Applied the use of unpredictability throughout the audit; and
- Applied enhanced levels of professional scepticism, challenging the appropriateness and reliability of evidential documents obtained during the audit.

Based on our risk assessment, we considered the following areas to be most susceptible to fraud:

Area identified	Details and audit response
Significant transactions outside the normal course of business	We are aware of transactions from 2021 or earlier that contain characteristics that fall outside the normal course of business. Our procedures in respect of the above which were limited by the matters described in the Basis for disclaimer of opinion section included: - Determined the employment status of certain former members of Senior Management, along with the last known date they accessed the finance system, approved payment of a purchase invoice and sent an email from their work account. - We involved our forensic specialists in our response to, and our audit of, the findings of the investigations commissioned by the Union. - As a consequence of historical additional costs incurred in the construction of two connected assets, Senior Management performed an impairment review, comparing their carrying value to recoverable amount. We considered the accuracy and completeness of Senior Management's assessment. We also considered whether other property assets owned by the Union may be subject to impairment.

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Management override of controls	Following the identification of a number of significant control deficiencies, including the approval of manual journals, along with information that raised doubt in relation to the honesty of certain former members of Senior Management, the following procedures which were limited by the matters Journals - Tested all journal entries that met defined risk criteria, by agreeing to supporting documentation. - In addition, a sample of other journal entries throughout the year were selected and agreed to supporting documentation. Estimates and judgements - Significant estimates made by management were assessed for bias, (i) The assessment for impairment of properties used by the Union, notably profit projections, discount rate and exit yield assumptions. (ii) Assumptions contained within the determination of the current value of future pension obligations. (iii) The provision for legal costs, using post year end information to support assessment of the completeness of obligations. (iv) The recoverability of amounts lent by the Union to its wholly owned subsidiary, Blackhorse HCC Limited, and the assessment for impairment of Union's investment in Blackhorse HCC Limited. (v) The valuation of unlisted shares in Unity Trust Bank plc. Expenditure Recognising that management override of controls could have enabled certain individuals to commit fraud via expenditure, the following procedures which were limited by the matters described in the Basis for disclaimer of opinion section were performed: - Consideration of new suppliers, with a sample of invoices compared to expectations based on the normal activities of the Union and Open-Source information relating to that supplier. - Supplier details, notably payment information, was compared to information retained for all staff, with any duplication investigated.
Fraud in revenue recognition	Our procedures in respect of the above which were limited by the matters described in the Basis for disclaimer of opinion section included: Other income - Unite the Union website information combined with Open-Source data was used to establish the existence of commercial relationships, with enquiries undertaken to determine whether income was receivable. Amounts were then reconciled back to correspondence and/or contract. - Investigative work was performed by forensic specialists to determine whether additional relationships existed between other income sources and former members of Unite the Union's Senior Management.

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INDEPENDENT AUDITOR'S REPORT TO UNITE THE UNION

Our audit procedures were designed to respond to risks of material misstatement in the Consolidated Financial Statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations, or through collusion. There are inherent limitations in the audit procedures performed, and the further removed the non-compliance with laws and regulations is from the events and transactions reflected in the Consolidated Financial Statements, the less likely we are to become aware of it. In addition, the extent to which the audit was capable of detecting irregularities, including fraud, was limited by the matters described in the Basis for disclaimer of opinion section of our report.

Use of our report

This report is made solely to the members of Unite the Union, 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 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 as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
BDO LLP
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BDO LLP, Statutory Auditor
London, UK

Date: 23 September 2026

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).