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FORM AR21

Trade Union and Labour Relations (Consolidation) Act 1992

ANNUAL RETURN FOR A TRADE UNION

Name of Trade Union:	Affinity	
Year ended:	31 December 2012	
List no:	615T	
Head or Main Office:	St John's Terrace 3-7 Ampthill Street Bedford MK42 9EY	
Website address (if available)		
Has the address changed during the year to which the return relates?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/> (Click the appropriate box)
General Secretary:	Mark V Brown	
Telephone Number:	01234 262868	
Contact name for queries regarding	Jo Edwards	
Telephone Number:	01234 262868	
E-mail:	Jo.Edwards@ltu.co.uk	

PLEASE FOLLOW THE GUIDANCE NOTES IN THE COMPLETION OF THIS RETURN.

Any difficulties or problems in the completion of this return should be directed to the Certification Officer as below or by telephone to: 020 7210 3734

The address to which returns and other documents should be sent are:

For Unions based in England and Wales:
Certification Office for Trade Unions and Employers' Associations
22nd Floor, Euston Tower, 286 Euston Road, London NW1 3JJ

For Unions based in Scotland:
Certification Office for Trade Unions and Employers' Associations
Melrose House, 69a George Street, Edinburgh EH2 2JG



(Revised February 2011)

RETURN OF MEMBERS

(see notes 10 and 11)

NUMBER OF MEMBERS AT THE END OF THE YEAR					
	Great Britain	Northern Ireland	Irish Republic	Elsewhere Abroad (including Channel Islands)	TOTALS
MALE	14,383	37	0	184	14,604
FEMALE	23,687	29	0	329	24,045
TOTAL	38,070	66	0	513	A 38,649

Number of members included in totals box 'A' above for whom no home or authorised address is held:

81

Number of members at end of year contributing to the General Fund at year end "non-payers" resulting in difference between A&B.

38,313

OFFICERS IN POST

(see note 12)

Please attach as an annexe to this form a complete list of all officers in post at the end of the year to which this form relates, with the title of each persons office.

RETURN OF CHANGE OF OFFICERS

Please complete the following to record any changes of officers during the twelve months covered by this return.

Title of Office	Name of Officer ceasing to hold office	Name of Officer Appointed	Date

State whether the union is:

a. A branch of another trade union?

Yes

No

If yes, state the name of that other union:

b. A federation of trade unions?

Yes

No

If yes, state the number of affiliated unions:

and names:

List Of Affinity Officers

Mark Brown – General Secretary
Neilson Smith – Chairman
Bryan Jackson – Deputy Chairman / Treasurer
Richard Turner – Vice Chairman

GENERAL FUND

(see notes 13 to 18)

	£	£
INCOME		
From Members: Contributions and Subscriptions		3,241,457
From Members: Other income from members (specify)		
 Total other income from members		
Total of all income from members		
Investment income (as at page 12)		5,236
Other Income		
Income from Federations and other bodies (as at page 4)		
Income from any other sources (as at page 4)	19,593	
 Total of other income (as at page 4)		19,593
		TOTAL INCOME
		3,266,286
EXPENDITURE		
Benefits to members (as at page 5)		101,171
Administrative expenses (as at page 10)		3,222,682
Federation and other bodies (specify)		
 Total expenditure Federation and other bodies		3,323,853
Taxation		5,586
		TOTAL EXPENDITURE
		3,329,439
Surplus (deficit) for year		(63,153)
Amount of general fund at beginning of year		1,414,961
Amount of general fund at end of year		1,351,808

ANALYSIS OF INCOME FROM FEDERATION AND OTHER BODIES AND OTHER INCOME

(see notes 19 and 20)

DESCRIPTION	£	£
Federation and other bodies		
TOTAL FEDERATION AND OTHER BODIES		
Other income		
Administration fees	16,500	
Royalties etc	3,093	
TOTAL OTHER INCOME		19,593
TOTAL OF ALL OTHER INCOME		19,593

ANALYSIS OF BENEFIT EXPENDITURE SHOWN AT GENERAL FUND

(see notes 21 to 23)

	£		£
Representation – Employment Related Issues Consultancy	101,171	brought forward Education and Training services	101,171
Representation – Non Employment Related Issues		Negotiated Discount Services	
Communications		Salary Costs	
Advisory Services		Other Benefits and Grants (specify)	
Dispute Benefits			
Other Cash Payments			
carried forward	101,171	Total (should agree with figure in General Fund)	101,171

(See notes 24 and 25)

FUND 2		Fund Account	
Name:		£	£
Income	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	Total other income as specified		
	Total Income		
Expenditure	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		
Number of members contributing at end of year			

FUND 3		Fund Account	
Name:		£	£
Income	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	Total other income as specified		
	Total Income		
Expenditure	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		
Number of members contributing at end of year			

(See notes 24 and 25)

FUND 6		Fund Account	
Name:		£	£
Income	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	Total other income as specified		
	Total Income		
Expenditure	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		
	Number of members contributing at end of year		

FUND 7		Fund Account	
Name:		£	£
Income	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	Total other income as specified		
	Total Income		
Expenditure	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		
	Number of members contributing at end of year		

(see notes 26 to 31)

POLITICAL FUND ACCOUNT 1		To be completed by trade unions which maintain their own fund	
		£	£
Income	Members contributions and levies		
	Investment income (as at page 12)		
	Other income (specify)		
		Total other income as specified	
		Total income	
Expenditure	Expenditure under section 82 of the Trade Union and Labour Relations (Consolidation) Act 1992 (specify)		
	Administration expenses in connection with political objects (specify)		
	Non-political expenditure		
		Total expenditure	
		Surplus (deficit) for year	
		Amount of political fund at beginning of year	
		Amount of political fund at the end of year (as Balance Sheet)	
		Number of members at end of year contributing to the political fund	
		Number of members at end of the year not contributing to the political fund	
Number of members at end of year who have completed an exemption notice and do not therefore contribute to the political fund			

POLITICAL FUND ACCOUNT 2		To be completed by trade unions which act as components of a central trade union	
		£	£
Income	Contributions and levies collected from members on behalf of central political fund		
	Funds received back from central political fund		
	Other income (specify)		
		Total other income as specified	
		Total income	
Expenditure	Expenditure under section 82 of the Trade Union and Labour Relations (Consolidation) Act 1992 (specify)		
	Administration expenses in connection with political objects (specify)		
	Non-political expenditure		
		Total expenditure	
		Surplus (deficit) for year	
		Amount held on behalf of trade union political fund at beginning of year	
		Amount remitted to central political fund	
		Amount held on behalf of central political fund at end of year	
		Number of members at end of year contributing to the political fund	
		Number of members at end of the year not contributing to the political fund	
Number of members at end of year who have completed an exemption notice and do not therefore contribute to the political fund			

ANALYSIS OF ADMINISTRATIVE EXPENSES AND OTHER OUTGOINGS EXCLUDING AMOUNTS CHARGED TO POLITICAL FUND ACCOUNTS

(see notes 32 and 33)

		£
Administrative Expenses		
Remuneration and expenses of staff		2,010,576
Salaries and Wages included in above	£1,643,101	
Auditors' fees		8,000
Legal and Professional fees		44,183
Occupancy costs		72,870
Stationery, printing, postage, telephone, etc.		396,275
Expenses of Executive Committee (Head Office)		207,364
Expenses of conferences		207,364
Other administrative expenses (specify)		
Bank charges and interest		35,054
General expenses		603
Computer costs		90,310
Other Outgoings		
Interest payable:		
Bank loans (including overdrafts)		
Mortgages		
Other loans		12,993
Depreciation		102,704
Taxation		34,386
Outgoings on land and buildings (specify)		
Other outgoings (specify)		
Total		3,222,682
Charged to:	General Fund (Page 3)	3,222,682
	Fund (Account)	
	Fund (Account)	
	Fund (Account)	
	Fund (Account)	
Total		3,222,682

ANALYSIS OF OFFICIALS SALARIES AND BENEFITS

(see notes 34 to 44 below)

Office held	Gross Salary £	Employers N.I. contributions £	Benefits			Total £
			Pension Contributions £	Other Benefits		
				Description	Value £	
General Secretary – Mark Brown	92,600	15,796	11,250	Car Allowance	18,000	137,646
Executive Committee Member – Neilson Smith	18,700	1,562	9,600			29,862

ANALYSIS OF INVESTMENT INCOME

(see notes 45 and 46)

	Political Fund £		Other Fund(s) £
Rent from land and buildings			
Dividends (gross) from:			
Equities (e.g. shares)			81
Interest (gross) from:			
Government securities (Gilts)			
Mortgages			
Local Authority Bonds			
Bank and Building Societies			167
Other investment income (specify)			
Staff loan interest			4,988
Total investment income			5,236
Credited to:			
General Fund (Page 3)			5,236
Fund (Account)			
Fund (Account)			
Fund (Account)			
Fund (Account)			
Fund (Account)			
Political Fund			
Total Investment Income			5,236

BALANCE SHEET as at 31 December 2012

(see notes 47 to 50)

Previous Year		£	£
1,080,128	Fixed Assets (at page 14)		1,077,257
5,149	Investments (as per analysis on page 15)		
	Quoted (Market value £ 8,267)	5,149	
	Unquoted	4,700	
5,149	Total Investments		9,849
	Other Assets		
	Loans to other trade unions		
215,380	Sundry debtors		220,111
449,664	Cash at bank and in hand		325,802
	Income tax to be recovered		
71,644	Stocks of goods		69,905
	Others (specify)		
736,688	Total of other assets		615,818
1,821,965	TOTAL ASSETS		1,702,924
1,414,961	Fund (Account General)		1,351,808
	Fund (Account)		
	Fund (Account)		
	Superannuation Fund (Account)		
	Political Fund (Account)		
	Revaluation Reserve		
	LIABILITIES		
	Amount held on behalf of central trade union political fund		
	Loans: From other trade unions		
143,580	Loans: Other		105,840
	Bank overdraft		
4,560	Tax payable		5,450
100,407	Sundry creditors		108,013
158,457	Accrued expenses		131,813
	Provisions		
	Other liabilities		
407,004	TOTAL LIABILITIES		351,116
1,821,965	TOTAL ASSETS		1,702,924

FIXED ASSETS ACCOUNT

(see notes 51 to 55)

	Land and Buildings		Furniture and Equipment £	Motor Vehicles £	Not used for union business £	Total £
	Freehold	Leasehold				
Cost or Valuation						
At start of year	765,000		544,648	520,734		1,065,382
Additions	-		59,030	80,233		139,263
Disposals	-		-	(107,059)		(107,059)
Revaluation/Transfer s	-		-	-		-
At end of year	765,000		603,678	493,908		1,097,586
Accumulated Depreciation						
At start of year	-		494,439	255,815		750,254
Charges for year	-		30,541	76,444		106,985
Disposals	-		-	(71,910)		(71,910)
Revaluation/Transfer s	-		-	-		-
At end of year	-		524,980	260,349		785,329
Net book value at end of year	765,000		78,698	233,559		1,077,257
Net book value at end of previous year	765,000		50,209	264,919		1,080,128

ANALYSIS OF INVESTMENTS

(see notes 56 and 57)

QUOTED	All Funds Except Political Funds £	Political Fund £
Equities (e.g. Shares)		
Shares	5,149	
Government Securities (Gilts)		
Other quoted securities (to be specified)		
TOTAL QUOTED (as Balance Sheet)	5,149	
Market Value of Quoted Investment	8,267	
UNQUOTED		
Equities		
Government Securities (Gilts)		
Mortgages		
Bank and Building Societies		
Other unquoted investments (to be specified)		
Contributions to unlisted company limited by guarantee in which the union is a member	4,700	
TOTAL UNQUOTED (as Balance Sheet)	4,700	
Market Value of Unquoted Investments	4,700	

ANALYSIS OF INVESTMENT INCOME (CONTROLLING INTERESTS)

(see notes 58 and 59)

Does the union, or any constituent part of the union, have a controlling interest in any limited company?		YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
If YES name the relevant companies:			
COMPANY NAME	COMPANY REGISTRATION NUMBER (if not registered in England & Wales, state where registered)		
Are the shares which are controlled by the union registered in the names of the union's trustees?		YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
If NO, state the names of the persons in whom the shares controlled by the union are registered.			
COMPANY NAME	NAMES OF SHAREHOLDERS		

SUMMARY SHEET

(see notes 60 to 71)

	All funds except Political Funds £	Political Funds £	Total Funds £
INCOME			
From Members	3,241,457		3,241,457
From Investments	5,236		5,236
Other Income (including increases by revaluation of assets)	19,593		19,593
Total Income	3,266,286		3,266,286
EXPENDITURE (including decreases by revaluation of assets)			
Total Expenditure	3,329,439		3,329,439
Funds at beginning of year (including reserves)	1,414,961		1,414,961
Funds at end of year (including reserves)	1,351,808		1,351,808
ASSETS			
Fixed Assets			1,077,257
Investment Assets			9,849
Other Assets			615,818
		Total Assets	1,702,924
LIABILITIES		Total Liabilities	351,116
NET ASSETS (Total Assets less Total Liabilities)			1,351,808

NOTES TO THE ACCOUNTS

(see notes 72 and 73)

All notes to the accounts must be entered on or attached to this part of the return.

CONTRIBUTIONS FROM MEMBERS	2012	2011
Subscriptions	3,514,402	3,555,577
Ancillary Services	(272,946)	(261,804)
	-----	-----
	<u>£3,241,456</u>	<u>£3,293,773</u>
OTHER OPERATIONS		
Dividends and Royalties	3,341	3,725
Vassar Smith Fund Administration Fee	16,500	17,207
	-----	-----
	<u>£19,841</u>	<u>£20,932</u>
INVESTMENT INCOME		
Interest Received on Loans	4,989	4,846
	-----	-----
	<u>£4,989</u>	<u>£4,846</u>
PREMISES, EQUIPMENT AND STAFF		
Staff Remuneration and Severance	2,010,576	1,952,596
Rent, Rates and Maintenance	46,537	35,510
Light and Heat	17,427	11,304
Equipment Hire	67,343	85,734
	-----	-----
	<u>£2,141,883</u>	<u>£2,085,144</u>

ADMINISTRATION

	2012	2011
Printing, Stationery and Publications	79,249	86,476
Committee and Travelling Expenses	414,728	345,052
Postage	146,350	150,906
Telephone	103,333	103,618
Computer Costs	90,310	71,064
Bank Charges and Interest	35,054	12,494
Insurance	8,906	7,118
Lease and Hire Purchase Interest	12,993	14,536
Sundry Expenses	603	1,658
VAT on Partial Exemption	34,386	31,130
	-----	-----
	£925,912	£824,052
	=====	=====

DEPRECIATION

Depreciation on Tangible Fixed Assets	106,985	104,947
(Profit)/Loss on Disposal of Tangible Fixed Assets	(4,280)	12,354
	-----	-----
	£102,705	£117,301
	=====	=====

TAXATION

The Union is not subject to taxation on its normal activities, but is taxable in respect of any profits arising from its trading activities and on its investment income. Provision has been made in the accounts in respect of corporation tax due as follows:-

	2012	2011
Current Year	5,726	4,560
Prior Year	136	(48)
Current Tax Charge	<u>5,862</u>	<u>£4,512</u>
Factors affecting the tax charge for the year		
Surplus on ordinary activities before taxation	<u>(57,567)</u>	<u>176,862</u>
Surplus on ordinary activities before taxation multiplied by Standard rate of UK Corporation Tax of 20.00% (2011 – 20.25%)	<u>(11,513)</u>	<u>35,815</u>
Effects of : Mutual trading	17,239	(31,255)
Other tax adjustments	136	(48)
	<u>18,548</u>	<u>(31,303)</u>
Current Tax Charge	<u>£5,862</u>	<u>£4,512</u>

FIXED ASSETS

	Computer Equipment	Office Equipment	Motor Vehicles	Furniture & Fittings	Total
COST					
1 st January 2012	348,584	50,690	520,734	145,374	1,065,382
Additions	48,237	9,880	80,233	913	139,263
Disposals	-	-	(107,059)	-	(107,059)
31 st December 2012	<u>396,821</u>	<u>60,570</u>	<u>493,908</u>	<u>146,287</u>	<u>1,097,586</u>
DEPRECIATION					
1 st January 2012	331,922	49,986	255,815	112,531	750,254
Disposals	-	-	(71,910)	-	(71,910)
Charge for Year	21,660	1,945	76,444	6,936	106,985
31 st December 2012	<u>353,582</u>	<u>51,931</u>	<u>260,349</u>	<u>119,467</u>	<u>785,329</u>
NET BOOK VALUE					
31 st December 2012	<u>43,239</u>	<u>8,639</u>	<u>233,559</u>	<u>26,820</u>	<u>312,257</u>
31 st December 2011	<u>16,662</u>	<u>704</u>	<u>264,919</u>	<u>32,843</u>	<u>315,128</u>
FREEHOLD PROPERTY – Cost 1 st January 2012				£	765,000
FREEHOLD PROPERTY – Cost 31 st December 2012				£	<u>765,000</u>
NET BOOK VALUE INCLUDING FREEHOLD			2012	£	<u>1,077,257</u>
			2011	£	<u>1,080,128</u>

The net book value of tangible fixed assets includes £170,718 (2011 - £229,698) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £53,165 (2011 - £54,946) for the year.

INVESTMENTS	2012	2011
Listed Investments at Cost	5,149	5,149
[Market Value £8,267 (2011 - £4,351)]		
Fixed Asset Investment	4,700	-
	-----	-----
	£9,849	£5,149
	=====	=====

DEBTORS AND PREPAYMENTS

Prepayments and Accrued Income	8,611	6,166
Other Debtors	211,501	209,214
	-----	-----
	£220,112	£215,380
	=====	=====

CASH AT BANK AND IN HAND

Bank Current Account	324,805	449,287
Cash	996	377
	-----	-----
	£325,801	£449,664
	=====	=====

CREDITORS – due within one year

Creditors and Accruals	131,813	158,457
Obligations Under Hire Purchase and Finance Leases	57,030	91,339
Other Creditors	108,013	100,407
Corporation Tax	5,726	4,560
	-----	-----
	£302,582	£354,763
	=====	=====

CREDITORS – due in more than one year

Obligations Under Hire Purchase and Finance Lease	48,810	52,241
	-----	-----
	£48,810	£ 52,241
	=====	=====

ACCUMULATED FUND

At 1 st January 2011	1,414,961	1,242,611
(Deficit)/Surplus for the Year	(63,429)	172,350
	-----	-----
	<u>£1,351,532</u>	<u>£1,414,961</u>

**RECONCILIATION OF SURPLUS TO NET
CASH INFLOW FROM OPERATING
ACTIVITIES**

(Deficit)/Surplus for the year before taxation	(57,567)	176,862
Depreciation Charges	106,985	104,947
(Profit)/Loss on Sale of Fixed Assets	(4,281)	12,354
Decrease/(Increase) in Stocks	1,739	(10,691)
Decrease/(Increase) in Debtors	(4,732)	52,343
(Decrease)/Increase in Creditors	(19,038)	45,898
	-----	-----
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>£23,106</u>	<u>£381,713</u>

CASHFLOW STATEMENT

Note

31st December 2012 **31st December 2011**

NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

23,106 381,713

INVESTING ACTIVITIES

Increase in investments

- -

Receipts from Sales of Fixed Assets

39,430 30,500

Payments to Acquire Fixed Assets

(143,963) (81,442)

Hire Purchase and Loan Finance

73,222 66,212

Hire Purchase and Loan Repayments

(110,962) (125,744)

NET CASH OUTFLOW FROM INVESTING ACTIVITIES

(142,273) (110,474)

TAXATION

(4,696) (3,926)

NET CASH OUTFLOW

(123,863) (267,313)

(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS

£(123,863) £267,313

DECREASE IN CASH EQUIVALENTS DURING THE YEAR

Analysis of the balances of cash and cash equivalents as shown in the balance sheet.

	As at 1 January 2012	Movement during the year	As at 31 December 2012
Bank Current Accounts	449,287	(124,482)	324,805
Cash	377	619	996
	-----	-----	-----
	£449,664	(123,863)	325,801
	=====	=====	=====

RELATED PARTY TRANSACTIONS

(a) The Union has made a loan in 2011 of £16,000 to Mr Mark Brown, the General Secretary, which bears interest at a commercial rate of 4%. The balance due from Mr Mark Brown at the year end was £8,667 (2011: £12,667).

(b) During the year the Union paid a salary of £18,700 (2011 part year: £11,400) to Mr Neilson Smith in his capacity as Chairman of the Union. No other members of the General Council received remuneration during the year.

BUSINESS REVIEW

During 2012 the Union continued the investment programme begun in 2010, including the creation of an in-house legal department, and accelerated the restructuring of its operations to allow it to respond to significant increases in calls for advice and representation from members both inside and outside the banking industry. The cost of this planned investment was met from income and reserves, producing a deficit of expenditure over income for the year.

The programme of change continued past the year-end into 2013 as technological change allowed the Union to reduce the number of staff employed on administration work and switch resources to member support. The necessary staff reductions were accomplished through a programme of voluntary severance.

The unstable nature of bank employment was a key causal factor in a surge in the Union's Advice Team dealing with over 40,000 calls for advice or assistance from Lloyds Banking Group staff during the year. This increased demand had been anticipated and was met by earlier increases in the resources allocated to the advice function.

During the year, the Union completed its move to operate under three brands: as Lloyds Trade Union in Lloyds Banking Group; as TSBU in the new TSB Bank and as Affinity in representing members elsewhere.

Flowing from this, a significant and welcome development during 2012 was a marked increase in the number of members leaving the bank but choosing to retain their membership under the Affinity brand. As a result the Union was required to advise and represent members in a wide range of companies and organisations including financial institutions, the NHS, local government and major retailers. This group of members is expected to increase significantly in size over the coming 10 years.

Work on a number of major legal cases to protect members disadvantaged by changes in pay and pension provision in the Lloyds Banking Group continued throughout 2012.

ACCOUNTING POLICIES

(see notes 74 and 75)

ACTIVITIES AND ACCOUNTING POLICIES

(a) Activities

Affinity is the major trade union representing staff of Lloyds Banking Group and its associated companies. It also represents members in a wide range of other companies. Its primary function is to provide representational services to these members.

The Union provides members with a range of ancillary services on advantageous terms.

(b) Basis of Accounting

The financial statements are prepared on the historical cost basis.

(c) Income

Income represents subscriptions receivable from members during the year, income receivable from investments and monies on deposit, and the surplus arising from the trading activities of the Union.

(d) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation with the exception of freehold property which is not depreciated. Freehold land and buildings are maintained and improved such that the residual values of these properties, based on prices prevailing at the time of acquisition, are at least equal to their book values. Having regard to this, it is the opinion of the Union's Officers that depreciation on any such properties as required by the Companies Act and Accounting Standards would not be material.

(e) Investments

Investments are stated at the lower of cost and net realisable value.

(f) Depreciation

Depreciation is calculated to write off the cost of tangible fixed assets over their estimated working life at the following rates:-

Office Equipment	-	20% on Cost
Motor Vehicles	-	25% on Written Down Value
Computers and Equipment	-	33% on Cost
Fixtures and Fittings	-	10% on Cost
Freehold Property	-	nil

ACTIVITIES AND ACCOUNTING POLICIES - CONTINUED

(g) Stock

Stocks comprise stationery and publicity brochures valued by the Union at the cost of production, and store vouchers available for purchase by members, valued at cost.

(h) Leased Assets

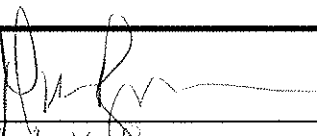
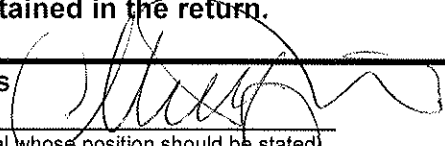
Where assets are financed by leasing agreements that give rights approximating to ownership, the assets are treated as if they had been purchased outright and any finance costs are charged to the income and expenditure account over the purchase period.

All other leases are operating leases, and the annual rentals are charged to the income and expenditure account on a straight line basis over the lease term.

SIGNATURES TO THE ANNUAL RETURN

(see notes 76 and 77)

including the accounts and balance sheet contained in the return.

Secretary's Signature: <u></u> Name: <u>Mark V. Biskin</u> Date: <u>21/6/2013</u>	Chairman's Signature: <u></u> (or other official whose position should be stated) Name: <u>NELSON C SMITH</u> Date: <u>21.6.2013</u>
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CHECK LIST

(see notes 78 to 80)

(please tick as appropriate)

IS THE RETURN OF OFFICERS ATTACHED? (see Page 2 and Note 12)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
HAS THE RETURN OF CHANGE OF OFFICERS BEEN COMPLETED? (see Page 2 and Note 12)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
HAS THE RETURN BEEN SIGNED? (see Pages 19 and 21 and Notes 76 and 77)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
HAS THE AUDITOR'S REPORT BEEN COMPLETED? (see Pages 20 and 21 and Notes 2 and 77)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
IS A RULE BOOK ENCLOSED? (see Notes 8 and 78)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
A MEMBER'S STATEMENT IS: (see Note 80)	ENCLOSE D	<input type="checkbox"/>	TO FOLLOW	<input checked="" type="checkbox"/>
HAS THE SUMMARY SHEET BEEN COMPLETED (see Page 17 and Notes 7 and 59)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>

AUDITOR'S REPORT

(see notes 81 to 86)

made in accordance with section 36 of the Trade Union and Labour Relations (Consolidation) Act 1992.

1. In the opinion of the auditors or auditor do the accounts they have audited and which are contained in this return give a true and fair view of the matters to which they relate?
(See section 36(1) and (2) of the 1992 Act and notes 83 and 84)

YES/NO

If "No" please explain below.

2. Have the auditors or auditor carried out such investigations in the preparation of their audit report as will enable them to form an opinion as to:
- (a) whether the trade union has kept proper accounting records in accordance with section 28 of the 1992 Act;
 - (b) whether it has maintained a satisfactory system of control over its transactions in accordance with the requirements of that section; and
 - (c) whether the accounts to which the report relates agree with the accounting records?
- (See section 36(3) of the 1992 Act, set out in note 83)

YES/NO

If "No" please explain below.

3. Are the auditors or auditor of the opinion that the union has complied with section 28 of the 1992 Act and has:
- (a) kept proper accounting records with respect to its transactions and its assets and liabilities; and
 - (b) established and maintained a satisfactory system of control of its accounting records, its cash holding and all its receipts and remittances.
- (See section 36(4) of the 1992 Act set out in rule 83)

YES/NO

If "No" please explain below.

4. Please set out a copy of the report made by the auditors or auditor to the union on the accounts to which this AR21 relates. The report is to set out the basis upon which the audit has been conducted and/or such other statement as the auditor considers appropriate. Such a statement may be provided as a separate document.
(See note 85)

AUDITOR'S REPORT (continued)

We have audited the financial statements of Affinity for the year ended 31st December 2012, which comprise the Income and Expenditure Account, Balance Sheet and related notes incorporating the Cash Flow Statement. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Union's Members, as a body. 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.

Respective Responsibilities of the Officers and Auditors

The Trade Union and Labour Relations (Consolidation) Act 1992 and the Trade Union Reform and Employment Rights Act 1993 require the union's officers to: keep proper accounting records which give a true and fair view of the state of affairs of the union and explain its transactions; establish and maintain a satisfactory system of control of the accounting records, cash holding and all the receipts and remittances; prepare an annual return for the Certification Office giving a true and fair view of the revenue account and balance sheet and provide members of the union with a statement of income and expenditure for the year.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Boards (APB's) Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the union's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the officers; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Return to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the union's affairs as at 31 December 2012 and its transactions for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Trade Union and Labour Relations (Consolidation) Act 1992 and the Trade Union Reform and Employment Rights Act 1993 require us to report to you if, in our opinion:

- proper books of account have not been kept by the union in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the union in accordance with the requirements of the legislation;
- the revenue account to which our report relates, and the balance sheet are not in agreement with the books of account of the union;
- we have not obtained all the information and explanations necessary for the purposes of our audit.

27 St Cuthberts Street
Bedford MK40 3JG

CROUCHER NEEDHAM LIMITED
REGISTERED AUDITOR
CHARTERED CERTIFIED ACCOUNTANTS

Signature(s) of auditor or auditors:	<i>Croucher Needham</i>	
Name(s):	Croucher Needham Limited	
Profession(s) or Calling(s):	Chartered Certified Accountants	
Address(es):	27 St Cuthberts Street Bedford MK40 3JG	
Date:	25.06.13	
Contact name and telephone number:	Paul Tucker 01234 345533	

N.B. When notes to the accounts are referred to in the auditor's report a copy of those notes must accompany this return.