

**FÓRSA – General, Developing
World, Contingency and Benefit Funds**

Non-statutory financial statements period ended 31 December 2019

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FÓRSA – General, Developing World, Contingency and Benefit Funds

Fórsa information

Union Name	Fórsa
President	Ann Mc Gee
General Secretary	Kevin Callinan
Deputy General Secretary	Eoin Ronayne
Deputy General Secretary	Matt Staunton
Treasurer	Kevin O'Malley
Auditors	Grant Thornton Chartered Accountants & Statutory Audit Firm 13-18 City Quay Dublin 2
Address	Nerney's Court Dublin 1
Bankers	Allied Irish Banks plc 7-12 Dame Street Dublin 2 Bank of Ireland O'Connell Street Dublin 1

FÓRSA – General, Developing World, Contingency and Benefit Funds

Forsa information *(continued)*

Bankers *(continued)*

Bank of Ireland
St. Stephen's Green
Dublin 2

Bank of Ireland
Lower Baggot St.
Dublin 2

Bank of Ireland,
College Green,
Dublin 2

Irish Life & Permanent
St. Stephen's Green
Dublin 2

AIB Bank
140 Lower Drumcondra Road
Drumcondra, Dublin 9

Civil Service Credit Union Ltd.
St. Stephen's Green House
Earlsfort Terrace, Dublin 2

Ireland State Savings (An Post)
GPO, Dublin 1

Investment consultants

Cantor Fitzgerald
75 St. Stephens Green
Dublin 2

Davy's Stockbrokers
49 Dawson St.
Dublin 2

FÓRSA – General, Developing World, Contingency and Benefit Funds

Forsa information *(continued)*

Solicitors

Darach Connolly
21 Parliament Street
Dublin 2

Daniel Spring & Co.
50 Fitzwilliam Square
Dublin 2

J & E Davy
49 Dawson St.
Dublin 2

The Registry of Friendly Societies Registered Number

614T

FÓRSA – General, Developing World, Contingency and Benefit Funds

Officers’ Report

The Officers present their report and audited non-statutory financial statements of Fórsa - General, Developing World, Contingency and Benefit Funds” (Fórsa) for the financial period 1 January 2019 to 31 December 2019. Fórsa - General, Developing World, Contingency and Benefit Funds” (Fórsa) therefore hereafter refers to the results of operations and financial position of the Trade Union’s central funds and excludes the results of operations and financial position of all the Trade Union’s branches.

Effective 2 January 2018, Irish Municipal Public and Civil Trade Union (“IMPACT”), Civil and Public Services Union (“CPSU”) and Public Service Executive Union (“PSEU”) or collectively referred as “legacy unions” amalgamated to form Fórsa. As set out in Note 2.1, to facilitate timely preparation of the financial statements, the officers made the decision to exclude, the branch operations, income, expenditure, funds and effects of the branches in these non-statutory financial statements.

Statement of Officers’ responsibilities

Under Rule 30 of the instrument of amalgamation to form Forsa the National Executive is responsible for the general management, direction and control of the financial affairs of Forsa. The National Executive have delegated this responsibility to the officers of Forsa as per Rule 23(ii).

This entails ensuring

- that adequate financial controls are in place and that competent financial management is employed;
- that the assets of Forsa are safeguarded and that reasonable steps are taken for the prevention and detection of fraud and of other irregularities; and
- that the non-statutory financial statements are prepared for Forsa which give a true and fair view of the state of affairs of Forsa and of its income, expenditure, net revenue and cash flow and that, in the preparation of the non-statutory financial statements, appropriate accounting policies are consistently applied and that such judgments and estimates as are made are reasonable and prudent.

On behalf of the National Executive

Ann McGee
President

Kevin O’Malley
Treasurer

Date:

Independent non-statutory auditor's report to the members of Fórsa

We have audited the non-statutory financial statements of “Fórsa - General, Developing World, Contingency and Benefit Funds” (Fórsa), for the financial period ended 31 December 2019, which comprise of the following:

- General Fund Statement of income and expenditure,
- General Fund Statement of other comprehensive surplus,
- General Fund Statement of changes in general fund,
- Developing World Fund Statement of income and expenditure,
- Developing World Fund Statement of other comprehensive surplus,
- Developing World Fund Statement of changes in developing world fund,
- Contingency Fund Statement of income and expenditure,
- Contingency Fund Statement of other comprehensive surplus,
- Contingency Fund Statement of changes in contingency fund,
- Benefit Fund Statement of income and expenditure,
- Benefit Fund Statement of other comprehensive surplus,
- Benefit Fund Statement of changes in benefit fund,
- Balance sheet,
- Statement of Cash flows, and
- the related notes to the non-statutory financial statements including the summary of significant accounting policies.

These non-statutory financial statements do not include the operations and balances in relation to Forsas' Branches.

The financial reporting framework that has been applied in their preparation is accounting standards issued by the Financial Reporting Council including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (Generally Accepted Accounting Practice in Ireland).

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for qualified opinion” paragraph, Forsa's non-statutory financial statements:

- give a true and fair view of the assets, liabilities and financial position of the central funds as defined in the officers report as at 31 December 2019 and of its surplus and cash flows for the financial period then ended; and
- have been prepared in accordance with Generally Accepted Accounting Practice in Ireland in relation to those central funds

Independent non-statutory auditor's report to the members of Fórsa (continued)

Basis for qualified opinion

As more fully explained in Note 2.1., the non-statutory financial statements of Fórsa for the period 1 January 2019 to 31 December 2019 excludes the results of operations and financial position of its branches. “FRS 102 S1.1 applies to the financial statements that are intended to give a true and fair view of a reporting entity's financial position and profit or loss for a period”. The reporting entity is considered to be Fórsa and the branches. The branches results of operations and financial position were excluded to facilitate the timely preparation of the financial statements, the officers made the decision to exclude, the branch operations, income, expenditure, funds and effects of the branches in these non-statutory financial statements. Accordingly, while the non-statutory financial statements give a true and fair view of the central funds, the branch income, expenditure and funds have been excluded therefore the financial statements do not give a true and fair view of the reporting entity as a whole.

We conducted our audit in accordance with International Standards on Auditing (Ireland) (“ISAs (Ireland)”). Our responsibilities under those standards are further described in the ‘Responsibilities of the auditor for the audit of the non-statutory financial statements’ section of our report. We are independent of Fórsa in accordance with the ethical requirements that are relevant to our audit of the non-statutory financial statements in Ireland, namely the Irish Auditing and Accounting Supervisory Authority (IAASA) Ethical Standard concerning the integrity, objectivity and independence of the auditor, and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. We have fulfilled our other 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 qualified opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (Ireland) require us to report to you were:

- the officers’ use of the going concern basis of accounting in the preparation of the non-statutory financial statements is not appropriate; or
- the officers have not disclosed in the non-statutory financial statements any identified material uncertainties that may cast significant doubt about Fórsa’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the non-statutory financial statements are authorised for issue.

Other information

Other information comprises information included in the annual report, other than the non-statutory financial statements and our auditor’s report thereon. The Officers are responsible for the other information. Our opinion on the non-statutory 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.

Independent non-statutory auditor's report to the members of Fórsa (continued)

Other information - continued

In connection with our audit of the non-statutory financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-statutory financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies in the non-statutory financial statements, we are required to determine whether there is a material misstatement in the non-statutory 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.

Respective responsibilities of officers and those charged with governance for the non-statutory financial statements

As explained more fully in the Statement of Officers' responsibilities, the Officers are responsible for the preparation of the non-statutory financial statements which give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland, including FRS 102, and for such internal control as they determine necessary to enable the preparation of the non-statutory financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-statutory financial statements, the Officers are responsible for assessing Forsa'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 Officers either intend to liquidate Forsa or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Forsa's financial reporting process.

Responsibilities of the auditor for the audit of the non-statutory financial statements

The auditor's objectives are to obtain reasonable assurance about whether the non-statutory 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 their opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) 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 non-statutory financial statements.

As part of an audit in accordance with ISAs (Ireland), the auditor will exercise professional judgment and maintain professional skepticism throughout the audit. The auditor will also:

- Identify and assess the risks of material misstatement of the non-statutory financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent non-statutory auditor's report to the members of Fórsa (continued)

Responsibilities of the auditor for the audit of the non-statutory financial statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Forsa's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Officers.
- Conclude on the appropriateness of the Officers' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Forsa's ability to continue as a going concern. If they conclude that a material uncertainty exists, they are required to draw attention in the auditor's report to the related disclosures in the non-statutory financial statements or, if such disclosures are inadequate, to modify their opinion. Their conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause Forsa's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-statutory financial statements, including the disclosures, and whether the non-statutory financial statements represent the underlying transactions and events in a matter that achieves a true and fair view.

The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may be identified during the audit.

Independent non-statutory auditor's report to the members of Fórsa (continued)

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to Forsa's members, as a body in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to Fórsa'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 Fórsa and Fórsa's members as a body, for our audit work, for this report, or for the opinions we have formed.

GRANT THORNTON
Chartered Accountants and
Statutory Audit Firm
13-18 City Quay
Dublin 2

Date:

FÓRSA – General, Developing World, Contingency and Benefit Funds

General Fund

Statement of income & expenditure

For the financial period 1 January 2019 to 31 December 2019

	Note	2019 €	2018 €
Income			
Subscription income	4	17,291,441	16,692,574
Deposit interest receivable		-	21,522
Loan interest receivable		-	614
Investment income			
-Interest on deposits, government stocks and dividend income		4,514	29,400
-Fair value gain on investments held	10	129,801	8,525
		<u>17,425,756</u>	<u>16,752,635</u>
Expenditure			
Administration, establishment and general expenses		(17,819,622)	(16,236,698)
Depreciation on office equipment and motor vehicles	9	(257,466)	(277,186)
Once-off redundancy costs		-	(645,995)
Net other finance income	5	78,020	59,000
Deficit for the financial period before tax	6	(573,312)	(348,244)
Tax	8	-	(7,254)
Deficit for the financial period after tax		<u>(573,312)</u>	<u>(355,498)</u>

Statement of other comprehensive surplus

for the financial period 1 January 2019 to 31 December 2019

		2019 €	2018 €
Deficit for the financial period after tax		(573,312)	(355,498)
Remeasurement of defined benefit plans	15	1,071,000	1,099,000
Total comprehensive surplus for the financial period		<u>497,688</u>	<u>743,502</u>

The notes on pages 19 to 47 form part of these non-statutory financial statements

FÓRSA – General, Developing World, Contingency and Benefit Funds

General Fund

Statement of changes in the general fund for the financial period 1 January 2019 to 31 December 2019

	Note	2019 €	2018 €
Surplus at the beginning of the financial period		35,804,645	-
Surplus transferred from legacy unions		-	35,750,932
Adjustment to exclude branch operations		-	(689,789)
Total comprehensive surplus for the financial period	2.1	497,688	743,502
Surplus at the end of the financial period		<u>36,302,333</u>	<u>35,804,645</u>

All amounts relate to continuing operations.

Ann McGee
President

Kevin O'Malley
Treasurer

Date:

The notes on pages 19 to 47 form part of these non-statutory financial statements

FÓRSA – General, Developing World, Contingency and Benefit Funds

Developing World Fund

Statement of income & expenditure

For the financial period 1 January 2019 to 31 December 2019

		2019	2018
	Note	€	€
Income			
Subscription income	4	642,765	621,894
Deposit interest receivable		-	15
		<u>642,765</u>	<u>621,909</u>
Expenditure			
Projects		<u>(633,119)</u>	<u>(519,952)</u>
Surplus for the financial period before tax	6	9,646	101,957
Tax	8	-	-
Surplus for the financial period after tax		<u>9,646</u>	<u>101,957</u>

Statement of other comprehensive surplus

for the financial period 1 January 2019 to 31 December 2019

		2019	2018
		€	€
Surplus for the financial period after tax		<u>9,646</u>	<u>101,957</u>
Total comprehensive surplus for the financial period		<u>9,646</u>	<u>101,957</u>

Statement of changes in the developing world fund

for the financial period 1 January 2019 to 31 December 2019

Surplus at the beginning of the financial period	151,592	-
Surplus transferred from legacy unions	-	49,635
Total comprehensive surplus for the financial period	<u>9,646</u>	<u>101,957</u>
Surplus at the end of the financial period	<u>161,238</u>	<u>151,592</u>

All amounts relate to continuing operations.

Ann McGee
President

Kevin O'Malley
Treasurer

Date:

The notes on pages 19 to 47 form part of these non-statutory financial statements

FÓRSA – General, Developing World, Contingency and Benefit Funds

Contingency Fund

Statement of income & expenditure

For the financial period 1 January 2019 to 31 December 2019

	Note	2019 €	2018 €
Income			
Subscription income	4	1,071,275	1,036,490
Investment income			
- Interest on deposits, government stocks and dividend income		687,891	1,034,198
- Profit on disposal of investments held at fair value	10	695,336	163,285
- Fair value gain / (loss) on investments held	10	2,820,535	(2,999,597)
- Rent receivable		532,659	529,344
- Fair value increment on investment properties	9	260,326	-
		<u>6,068,021</u>	<u>(236,280)</u>
Expenditure			
Strike pay and other expenses		(13,382)	(45,868)
Commission on sale of investments		(916)	(1,316)
Investment consultancy fees		(56,419)	(24,600)
Depreciation on buildings	9	(518,811)	(507,117)
Legal costs of disputes		(94,165)	(6,174)
Property management charges		(54,359)	(35,667)
		<u>(738,052)</u>	<u>(620,742)</u>
Surplus / (deficit) for the financial period before tax	6	5,329,969	(857,022)
Tax charge	8	(481,542)	(194,556)
Surplus / (deficit) for the financial period after tax		<u>4,848,427</u>	<u>(1,051,578)</u>

The notes on pages 19 to 47 form part of these non-statutory financial statements

FÓRSA – General, Developing World, Contingency and Benefit Funds

Contingency Fund

Statement of other comprehensive surplus

For the financial period 1 January 2019 to 31 December 2019

	2019	2018
	€	€
Surplus / (deficit) for the financial period after tax	4,848,427	(1,051,578)
Fixed assets revaluation reserve	9	-
Total comprehensive surplus / (deficit) for the financial period	<u>5,877,009</u>	<u>(1,051,578)</u>

Statement of changes in the contingency fund

for the financial period 1 January 2019 to 31 December 2019

	2019	2018
	€	€
Surplus at the beginning of the financial period	58,709,618	-
Surplus transferred from legacy unions	-	59,761,196
Total comprehensive surplus/(deficit) for the financial period	<u>5,877,009</u>	<u>(1,051,578)</u>
Surplus at the end of the financial period	<u>64,586,627</u>	<u>58,709,618</u>

All amounts relate to continuing operations.

Ann McGee
President

Kevin O'Malley
Treasurer

Date:

Benefit Fund
Statement of income & expenditure
For the financial period 1 January 2019 to 31 December 2019

	Note	2019 €	2018 €
Income			
Subscription income	4	521,337	524,993
Investment income		5,847	3,680
		<u>527,184</u>	<u>528,673</u>
Expenditure			
Benefit expenses		(397,335)	(399,583)
Overhead expenses		(78,075)	(77,596)
Surplus for the financial period before tax		51,773	51,494
Tax	8	-	-
Surplus for the financial period after tax		<u>51,773</u>	<u>51,494</u>

Statement of other comprehensive surplus
for the financial period 1 January 2019 to 31 December 2019

	2019 €	2018 €
Surplus for the financial period after tax	51,773	51,494
Total comprehensive surplus for the financial period	<u>51,773</u>	<u>51,494</u>

Statement of changes in the benefit fund
for the financial period 1 January 2019 to 31 December 2019

Surplus at the beginning of the financial period	2,632,226	-
Surplus transferred from legacy unions	-	2,580,732
Total comprehensive surplus for the financial period	51,773	51,494
Surplus at the end of the financial period	<u>2,683,999</u>	<u>2,632,226</u>

All amounts relate to continuing operations.

Ann McGee
 President

Kevin O'Malley
 Treasurer

Date:

The notes on pages 19 to 47 form part of these non-statutory financial statements

FÓRSA – General, Developing World, Contingency and Benefit Funds

Balance sheet As at 31 December 2019

	Note	31 Dec 2019	31 Dec 2018 €
Non-current assets			
Tangible fixed assets	9	23,100,912	24,023,916
Investment properties	9	8,787,500	5,264,943
Investments	10	37,595,416	32,891,729
Pension asset - net	15	5,916,629	4,862,629
		<u>75,400,457</u>	<u>67,043,217</u>
Current assets			
Investments	10	4,505,968	7,154,639
Debtors	11	3,686,374	4,235,500
Cash and cash equivalents	12	23,318,928	21,643,945
		<u>31,511,270</u>	<u>33,034,084</u>
Current liabilities			
Creditors: amounts falling due within one year	13	(2,309,530)	(1,956,320)
		<u>(2,309,530)</u>	<u>(1,956,320)</u>
Net current assets		<u>29,201,741</u>	<u>31,077,764</u>
Total assets less current liabilities		<u>104,602,197</u>	<u>98,120,981</u>
Other liabilities			
Provision for liabilities and charges	14	(868,000)	(822,900)
		<u>(868,000)</u>	<u>(822,900)</u>
Total net assets		<u>103,734,197</u>	<u>97,298,081</u>
Represented by:			
General fund	16	36,302,333	35,804,645
Developing world fund	16	161,238	151,592
Contingency fund	16	64,586,627	58,709,618
Benefit funds	16	2,683,999	2,632,226
		<u>103,734,197</u>	<u>97,298,081</u>

The non-statutory financial statements were approved by the Officers on _____ and signed on its behalf by:

Ann McGee
President

Kevin O'Malley
Treasurer

Statement of cash flows
For the financial period ended 31 December 2019

	Note	31 Dec 2019 €	31 Dec 2018 €
Surplus / (deficit) for the financial period before tax -			
General fund		(573,312)	(348,244)
Developing world fund		9,646	101,957
Contingency fund		5,329,969	(857,022)
Benefit fund		51,773	51,494
Total surplus/ (deficit) for the financial period before tax		<u>4,818,076</u>	<u>(1,051,815)</u>
Non cash adjustments			
- Profit on disposal of investments held at fair value	10	(695,336)	(163,285)
- Fair value adjustment on investments	10	(2,950,336)	2,991,072
- Fair value increment on investment properties	9	(260,326)	-
- Impairment loss on investment property	9	32,286	-
- Depreciation of property and equipment	9	776,276	784,303
- Interest and dividend income		(620,230)	(1,063,598)
- Actuarial gains on pension asset (net)	15	1,071,000	1,099,000
- Gain on sale of fixed asset	9	(9,542)	-
Total non-cash adjustments		<u>(2,656,208)</u>	<u>3,647,492</u>
		<u>2,186,868</u>	<u>2,595,677</u>
Net changes in working capital			
- Decrease / (increase) in debtors		938,616	(1,223,740)
- Increase / (decrease) in creditors		273,691	(49,983)
- Increase/ (decrease) in provision for liabilities and charges		45,100	(10,000)
- Increase in pension asset (net)	15	(1,071,000)	(3,510,000)
- Deposits transferred out from cash	12	75,000	-
- Exclusion of opening Branch bank balances	2.1	-	(445,226)
Net changes in working capital		<u>261,407</u>	<u>(5,238,949)</u>
Total net changes in working capital		2,423,275	(2,643,272)
Income taxes paid		(282,024)	(201,810)
Net cash generated from / (used in) operating activities		<u>2,141,251</u>	<u>(2,845,082)</u>

Statement of cash flows (continued)
For the financial period ended 31 December 2019

	Note	31 Dec 2019 €	31 Dec 2018 €
Net cash generated from / (used in) operating activities (brought forward)		2,141,251	(2,845,082)
Investing Activities			
Purchase of property and equipment	9	(2,127,665)	(3,521,860)
- Purchase of investment properties	9	-	(5,264,943)
- Purchase of investments	10	(3,830,897)	(732,652)
- Proceeds from sale of investments	10	4,391,860	1,674,526
- Proceeds from sale of fixed assets	9	18,000	-
- Interest and dividends received		(103,000)	1,063,598
- Investments transferred to cash	10	1,185,434	-
Net cash used in investing activities		(466,268)	(6,781,331)
Net change in cash and cash equivalents		1,674,983	(9,626,413)
Cash and cash equivalents, beginning of financial period	12	21,643,945	31,270,358
Cash and cash equivalents, end of financial period	12	23,318,928	21,643,945

Forsa has no borrowings, loans and other finance related transactions which requires disclosures of net debt reconciliation as part of the statement of cash flows.

**Notes to the non-statutory financial statements
For the financial period ended 31 December 2019**

1. Fórsa Information

Fórsa – General, Developing World, Contingency and Benefit Funds (“Forsa”) is a union established under its rules and the Trade Union Act when Irish Municipal Public and Civil Trade Union (“IMPACT”), Civil and Public Services Union (“CPSU”) and Public Service Executive Union (“PSEU”) or collectively referred as “legacy unions” amalgamated effective on 2 January 2018.

The principal objectives of Forsa are:

- to protect and promote the interests of its members,
- to protect, maintain and improve its members’ remuneration and conditions of employment,
- to regulate the relations between its members, and between them and their employers,
- to provide and maintain services for the benefit of its members,
- to promote education and training for its members,
- to promote and safeguard the interests of its members by co-operating, affiliating, or federating with other representative bodies of workers,
- to promote excellence and effectiveness throughout the public sector, including in co-operation with other organisations, and
- to promote justice, equity and equality in the workplace and in society, including in cooperation with other organisations.

In November 2017, the members of the legacy unions voted by a significant majority in favour of the amalgamation of the three organisations. Effective from 2 January 2018, all operations of the legacy unions, including its assets and liabilities, were transferred to Fórsa and as such, the former legacy unions ceased trading under their respective names from that date.

The address of the registered office is Adelaide House, 19-20 Adelaide Road, Dublin 2, Ireland. Fórsa represents members in the public service, as well as the commercial section, state agencies, some private companies and in the community and voluntary sector.

Forsa is registered with the Registry of Friendly Societies and is affiliated with the Irish Congress of Trade Unions.

These non-statutory financial statements have been prepared in relation to Forsa- General, General, Developing World, Contingency and Benefit Funds, excluding Branch balances and operations.

**Notes to the non-statutory financial statements
For the financial period ended 31 December 2019**

2. Accounting policies

2.1 *Basis of preparation of the non-statutory financial statements*

Forsa central funds non-statutory financial statements have been prepared in accordance with applicable accounting standards issued by the Financial Reporting Council, including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (Generally Accepted Accounting Practice in Ireland).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Officers to exercise judgement in applying Forsa's accounting policies (see note 3).

Prior to 2018, the income, expenditure, funds and effects of the branches were not included in the accounts of IMPACT, whereas, these were included in the accounts of CPSU and PSEU. Following the amalgamation, the Officers decided to adopt IMPACT's method of accounting for the preparation of the non-statutory financial statements to facilitate the timely preparation of the financial statements. As a result, these non-statutory financial statements do not include the income, expenditure, funds and effects of the branches. The adoption of this accounting method in 2018 resulted in an adjustment to the opening reserves of the amalgamated legacy trade unions – General fund surplus transferred from legacy unions amounting to €689k (€304k for CPSU and €385k for PSEU). The adjustment comprises Branch Cash amounting to €445k and Amounts due to Branches amounting to €244k also in 2018.

The Officers do however, prepare a separate set of statutory financial statements, which incorporate the operations and balances of the Branches. These are prepared subsequent to these being presented to the National Executive.

The non-statutory financial statements are presented in Euro (€).

The following policies have been adopted in preparing of the non-statutory financial statements.

2.2 *Subscription income*

Subscriptions to the general fund, contingency fund, developing world fund and benefit fund are accounted for on an accruals basis. Subscriptions are stated net of branch levies, branch refunds and capitation grants.

2.3 *Holiday pay*

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

Notes to the non-statutory financial statements
For the financial period ended 31 December 2019
Accounting policies (continued)

2.4 *Tangible fixed assets excluding investment properties*

Land and building are measured at revalued amount less accumulated depreciation. All other property and equipment are stated at cost less accumulated depreciation and amortization and any impairment in value.

Tangible fixed assets excluding investment properties under the cost model are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Officers.

Revalued amounts represent fair values determined by external professional valuers unless market-based factors indicate immediate impairment risk. Fair value is determined on the replacement cost of an asset with an equally satisfactorily substitute asset, which is normally derived from the current acquisition cost of a similar asset. Any revaluation surplus is recognised in other comprehensive surplus. Any revaluation deficit directly offsetting a previous surplus in the same asset is charged to other comprehensive surplus to the extent of any revaluation surplus in equity relating to this asset and the remaining deficit, if any, is recognised in statement of income and expenditure.

At each reporting date Fórsa assesses whether there is any indication of impairment.

If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Fórsa adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to Fórsa. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the statement of income and expenditure during the period in which they are incurred.

Depreciation is calculated to write off the assets over their expected useful lives at the following annual rates:

Freehold premises	- 2% to 3% straight line
Office furniture & fittings	- 15% reducing balance
Computer equipment (included in office furniture & fittings)	- 20% to 33% straight line
Motor vehicles	- 25% straight line
Construction in progress	- Not depreciated

Depreciation incurred on premises is charged to the contingency fund as these are considered assets of that fund.

The tangible fixed assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Notes to the non-statutory financial statements
For the financial period ended 31 December 2019
Accounting policies (continued)

2.5 *Investment properties*

Investment properties are carried at fair value determined by external valuers annually at each reporting date as derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in Statement of income and expenditure.

2.6 *Investments*

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in the Statement of income and expenditure account for the financial period.

2.7 *Impairment of assets*

At each reporting date fixed assets are reviewed to determine whether there is any indication that those tangible assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the Statement of income and expenditure.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of income and expenditure.

2.8 *Debtors*

Short term debtors are measured at transaction price, less any impairment.

2.9 *Cash and cash equivalents*

Cash is represented by cash in hand and deposits with financial institutions repayable. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. Cash equivalents that are maturing in more than three months but within one year from the balance sheet date are classified as Current Investments.

2.10 *Creditors*

Short term creditors are measured at the transaction price.

**Notes to the non-statutory financial statements
For the financial period ended 31 December 2019
Accounting policies (continued)**

2.11 *Pensions*

Fórsa operates defined benefit plans primarily administered through three different schemes continued from the legacy unions. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The asset recognised in the balance sheet in respect of the defined benefit plans is the fair value of the plan assets at the reporting date less the present value of the defined benefit obligations at the end of the reporting date.

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive surplus. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of defined benefit plans'.

The cost of the defined benefit plans as recognised in Statement of income and expenditure as employee costs, except where included in the cost of an asset, comprises: (a) the increase in pension benefit liability arising from employee service during the period; and (b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the Statement of income and expenditure as 'Net other finance income/(expense)'.

Unfunded pension commitments

An unfunded pension plan is a Fórsa-managed retirement plan that uses Fórsa's current income to fund pension payments as they become necessary. Fórsa recognises a provision for unfunded pension commitments calculated similar to the funded pension plans.

Notes to the non-statutory financial statements
For the financial period ended 31 December 2019
Accounting policies (continued)

2.12 *Financial instruments*

Fórsa only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like debtors and accrued expenses, amount due to branches and other creditors and investments.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured: at fair value with changes recognised in Statement of income and expenditure if the shares are publicly traded or their fair value can otherwise be measured reliably; at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of income and expenditure.

For financial assets measured at amortised cost, the impairment loss is measured at the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that Fórsa would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.12 *Provisions for liabilities*

Provisions are recognised when Fórsa has a present obligation (legal or constructive) as a result of a past event, it is probable that Fórsa will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

2.13 *Interest income and dividend income*

Interest income and dividend income are recognised in the Income and Expenditure account on an accruals basis.

Notes to the non-statutory financial statements
For the financial period ended 31 December 2019
Accounting policies (continued)

2.14 *Foreign currency translation*

Fórsa's functional and presentational currency is Euro.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.15 *Current and deferred taxation*

Fórsa is generally exempt from tax on results from transactions in relation to the principal activities of the Union but are liable to taxation for transactions other than its principal activities (i.e. interest, dividend and rental income).

Tax is recognised in the statement of income and expenditure, except that a change attributable to an item of income and expense recognised as other comprehensive surplus or to an item recognised directly in equity is also recognised in other comprehensive surplus or directly in reserves respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where Fórsa operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and Fórsa can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Notes to the non-statutory financial statements
For the financial period ended 31 December 2019
Accounting policies (continued)

3. Judgments in applying accounting policies and key sources of estimation uncertainty

When preparing the non-statutory financial statements, the Officers make a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant judgement

The following are significant judgements in applying the accounting policies of Fórsa that have the most significant effect on the non-statutory financial statements.

Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, Officers estimate the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. The carrying amounts of the tangible fixed assets, investments and debtors of Fórsa approximates its fair values as disclosed in Notes 9, 10 and 11.

Useful lives of depreciable assets

Officer review its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and physical obsolescence that may change the utility of certain property, plant and equipment.

Notes to the non-statutory financial statements
For the financial period ended 31 December 2019
Accounting policies (continued)

3. Judgments in applying accounting policies and key sources of estimation uncertainty (continued)

Fair value measurement

Officers use valuation techniques to determine the fair value of investments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Officers base their assumptions on observable data as far as possible but this is not always available. In that case Officers use the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

While the fair values of the tangible fixed assets are based on the values determined by external professional valuers, specifically for investment properties the values are derived from the current market rents and investment properties yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset (see Note 9).

Allowances for impairment of subscription receivables

Officers estimate the allowance for doubtful subscription receivables based on assessment of specific accounts where Fórsa has objective evidence comprising default in payment terms or significant financial difficulty that certain members are unable to meet their financial obligations. In these cases, judgement used was based on the best available facts and circumstances including but not limited to, the length of relationship with its contracting parties, contracting parties' current credit status, average age of accounts, settlement experience and historical loss experience. At 31 December 2019 and 2018, provisions for doubtful debts amounted to €Nil.

FÓRSA – General, Developing World, Contingency and Benefit Funds

Notes to the non-statutory financial statements For the financial period ended 31 December 2019

4. Analysis of gross subscription income

	2019	2018
	€	€
Gross subscription income	22,394,629	21,684,396
Refunds including accruals	(36,506)	-
Branch levies collected and remitted to branches	(411,294)	(424,959)
Benefit fund contributions (per Rule)	(521,337)	(524,993)
Net subscription income	21,425,492	20,734,444
Developing world fund contributions	(642,765)	(621,894)
Contingency fund contributions	(1,071,275)	(1,036,490)
Gross general fund subscription income	19,711,453	19,076,060
Allocations to branches (per Rule)	(2,038,282)	(1,968,486)
Capitation grants to branches	(381,730)	(415,000)
Net subscription income accounted for in General fund	17,291,441	16,692,574

Branches of Forsa are funded from the central funds as per the Amalgamation rule from subscriptions paid by branch members. In addition, a Capitation Grant is paid and determined by the number of members in each branch on a sliding scale ranging from €290 to €4,765. Some branches also impose additional levies on their members, and these funds are collected on behalf of and remitted to branches. The subscription income is reduced by these allocations to the branches.

5. Net other finance income

	2019	2018
	€	€
General fund		
Interest on pension scheme assets	1,063,000	963,000
Interest on pension scheme liabilities	(960,000)	(904,000)
Other interest charges	(24,980)	-
	78,020	59,000

6. (Deficit) / surplus for financial period before tax

The (deficit)/surplus for the year is stated after charging the following:

	2019	2018
	€	€
General fund		
Depreciation of fixed assets	257,466	277,186
Affiliation fees	483,974	484,006
Audit fee	80,000	80,000
Staff travel and subsistence	683,184	649,171
Contingency fund		
Depreciation of fixed assets	518,811	507,117

**Notes to the non-statutory financial statements
For the financial period ended 31 December 2019**

7. Employees

The average number of persons employed by Fórsa during the financial period was as follows:

	2019	2018
Industrial relations and administration staff	119	119

The cost to Forsa in respect of persons employed was as follows:

	2019	2018
	€	€
Wages and salaries	6,772,559	6,789,115
Employer social welfare costs	641,498	651,859
Pension administration and consultancy fees	118,416	114,924
	<u>7,532,472</u>	<u>7,555,898</u>
Employer pension costs:		
- Defined benefit scheme service costs	<u>2,565,062</u>	<u>819,913</u>
	<u>10,097,534</u>	<u>8,375,811</u>

8. Tax

Fórsa is generally exempt from tax related to the results from its principal activities but are liable to taxation on interest, dividend and rental income. Tax charge is based on the taxable surplus of income over expenditure during the period.

	2019	2018
	€	€
Income tax		
Tax charges in respect of prior year (Contingency fund)	179,122	-
<i>Current year tax charges</i>		
General fund	-	7,254
Contingency fund	302,420	194,556
Total tax charged to the statement of income and expenditure	<u>481,542</u>	<u>201,810</u>

Notes to the non-statutory financial statements
For the financial period ended 31 December 2019

9. Tangible fixed assets

	Investment properties	Land & buildings	Office furniture, fittings and equipment	Motor vehicles	Construction in progress	Total
	€	€	€	€	€	€
Cost or valuation						
At 1 January 2019	5,264,943	22,657,134	1,045,954	29,000	1,076,131	30,073,162
Additions	-	1,882,451	245,214	-	-	2,127,665
Disposals	-	-	-	(29,000)	-	(29,000)
Reclassifications	3,294,517	(2,311,864)	-	-	(1,076,131)	(93,478)
Revaluations	260,326	1,028,582	-	-	-	1,288,908
At 31 December 2019	8,819,786	23,256,303	1,291,168	-	-	33,367,257
Accumulated depreciation and impairment						
At 1 January 2019	-	507,117	262,686	14,500	-	784,303
Depreciation charges	-	518,811	251,424	6,042	-	776,277
Impairment charges	32,286	-	-	-	-	32,286
watre	-	-	-	(20,542)	-	(20,542)
Reclassifications	-	(93,479)	-	-	-	(93,479)
At 31 December 2019	32,286	932,449	514,110	-	-	1,478,845
Net book value						
At 31 December 2019	8,787,500	22,323,854	777,058	-	-	31,888,412
At 31 December 2018	5,264,943	22,150,017	783,269	14,500	1,076,131	29,288,860

**Notes to the non-statutory financial statements
For the financial period ended 31 December 2019**

9. Tangible fixed assets (continued)

The legacy unions obtained an external independent valuation from Lisney Chartered Surveyors (“or surveyor”), of its land and buildings reported as at 14 December 2017 and revalued these properties effective the date of amalgamation. On 1 April 2019, the surveyor issued a letter of comfort that market value of these properties as at 31 December 2018 approximates its last valuation made. On 5 March 2020, the surveyor issued a brokerage advice on the market values of Fórsa’s land and buildings. The Officers believe that this report reflects the most recent valuation and the values assessed approximates the market values of the properties as at the balance sheet date.

The Constructions in progress in 2018 amounting €1.1 million had been completed and was transferred to Land & buildings in 2019.

On March 27, 2019, following a general discussion approval of the Officers certain properties of Fórsa located in the Merrion Square and Holles Street in Dublin amounting to €3.3 million were listed to the market and transferred to Investment properties.

The fair value of the tangible assets was determined based on the replacement cost of an asset with equally satisfactorily substitute asset, which is normally derived from the current acquisition of the asset. While the investment properties are derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. The surveyor used comparative and investment method approach applying €13.5 rate per sq. ft. to €770 rate per sq.ft. on a vacant possession basis and yields from 5.25% to 8% allowing for voids/rent free and costs, respectively. The carrying amounts of tangible fixed assets and investment properties before revaluation adjustment in the current year are €22.0 million (2018: €22.2 million) and €8.6 million (2018: €5.3 million), respectively.

The tangible fixed assets are presented in the balance sheet as at 31 December 2019 as follows:

	31 Dec 2019	31 Dec 2018
	€	€
Investment properties	8,787,500	5,264,943
Tangible fixed assets	23,100,912	24,023,916
Total	<u>31,888,412</u>	<u>29,288,859</u>

FÓRSA – General, Developing World, Contingency and Benefit Funds

Notes to the non-statutory financial statements For the financial period ended 31 December 2019

10. Investments

	31 Dec 2019 €	31 Dec 2018 €
At the beginning of the period	40,046,368	-
Transferred from legacy unions	-	41,168,395
Additions	3,830,897	732,652
Reclassifications	(1,029,693)	2,647,634
Disposals	(3,696,524)	(1,511,241)
Fair value adjustments – contingency fund	2,820,535	(2,999,597)
Fair value adjustments – general fund	129,801	8,525
At the end of the period	<u>42,101,384</u>	<u>40,046,368</u>
Long term investment	37,595,416	32,891,729
Short term investment	4,505,968	7,154,639
Total	<u>42,101,384</u>	<u>40,046,368</u>

Fórsa have applied Section 11 of FRS 102 and have accounted for their investment holdings at fair value with changes in fair value recognised in the statement of income and expenditure. An analysis of the investment portfolio by investment type follows:

	31 Dec 2019	31 Dec 2018
Long term investment		
Irish & UK equities (Contingency fund)	13,015,023	12,101,783
Government securities (Contingency fund)	14,527,154	16,041,680
Government securities (General fund)	3,160,646	502,431
Unit and other funds (Contingency fund)	6,892,593	4,254,835
Fair value at end of year	<u>37,595,416</u>	<u>32,891,729</u>
Short term investment		
Government securities (Contingency fund)	1,133,149	2,528,415
Fixed-term cash deposits (Contingency fund)	3,372,819	4,626,224
Fair value at end of year	<u>4,505,968</u>	<u>7,154,639</u>

Government securities and fixed term cash deposits maturing within one year are treated as short term investments.

The fair value of the investments has been valued with the FRS 102 fair value hierarchy and in accordance with Fórsa's policy for similarly held assets. This include the use of appropriate valuation techniques.

FÓRSA – General, Developing World, Contingency and Benefit Funds

**Notes to the non-statutory financial statements
For the financial period ended 31 December 2019**

11. Debtors

	31 Dec 2019 €	31 Dec 2018 €
Subscriptions receivable	1,764,043	1,862,302
Prepayments, sundry debtors and accrued income	1,922,331	2,373,198
	<u>3,686,374</u>	<u>4,235,500</u>

12. Cash and cash equivalents

	31 Dec 2019 €	31 Dec 2018 €
General fund - current accounts	7,585,043	3,953,814
General fund - deposit accounts	7,843,495	8,852,281
General fund - cash and checks on hand	478,048	1,488
General fund – restricted cash	-	77,000
	<u>15,906,586</u>	<u>12,884,583</u>
Developing world fund - deposit account	153,066	153,725
Contingency fund - current accounts	149,068	1,690,918
Contingency fund deposit accounts	2,786,472	2,806,075
	<u>2,935,540</u>	<u>4,496,993</u>
Benefit fund – current account	421,911	199,879
Benefit fund - deposit account	3,901,825	3,908,765
	<u>4,323,736</u>	<u>4,108,644</u>
	<u>23,318,928</u>	<u>21,643,945</u>

In 2018, restricted cash balances of €77,000 relate primarily to amounts held by the High Court of Republic of Ireland as deposit for registration as trade union. As at 31 December 2019, restricted cash balance amounting to €75,000 was reclassified to Investments.

**Notes to the non-statutory financial statements
For the financial period ended 31 December 2019**

13. Creditors: amounts falling due within one year

	31 Dec 2019	31 Dec 2018
	€	€
PAYE / PRSI	229,443	277,967
Capitation grants, branch allocations and branch levies payable	898,293	413,182
Tax liability (refundable)	83,589	(115,929)
Accrued expenses	1,098,205	1,381,100
	<u>2,309,530</u>	<u>1,956,320</u>

Accrued expenses relate to staff and administrative costs accrued at year end.

14. Provisions for liabilities and charges

	31 Dec 2019	31 Dec 2018
	€	€
Provision for legal assistance to members		
Balance at the beginning	449,900	-
Transferred from legacy unions	-	459,900
Additions	70,000	-
Release of provisions	(49,900)	(10,000)
	<u>470,000</u>	<u>449,900</u>
Provision for liabilities and charges		
Balance at the beginning	373,000	-
Transferred from legacy unions	-	373,000
Additions	25,000	-
	<u>398,000</u>	<u>373,000</u>
Balance at end of the period	<u>868,000</u>	<u>822,900</u>

As at 31 December 2019, there legal provisions of € 470,000 (2018: €449,900) were based on consultation with Fórsa's legal advisers.

The provision for liabilities and charges of €398,000 (€2018: 373,000) relates to the liability for future payments of unfunded pension commitments.

15. Pension

Forsa operates defined benefit plans primarily administered through three different schemes which were continued from the legacy unions.

An actuarial valuation to determine the values of the plan asset/pension liabilities in accordance with FRS 102 was carried out at 31st December 2019 by qualified independent actuaries for each of the 3 scheme. Details from each of the schemes are set out below.

Notes to the non-statutory financial statements
For the financial period ended 31 December 2019

15. Pension (continued)

The amounts recognised in the balance sheet are as follows:

**Pension asset net at
31 December 2019**

Legacy unions	Value of assets €'000	Present value of scheme liabilities €'000	Net assets €'000
IMPACT	48,360	(46,556)	1,804
CPSU	6,435	(4,437)	1,998
PSEU	8,686	(6,571)	2,115
Total	63,481	(57,564)	5,917

**Pension asset net at
31 December 2018**

Legacy unions	Value of assets €'000	Present value of scheme liabilities €'000	Net assets €'000
IMPACT	42,133	(40,851)	1,282
CPSU	5,931	(3,986)	1,945
PSEU	7,534	(5,898)	1,636
Total	55,598	(50,735)	4,863

Movement during the year for each legacy union pension scheme is summarised below:

Gains/ (loss)

Legacy unions	Value of assets €'000	Present value of scheme liabilities €'000	Net assets €'000
IMPACT	6,227	(5,705)	522
CPSU	504	(451)	53
PSEU	1,152	(673)	479
Total	7,883	(6,829)	1,054

Notes to the non-statutory financial statements
For the financial period ended 31 December 2019

15. Pension (continued)

Movement in the year recognised in the 2019 General Fund Statement of Income and Expenditure is as follow:

Gains/(charge)	Profit & loss- Payroll €'000	Profit & loss- Interest €'000	Other comprehensive surplus €'000	Total €'000
Legacy unions				
IMPACT	9	25	488	522
CPSU	(113)	42	124	479
PSEU	(16)	36	459	53
Total	(120)	103	1,071	1,054

15.1 IMPACT Pensions

IMPACT operated a contributory defined benefit scheme which was assumed by Fórsa.

The scheme is independently funded and the assets are vested in independent trustees for the benefit of members and their dependents. The contributions are based on the advice of an independent professionally qualified actuary obtained at three-year period intervals.

The following have been extracted from the independent actuarial valuation of IMPACT scheme at 31 December 2019.

The amounts recognised in the balance sheet are as follows:

	31 Dec 2019 €'000	31 Dec 2018 €'000
Fair value of scheme assets	48,360	42,133
Present value of funded obligations	(46,556)	(40,851)
Pension asset - net	<u>1,804</u>	<u>1,282</u>

**Notes to the non-statutory financial statements
For the financial year ended 31 December 2019**

15. Pension (continued)

15.1 IMPACT Pensions (*continued*)

The amount recognised in the General Fund Statement of Income and Expenditure is as follows:

	31 Dec 2019 €'000	31 Dec 2018 €'000
<i>Amounts charged (credited) to Administration, establishment and general expenses in the General Fund operating deficit</i>		
Current service cost	1,488	1,802
Less employer contributions	(1,498)	(1,765)
Total charge	<u>(10)</u>	<u>37</u>
<i>Amounts charged (credited) to net Finance expense / (income)</i>		
Interest on scheme assets	(825)	(735)
Interest on scheme liabilities	800	738
Total charge	<u>(25)</u>	<u>3</u>
<i>Amounts charged (credited) to other comprehensive surplus</i>		
Actuarial gain	4,569	(3,658)
Actual return on assets less interest income	(5,057)	2,274
Total gain	<u>(488)</u>	<u>(1,384)</u>
Total loss / (gain) included in General Fund Comprehensive income	<u>(523)</u>	<u>(1,344)</u>

The reconciliation of scheme assets and liabilities is as follows:

	Assets €'000	Liabilities €'000	Total €'000
Opening - transfers from IMPACT	42,133	(40,851)	1,282
Current service cost	-	(1,140)	(1,140)
Interest income / (expense)	825	(800)	5
Employer contributions	1,498	(349)	1,149
Benefits paid	(1,152)	1,152	-
Remeasurement gains			
- Actuarial loss	-	(4,569)	(4569)
- Return on plan assets excluding interest income	5,057	-	5057
At 31 December 2019	<u>48,360</u>	<u>(46,556)</u>	<u>1,804</u>

FÓRSA – General, Developing World, Contingency and Benefit Funds

**Notes to the non-statutory financial statements
For the financial year ended 31 December 2019**

15. Pension (continued)

15.1 IMPACT Pensions (*continued*)

The principal actuarial assumptions as at the balance sheet date were:

	31 Dec 2019	31 Dec 2018
	%	%
Discount rate	1.10	1.95
Rate of increase in salaries		
- To end of 2023	0.7	0.7
- 2024 plus	3.15	3.35
Rate of increase in pensions in payment		
- Members over 70	1.0	1.0
- Members under 70	1.4	1.5
- Active and deferred members over 60	1.4	1.5
- Active and deferred members under 60	1.4	1.6
Inflation	1.4	1.6

	31 Dec 2019	31 Dec 2018
Mortality rate: pre-retirement:	None	None
Mortality rate: post-retirement:	See mortality table underlying Trident CPA rates	See mortality table underlying Trident CPA rates

Life expectancy in respect of single life pensions for members attaining age 60 in 2019

- Male age 60 (life expectancy)	25.8	25.6 years
- Female age 60 (life expectancy)	28.5	28.4 years

The fair value of the major categories of scheme assets as a percentage of total scheme assets are as follows:

	31 Dec 2019	31 Dec 2018
	%	%
Equity	49.2	42.4
Fixed interest	31.0	28.8
Property	6.5	7.1
Cash	2.0	8.5
Other	11.3	13.2
	<u>100.0</u>	<u>100.0</u>

**Notes to the non-statutory financial statements
For the financial year ended 31 December 2019**

15. Pension (continued)

15.2 CPSU Pensions

CPSU operated a contributory defined benefit scheme which was assumed by Fórsa.

All permanent employees, subject to age and service, are eligible for membership. The scheme is funded by contributions from Fórsa and employees. Contributions paid are in accordance with the advice of a professionally qualified actuary.

The following have been extracted from the independent actuarial valuation for the CPSU scheme at 31 December 2019.

The amounts recognised in the balance sheet are as follows:

	31 Dec 2019 €'000	31 Dec 2018 €'000
Fair value of plan assets	6,435	5,931
Present value of funded obligations	(4,437)	(3,986)
Pension asset - net	<u>1,998</u>	<u>1,945</u>

The amount recognised in the General Fund Statement of Income and Expenditure is as follows:

	31 Dec 2019 €'000	31 Dec 2018 €'000
<i>Amounts charged (credited) to Administration, establishment and general expenses in the General Fund operating deficit</i>		
Current service cost	114	176
Other costs (gains)	165	(2,390)
Net	279	(2,214)
Less employer contributions	(166)	(205)
Total charge / (credit)	<u>113</u>	<u>(2,419)</u>

**Notes to the non-statutory financial statements
For the financial year ended 31 December 2019**

15. Pension (continued)

15.2 CPSU Pensions (continued)

	31 Dec 2019 €'000	31 Dec 2018 €'000
<i>Amounts charged (credited) to net Finance expense / (income)</i>		
Interest on scheme assets	111	(115)
Interest on scheme liabilities	(69)	82
Total charge / (credit)	<u>42</u>	<u>(33)</u>
<i>Amounts charged (credited) to other comprehensive surplus</i>		
Actuarial (loss) / gain	(955)	203
Actual return on assets less interest income	1,079	401
Total loss	<u>124</u>	<u>604</u>
Total loss / (gain) included in General Fund Comprehensive surplus	<u>53</u>	<u>(1,848)</u>

The reconciliation of scheme assets and liabilities is as follows:

	Assets €'000	Liabilities €'000	Total €'000
Opening - transfers from CPSU	5,931	(3,986)	1,945
Current service cost	-	(114)	(114)
Interest income / (expense)	111	(69)	42
Benefit changes	-	-	-
Settlements	-	706	(165)
	(871)		
Employee contributions	32	(32)	-
Employer contributions	166	-	166
Admin expenses	(13)	13	-
Remeasurement gains			
- Actuarial loss	-	(955)	(955)
- Return on plan assets excluding interest income	1,079	-	1,079
At 31 December 2019	<u>6,435</u>	<u>(4,437)</u>	<u>1,998</u>

**Notes to the non-statutory financial statements
For the financial year ended 31 December 2019**

15. Pension (continued)

15.2 CPSU Pensions (*continued*)

The principal actuarial assumptions as at the balance sheet date were:

	31 Dec 2019	31 Dec 2018
Discount rate	1.3	2.0
Increase to member's pensions in payment	0.0	0.0
Pensionable salary increases	2.0	2.0
Increase to statutory pensions in deferment	1.5	1.5

	31 Dec 2019	31 Dec 2018
Mortality rate: pre-retirement:	None	None
Mortality rate: post-retirement:	See mortality table underlying Friends First CPA rates	See mortality table underlying Friends First CPA rates

<i>Life expectancy in respect of single life pensions for members attaining age 60 in 2019</i>		
- Male age 60 (life expectancy)	27.7 years	27.7 years
- Female age 60 (life expectancy)	30.9 years	30.9 years

The fair value of the major categories of scheme assets as a percentage of total scheme assets are as follows:

	31 Dec 2019	31 Dec 2018
	%	%
Equity	74.0	74.0
Debt instruments	25.0	24.3
Other	1.0	1.7
	<hr/> 100.0	<hr/> 100.0

**Notes to the non-statutory financial statements
For the financial year ended 31 December 2019**

15. Pension (continued)

15.3 PSEU Pensions

PSEU operated a contributory defined benefit scheme which was assumed by Fórsa.

The following has been extracted from the independent actuarial valuation for the PSEU scheme at 31 December 2019.

The amounts recognised in the balance sheet are as follows:

	31 Dec 2019 €'000	31 Dec 2018 €'000
Fair value of scheme assets	8,686	7,534
Present value of funded obligations	(6,571)	(5,898)
Pension asset - net	<u>2,115</u>	<u>1,636</u>

The amount recognised in the General Fund Statement of Income and Expenditure is as follows:

	31 Dec 2019 €'000	31 Dec 2018 €'000
<i>Amounts charged (credited) to Administration, establishment and general expenses in the General Fund operating deficit</i>		
Current service cost	188	220
Less employer contributions	(171)	(190)
Total charge	<u>17</u>	<u>30</u>
<i>Amounts charged (credited) to net Finance expense / (income)</i>		
Interest on scheme assets	(127)	(113)
Interest on scheme liabilities	91	84
Total charge / (credit)	<u>(19)</u>	<u>(29)</u>

FÓRSA – General, Developing World, Contingency and Benefit Funds

Notes to the non-statutory financial statements
For the financial year ended 31 December 2019

15. Pension (continued)

15.3 PSEU Pensions (*continued*)

	31 Dec 2019 €'000	31 Dec 2018 €'000
<i>Amounts charged (credited) to other comprehensive surplus</i>		
Actuarial (gain)	512	(497)
Actual return on assets less interest income	(971)	178
Total (gain)	<u>(459)</u>	<u>(319)</u>
Total (gain) included in General Fund Comprehensive surplus	<u>(459)</u>	<u>(318)</u>

The reconciliation of scheme assets and liabilities is as follows:

	Assets €'000	Liabilities €'000	Total €'000
Opening - transfers from PSEU	7,534	(5,898)	1,636
Current service cost	-	(188)	(188)
Interest income / (expense)	127	(91)	36
Employee contributions	18	(18)	-
Employer contributions	172	-	172
Benefits paid	(76)	76	-
Remeasurement gains			
- Actuarial gain	-	(512)	(512)
- Return on plan assets excluding interest income	911	60	971
At 31 December 2019	<u>8,685</u>	<u>(6,571)</u>	<u>2,115</u>

**Notes to the non-statutory financial statements
For the financial year ended 31 December 2019**

15. Pension (continued)

15.3 PSEU Pensions *(continued)*

The principal actuarial assumptions as at the balance sheet date were:

	31 Dec 2019	31 Dec 2018
	%	%
Discount rate	1.20	2.05
Future inflation	1.3	1.4
Future pensionable salary increases	2.8	2.9

	31 Dec 2019	31 Dec 2018
Mortality rate: pre-retirement:	None	None
Mortality rate: post-retirement:	See mortality table underlying Irish Life rates	See mortality table underlying Irish Life rates

Life expectancy in respect of single life pensions for members attaining age 65 in 2019

- Male age 65 (life expectancy)	29.0 years	30.2 years
- Female age 65 (life expectancy)	30.9 years	33.2 years

The fair value of the major categories of scheme assets as a percentage of total scheme assets are as follows:

	31 Dec 2018	31 Dec 2018
	%	%
Equity	4.0	4.0
Bonds	95.0	94.0
Cash	0	1.0
Other	1.0	1.0
<i>Total</i>	<u>100.0</u>	<u>100.0</u>

**Notes to the non-statutory financial statements
For the financial period ended 31 December 2019**

16. Funds

With the exception of branch levies, the subscription income of the Amalgamated Fórsa shall be divided and allocated to a General Fund, Developing World Fund, Contingency Fund, and Benefit Fund.

An amount of Fórsa subscription, as determined from time to time by Fórsa Conference, shall be set aside and kept separately from general funds and are allocated based on certain percentages (as defined in the amalgamation instrument) to developing world, contingency and benefit funds. Income earned on the assets of the Funds shall be added to the Funds, expenditure to maintain and enhance the assets of the Funds shall be charged to the respective Funds. These funds shall be administered by the Officers and shall be used for disputes, including legal disputes, and such purposes as may be determined from time to time by Fórsa Conference.

17. Contingent liabilities, contingent assets and capital commitments

Contingent liabilities

In 2019, Fórsa was served with statement of claim regarding a case involving a strike notice on behalf of its members. The plaintiff immediately sought an injunction to stop the strike and went to the high court. The injunction was granted by the judge and the strike was called off. However, the plaintiff continued with the proceedings and submitted their statement of claim against Forsa. As of the date of the report, Forsa is in the process of reviewing in detail the submission documents of the plaintiff. The financial effect and timing of any outflow depends on the results of the investigations and cannot be determined as of the date of this report. Forsa have received legal advice on this case, whilst it is possible, the officers do not consider this probable and therefore no provision has been made in the financial statements. Further, the Officers believe that any disclosure for this amount would be impracticable to determine at this point as the outcome of the case is uncertain. Further, the Officers believe that any disclosures for this amount would be impracticable to the outcome of the case.

Contingent assets

Forsa submitted a grant claim amounting to €1.3M to the Department of Business Enterprise & Innovation during the course of 2019 under the provisions of the 1975 Trade Union Act relating to supports available Forsa who have agreed an amalgamation. The process of negotiation was ongoing as at date of these non-statutory financial statements.

Capital commitments

On 20th December 2019, Fórsa entered into a capital commitment amounting to €1,863,415 relating to the renovations of Nerney's Court premises. A prepayment was made in November 2019 with renovations not due to begin until January 2020.

Notes to the non-statutory financial statements
For the financial period ended 31 December 2019

18. Financial instruments

	31 Dec	31 Dec
	2019	2018
Financial assets	€	€
Financial assets measured at fair value through Statement of income and expenditure	42,101,384	40,046,368

Financial assets measured at fair value through Statement of income and expenditure comprise of listed investments.

Investment risk disclosures

FRS 102 requires the disclosure of information in relation to certain investment risks. These are set out under FRS 102 as follows:

- **Currency risk:** the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk:** the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- **Credit risk:** the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- **Other price risk:** the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.
- **Market risk:** comprises currency risk, interest rate risk and other price risk.

Investment Strategy

The Officers determine their investment strategy after receiving advice from their investment consultants. Implementation of the investment strategy has been delegated to professional investment managers. The investment manager presents to the Officers and the Asset Management Committee of Fórsa on a regular basis. The presentation covers the assets allocation (i.e., review of the allocation per type of investments/assets) and also review of the risk profile of the combined investments. A risk exposure analysis is reviewed and the appropriateness of the asset or investment mix is assessed to be within the risk profile of Fórsa. As per the latest assessment of the investment manager, the exposure of Fórsa to the lower risk investments outweighs the exposure to investments with higher risk classification. The risk profile of Fórsa has traditionally been conservative. The investment strategy and implementation arrangements of Fórsa are reviewed regularly by the Officers.

**Notes to the non-statutory financial statements
For the financial period ended 31 December 2019**

18. Financial instruments (continued)

Risk measurement

Fórsa is exposed to market risk which includes currency risk, interest rate risk, credit risk and other price risk arising from the financial instruments it holds. The Officers will manage a range of investment risks in order to create a prudent, diversified and efficient portfolio. The Officers recognise the importance of measuring the risk of the chosen investment policy by reference to the liabilities. Risk is measured by considering the following risk factors:

- The potential deterioration of the financial position of Fórsa; and
- The risk of not achieving a sufficient level of investment return to match the growth in liabilities.

19. Related party transactions

There were no related party transactions with the officers of Fórsa during the financial period. None of the officers are remunerated during the financial year.

20. Post balance sheet events

On the 11th March 2020, the World Health Organisation officially declared Covid-19, the disease caused by novel coronavirus, a pandemic. Ireland is currently in the delay phase as a result of the social distancing guidelines issued by the government during this time and the strategy planned to slow down the spread of the virus.

While Fórsa's immediate priority is to support its members in their work on behalf of the State and its citizens the Officers are reviewing the potential impact of the crisis it may have on the organisation during 2020. The review includes its budgetary implications both in terms of subscription income and expenditures but nothing is finalised as of the date of the report

Further, as at the audit report date:

- the Officers have not been aware of any cases of Covid-19 infection among the staff employed by Fórsa and currently have an appropriate response plan in place.
- the Officers determined, as a result of the impact of Covid-19, that there would be a potential delay in the collection of members' subscriptions, however the Officers at this time cannot determine the potential financial impact of this transaction.
- The officers are aware that there may be a decline in asset values, they have considered the immediate impact on going concern. Based on the current position regarding reserves and cash the officers are confident that there are no implications that would suggest that the union cannot continue as a going concern as a result of Covid-19.

Officers are closely monitoring the evolution of Covid-19 pandemic, including how it may further affect Fórsa and its operations.

**Notes to the non-statutory financial statements
For the financial period ended 31 December 2019**

21. Report of the National Executive of Fórsa

The Report of the National Executive and Treasurer of Fórsa will be presented at Fórsa Biennial Union Conference held on 13 May 2020 for adoption.

22. Approval of non-statutory financial statements

The non-statutory financial statements were approved by the National Executive on 22 April 2020 and signed on its behalf by the President and Treasurer.