

**EQUITY**  
**ACCOUNTS**  
**2015**





## STATEMENT OF EQUITY COUNCIL'S RESPONSIBILITIES

The legislation relating to trade unions requires Equity to submit a return for each calendar year to the Certification Officer.

The return contains accounts that must give a true and fair view of the state of affairs of Equity at the year end and of its transactions for the year then ended. The accounts set out on the following pages have been prepared on the same basis and are used to complete the return to the Certification Officer.

in relation to Equity the requirement to prepare accounts that give a true and fair view is the responsibility of Equity Council. Equity Council is responsible for preparing accounts in accordance with applicable law and United Kingdom Accounting Standards. In so doing Equity Council is required to:

- a) *select suitable accounting policies and then apply them consistently*
- b) *make judgements and estimates that are reasonable and prudent*
- c) *state whether applicable accounting standards have been followed*
- d) *prepare the accounts on the going concern basis unless it is inappropriate to do so.*

Equity Council is responsible for keeping adequate accounting records and establishing and maintaining a satisfactory system of control over its records and transactions in order to comply with the Trade Union and Labour Relations (Consolidation) Act 1992. It is also responsible for safeguarding Equity's assets and hence for taking responsible steps for the prevention and detection of fraud and other irregularities.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EQUITY

We have audited the financial statements of Equity for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards.

This report is made solely to the union's members, as a body, in accordance with the provisions of the Trade Union and Labour Relations (Consolidation) Act 1992. Our audit work has been undertaken so that we might state to the union'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 Equity Council and auditor

As explained more fully in the Statement of Equity Council's Responsibilities, the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 Board's Ethical Standards for Auditors.

### Scope of the audit of the financial Statement

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 Council; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Honorary Treasurer to identify material inconsistencies with the audited financial

statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for 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 2015 and of its surplus for the year then ended;
- > have been properly prepared in accordance with United Kingdom Accounting Standards; and
- > have been prepared in accordance with the requirements of the Trade Union and Labour Relations (Consolidation) Act 1992.

### 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 requires us to report to you if, in our opinion:

- > adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- > the union has not maintained a satisfactory system of control over its transactions; or
- > the financial statements are not in agreement with the accounting records and returns; or
- > certain disclosures within the form ar21 of officers' remuneration specified by law are not made; or
- > we have not received all the information and explanations we require for our audit.

**Moore Stephens LLP**  
Chartered Accountants and Statutory Auditor  
London

## REPORT OF THE HONORARY TREASURER

You may notice that the Annual Accounts for 2015 look a little different from how they have looked in past years. This is because the regulations under which we have to operate have changed – previous UK accounting standards have been replaced by FRS102. I refer you to Note 30 on Page 15, which seeks to explain the rationale for these changes. We are required to follow these regulations as regards 2015 but also to recalculate the figures for 2014 so that a proper comparison can be made between the figures for the year that has just ended (2015) and the previous year (2014).

The restated figures for 2014 now show Income of £6,635,093 and Expenditure of £6,749,602. This leads to an Operating Deficit (before pension liability) of £114,509. However you should note that, but for the exceptional item shown in Note 7 concerning Funeral Benefit of £475,000, there would still have been an Operating Surplus in 2014. The reason for accruing this amount as an exceptional item is because it is a one off occurrence that will never be repeated. Life membership of Equity was abolished by the Council in 1998; the number of Life Members is therefore finite. When a Life Member dies, we are bound to pay Funeral Benefit into their estate as they will always have been a member at the time of their death. This is a known cost that will occur within the foreseeable future. Under FRS102, we have therefore calculated the entire amount of Funeral Benefit that the union will pay in respect of its Life Members and accrued this sum (£475,000) as an adjustment in the 2014 Accounts.

But please note also that the adjusted figures for 2014 now show total comprehensive income for the year of £2,557,316. Notes 30 and 31 explain the adjustments with the result that our Net Assets (funds employed) for 2014 which were originally reported as £5,966,246 are now shown as £10,623,826. This change is due largely to the revaluation of our freehold properties.

Turning to 2015, I am pleased to report that Equity again achieved an operating surplus (before pension liability), that our investment income increased and that our net assets now stand at over £12 million.

On Page 5 of these annual accounts you will see that our subscription income – the core funding of our union – was £4,915,050, an increase of £251,693 or 5.4%. There are two reasons for this: subscription rates were increased by 2.5% from January 2015 and there was a net increase in our membership. As at December 2015 we had 40,451 Equity members, an increase of 1,204 on the previous year. Income related to members and other performers in 2015 came to a total of £1,439,094, an increase of £190,215 on 2014. Monies received from the Educational Recording Agency (ERA) have increased from £1,180,575 to £1,276,080.

Our total income for the year was £7,129,931 – an increase of £494,838 or 7.46% on the previous year.

Our total expenditure in 2015 was £6,726,856 – a decrease of £22,746 or 0.34%. Total staff costs (Note 6) increased by £35,291 to £3,410,346, up by 1.05%. Equity spent a total of £958,461 providing benefits for its members

(Note 7). The Benevolent Fund made grants of £26,756 to 141 members in financial hardship. Funeral benefits for 2015, excluding life members, came in at £18,365.

Equity therefore achieved an operating surplus (before pension adjustments) of £403,075. On Page 5, immediately below “operating surplus” are various sections comprising pension adjustments, non-operational items, tax credit and other comprehensive income. When these are taken into consideration, our total comprehensive income for the year came to £1,452,246.

Turning to the statement of financial position (previously called the balance sheet) on Page 6, our net assets including the re-valued properties but excluding pension liability is shown as £16,788,072. From this we have to deduct the pension liability of £4,712,000. Although this is a significant liability on the union, it should be noted that the position improved during 2015 – the liability shown for 2014 was £5,924,000. So the deficit has reduced by £1,212,000 over the last twelve months. Deducting the pension liability of £4,712,000 from the net assets figure of £16,788,072 results in a figure for funds employed of £12,076,072. This is the highest figure for the net assets of the union for over a decade.

Note 19 deals with our investments with two investment houses, Charles Stanley and Adam & Co. Under the previous accounting regulations we showed the book cost of our investments – the price we paid for each holding. Under the new FRS102 regulations we are required to show the market value of these investments. I am pleased to report that the market value on 31 December 2015 was £12,416,868, £350,445 higher than the adjusted figure for 2014. I need to express a word of caution. Investments on the stock market are inherently volatile and will fluctuate – indeed they change from day to day and from hour to hour. The requirement to show market value rather than book cost has added a significant element of volatility to our reported results.

As in past years, Note 22 draws your attention to the “unknown funds” of £1,333,889 held since the mid 1990s and for which the union has incomplete records. The position is unchanged. This matter has been dragging on for some years but I am relieved to report that we now have a court date and our application to the High Court regarding these unknown funds will be heard in November 2016.

In 2015 Equity's membership figures increased to 40,451. As a consequence, our subscription income rose significantly and we again achieved an operating surplus before pension adjustments of £403,075. Our net assets (funds employed) now stand at £12,076,072. The union's financial position therefore is strong and we should be well able to withstand whatever the future holds for us. I commend these accounts to you.

**Bryn Evans**  
**HONORARY TREASURER**

26 January 2016

# STATEMENT OF COMPREHENSIVE INCOME

	note	2015	2014 (restated)
<b>INCOME</b>			
subscriptions from members		4,915,050	4,663,357
income related to members and other performers	2	1,439,094	1,248,879
investment income	3	496,071	456,872
rental income	4	86,371	90,011
other income	5	193,345	175,974
<b>TOTAL INCOME</b>		<b>7,129,931</b>	<b>6,635,093</b>
<b>EXPENDITURE</b>			
staff costs	6	3,410,346	3,375,055
benefits to members	7	958,461	1,401,718
democratic costs	8	150,409	125,387
administrative expenses	9	391,689	371,902
affiliation fees	10	167,633	169,531
grants	11	65,019	54,760
organising expenses	12	296,301	265,626
professional costs	13	377,027	319,149
property and equipment costs	14	485,789	402,358
depreciation	18	153,342	158,787
vat irrecoverable		270,840	105,329
<b>TOTAL EXPENDITURE</b>		<b>6,726,856</b>	<b>6,749,602</b>
<b>OPERATING SURPLUS / (DEFICIT) BEFORE PENSION ADJUSTMENTS</b>		<b>403,075</b>	<b>-114,509</b>
interest cost		-213,000	-130,000
administration expenses		-73,000	-53,000
<b>pension adjustments</b>	28	-286,000	-183,000
profit on sale of investments		29,414	390,258
unrealised gain / (loss) on investments		-90,799	1,121,319
release provision for impairment of investments		nil	175,000
<b>non operational items</b>	19	-61,385	1,686,577
income tax repayable		709	7,021
deferred tax		8,847	-90,478
<b>tax credit / (charge)</b>	15	9,556	-83,457
unrealised gain on revaluation of freehold property		nil	4,244,705
actuarial gain / (loss) on the pension scheme	28	1,387,000	-2,993,000
<b>other comprehensive income</b>		1,387,000	1,251,705
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>£1,452,246</b>	<b>£2,557,316</b>

## STATEMENT OF FINANCIAL POSITION

	note	2015	2014 (restated)
tangible fixed assets	18	6,671,916	6,651,423
investments	19	12,032,390	11,068,826
<b>FIXED ASSETS</b>		<b>18,704,306</b>	<b>17,720,249</b>
sundry debtors and prepayments	20	644,716	1,107,608
cash with stockbrokers		384,478	997,597
cash at bank and in hand	21	5,652,658	4,360,801
<b>CURRENT ASSETS</b>		<b>6,681,852</b>	<b>6,466,006</b>
amounts collected for distribution	22	-4,903,033	-4,155,013
subscriptions received in advance		-1,032,044	-943,519
sundry creditors and accruals	23	-2,017,097	-1,859,419
<b>CURRENT LIABILITIES</b>		<b>-7,952,174</b>	<b>-6,957,951</b>
<b>NET CURRENT ASSETS / (LIABILITIES)</b>		<b>-1,270,322</b>	<b>-491,945</b>
<b>PROVISION FOR LIABILITIES</b>	26	<b>-645,912</b>	<b>-680,478</b>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<b>16,788,072</b>	<b>16,547,826</b>
<b>PENSION LIABILITY</b>	28	<b>-4,712,000</b>	<b>-5,924,000</b>
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<b>£12,076,072</b>	<b>£10,623,826</b>
<b>FINANCED BY</b>			
members' funds		12,076,072	10,623,826
<b>FUNDS EMPLOYED</b>		<b>£12,076,072</b>	<b>£10,623,826</b>

approved by Equity Council on 26 January 2016

Christine Payne  
General Secretary

Bryn Evans  
Honorary Treasurer

## STATEMENT OF CHANGES IN EQUITY

	general fund	revaluation reserve	benevolent fund	designated reserve / legal defence costs	designated reserve / industrial disputes	Total
at 1 January 2014	7,462,361		304,149	200,000	100,000	8,066,510
income	6,614,478		20,615			6,635,093
expenditure	-6,723,809		-25,793			-6,749,602
pension adjustments	-183,000					-183,000
non operational items	1,686,577					1,686,577
tax	-83,457					-83,457
other comprehensive income	1,251,705					1,251,705
transfers	-4,230,287	4,230,287				
at 31 December 2014	5,794,568	4,230,287	298,971	200,000	100,000	<b>10,623,826</b>
income	7,046,521		83,410			7,129,931
expenditure	-6,690,100		-36,756			-6,726,856
pension adjustments	-286,000					-286,000
non operational items	-61,385					-61,385
tax	9,556					9,556
other comprehensive income	1,387,000					1,387,000
at 31 December 2015	7,200,160	4,230,287	345,625	200,000	100,000	<b>£12,076,072</b>

**Revaluation reserve:** freehold land and buildings are stated at deemed cost at 1 January 2014. the surplus compared to book value (£4,244,705) net of deferred tax (£14,418) is recognised in the statement of comprehensive income then transferred to revaluation reserve to emphasise that such gains are not realised.

## STATEMENT OF CASH FLOWS

	2015	2014 (restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
operating surplus for the year	403,075	-114,509
adjustments for depreciation	153,342	158,787
frs 102 pension adjustment included in staff costs	-111,000	-99,000
changes in		
(increase) / decrease in debtors	462,892	-371,421
increase / (decrease) in creditors	994,223	-3,043,846
increase / (decrease) in provision for liabilities	-34,566	680,478
<b>net cash inflow / (outflow) from operating activities</b>	<b>1,867,966</b>	<b>-2,789,511</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
net interest and dividends received reinvested	-411,830	-365,622
new monies placed with the stockbrokers	nil	-1,000,000
purchase of fixed assets	-173,835	-92,453
tax	9,556	-83,457
<b>net cash (outflow) from investing activities</b>	<b>-576,109</b>	<b>-1,541,532</b>
increase / (decrease) in cash and cash equivalents	1,291,857	-4,331,043
cash and cash equivalents at 1 January	4,360,801	8,691,844
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	<b>£5,652,658</b>	<b>£4,360,801</b>

cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant credit risk. for cash flow purposes, cash held with stockbrokers, which is intended to be invested in the stock market, is excluded from the figure of cash and cash equivalents.

## ACCOUNTING POLICIES

**Basis of accounts:** The accounts are prepared in accordance with applicable accounting standards including FRS 102 "the Financial Reporting Standard" applicable in the UK and Republic of Ireland. the financial statements for the year ended 31 december 2015 are the first financial statements that comply with FRS 102. the date of transition is 1 january 2014. an explanation of how the transition to FRS 102 has affected the reported financial position is given in notes 30 and 31.

**Subscriptions:** Subscriptions are shown in the accounts on the basis of cash received during the membership year ended 31 December and which relates to that calendar year.

**Other income:** Receipts which are non-contractual and not received on predetermined dates are accounted for on an arising basis.

**Depreciation:** Depreciation is provided on all tangible fixed assets, except freehold land, on a straight line basis, at rates estimated to write off the cost, less estimated residual value, of each asset as follows:

freehold land	nil	computer equipment	33%pa
freehold buildings	1%pa	membership system software	10%pa
freehold improvements	20%pa	mobile telephones	33%pa
lift	10%pa	fixed telephones	20%pa
		office equipment	20%pa

Assets which were fully depreciated at 1 January 2015 have been eliminated from these accounts.

**Operating leases:** Rental payments in respect of operating leases are charged to the statement of comprehensive income on a straight line basis.

**Expenditure:** expenditure is accounted for on an accruals basis and shown exclusive of value added tax (where applicable).

**Value added tax:** Value added tax is only partially recoverable. The non-recoverable element is shown separately in the statement of comprehensive income.

**Contribution to costs:** as part of Equity's enforcement of performers' contractual payments arising from the Cinema Films Agreement, the element of monies payable by studios based in the USA which contribute to Equity's costs incurred and to be incurred are recognised over four years or the life of the project if longer.

**Fixed assets:** freehold land and buildings are stated at deemed cost at 1 january 2014. this equates to the fair value as determined by an independent valuation specialist. all other fixed assets are stated at cost.

**Investments:** Investments are stated at fair value, which is determined by reference to the quoted market price at the reporting date. Movements in the fair value of investments are included in the statement of comprehensive income.

**Provision for holiday pay:** a liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the reporting date and is carried forward to future periods.

**Provision for funeral benefits payable to life members:** Provisions for funeral benefits payable to life members are measured at the estimated expenditure required to settle the obligation, based on the most reliable evidence available at the reporting date. Provisions are discounted to their present values, where the time value of money is material.

**Deferred tax:** deferred tax is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences.

**Designated reserves:** Designated reserves represent amounts set aside from members' funds for specific purposes. This gives a more accurate picture of members' funds available as a reserve against fluctuating income, or to spend on new activities.

**Branches:** The Union operates a number of branches throughout the country which hold money for their local operating purpose. expenses incurred by the branches are reimbursed by the Union and included in the accounts. the funds of the branches are part of the Union's funds; however due to the immaterial amounts involved they are not included within the statement of financial position.

**Judgements and key sources of uncertainty:** the preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

**Pension contributions:** The Union operates a career average revalued earnings defined benefit pension scheme. Under FRS 102 the operating costs of providing benefits, the service costs, and the interest cost and expected return on assets are included in comprehensive income in the period in which they arise. A full actuarial valuation was carried out at 6 april 2015 and the results updated to 31 december 2015 by a qualified independent actuary. The actuarial gains and losses from the pension scheme are recognised in other comprehensive income. the key financial assumptions which underpin the liability, notably the discount rate, are shown in note 28.

## NOTES TO THE ACCOUNTS

	2015	2014
<b>1 NUMBER OF MEMBERS</b>		
male	20,173	19,658
female	20,278	19,589
	<b>40,451</b>	<b>39,247</b>
<b>2 INCOME RELATED TO MEMBERS AND OTHER PERFORMERS</b>		
educational recording agency (era)	1,276,080	1,180,575
era monies payable to british equity collecting society ("becs") at 1.5%	nil	-17,709
services sound and vision corporation	16,000	16,000
non-distributable cable re-transmission monies	63,604	49,398
donations to the benevolent fund	15,316	6,513
transfer to the benevolent fund (a)	68,094	14,102
	<b>£1,439,094</b>	<b>£1,248,879</b>
(a) bbc ex-gratia monies received from becs as undistributable in 2014 were placed in the benevolent fund.		
<b>3 INVESTMENT INCOME</b>		
bank interest	31,689	42,571
interest and dividends received from investments	464,382	414,230
other	nil	71
	<b>£496,071</b>	<b>£456,872</b>
<b>4 RENTAL INCOME</b>		
rental income	43,271	42,495
rebilled services	43,100	47,516
	<b>£86,371</b>	<b>£90,011</b>
<b>5 OTHER INCOME</b>		
advertising	25,467	12,995
advertising on the website	8,333	7,708
contribution to costs / us film studios	70,612	70,612
facility payments (recorded media department)	22,750	10,500
film & tv distribution charge	10,523	5,834
industry information service	6,900	7,050
legal recoveries (collective conditional fee agreement)	11,325	14,133
merchandise	137	149
sale of contract forms	24	44
sponsorship	10,676	11,415
other	26,598	35,534
	<b>£193,345</b>	<b>£175,974</b>



# NOTES TO THE ACCOUNTS

	2015	2014
<b>6 STAFF COSTS</b>		
salaries	2,472,619	2,375,454
provision for holiday pay	4,000	55,000
provision for long term compensated absence	nil	60,000
national insurance	278,094	251,945
pension contributions	723,415	654,180
frs 102 adjustment	-111,000	-99,000
pension charge calculated in accordance with frs 102	612,415	555,180
pension scheme regulatory levy	12,411	12,768
recruitment	13,239	10,687
temporary staff agency fees	nil	36,068
training	13,117	13,611
welfare	4,451	4,342
	<b>£3,410,346</b>	<b>£3,375,055</b>

## 7 BENEFITS TO MEMBERS

funeral benefits (a)	18,365	47,275
grants from the benevolent fund	26,756	25,793
benefits and grants	45,121	73,068
diaries	34,877	31,603
equity magazine	154,247	148,192
equity dvd	9,955	nil
insurance booklet	1,124	11,957
new member guides	3,275	3,195
newspaper cutting service	1,034	890
website	30,760	44,510
communications	235,272	240,347
accident and backstage insurance (a)	266,945	260,520
public liability insurance	124,072	118,738
insurance	391,017	379,258
legal aid / contractual disputes	255,678	192,975
legal aid / defamation (a)	-22,800	nil
legal aid / personal accident claims (a)	nil	nil
legal aid	232,878	192,975
theatre awards	8,700	8,950
other	3,001	500
live performance department	11,701	9,450
special royalty projects	16,738	7,697
recorded media department	16,738	7,697
bursaries to students and young people	2,000	2,000
campaigning	14,106	11,149
conferences	3,065	nil
equity tennis tournament	250	250
professional fees (related to members)	2,826	6,575
organising for success	nil	2,286
training	3,487	1,663
other	25,734	23,923
sub-total	<b>£958,461</b>	<b>£926,718</b>
exceptional item		
provision for funeral benefits payable to life members (refer note 26)	nil	£475,000
	<b>£958,461</b>	<b>£1,401,718</b>

(a) deemed provident benefits. The salary costs of staff involved in the provision of benefits to members are included within staff costs (note 6).

## 8 DEMOCRATIC COSTS

annual conference	66,326	65,116
annual report / review of the year	19,315	17,817
council election (a)	nil	42,454
council by election	nil	nil
general secretary election	781	nil
national, area and specialist committee elections	52,808	nil
elections	53,589	42,454
rule change referendum	11,179	nil
	<b>£150,409</b>	<b>£125,387</b>

(a) includes the elections of the Council, President, Appeals and Standing Orders Committees.

## NOTES TO THE ACCOUNTS

	2015	2014
<b>9 ADMINISTRATIVE EXPENSES</b>		
advertising and marketing	22,447	23,189
bank charges	41,219	36,564
books and publications	4,957	5,347
computer support	97,059	95,565
costs of distribution	49,399	37,878
general expenses	7,017	10,389
printing, postage & stationery	138,439	130,884
telecommunications	31,152	32,086
	<b>£391,689</b>	<b>£371,902</b>
<b>10 AFFILIATION FEES</b>		
tuc	106,752	101,986
fia	48,083	54,923
federation of entertainment unions	2,500	2,500
irish congress of trade unions	2,698	2,901
scottish tuc	2,540	2,421
welsh tuc	147	140
trade unions	162,720	164,871
amnesty	125	125
association of british theatre technicians	250	250
bafta	430	nil
british copyright council	1,581	1,477
justice for columbia	300	300
liberty	431	450
radio academy	900	888
trades councils and sundry	186	460
unions 21	500	500
welsh association of performing arts	210	210
	<b>£167,633</b>	<b>£169,531</b>
<b>11 GRANTS</b>		
actors' centres	15,000	15,000
act for change project	nil	2,000
british association for performing arts medicine	20,000	20,000
council for dance education and training	3,027	2,968
dance uk / healthier dance program	5,292	5,292
drama uk	9,500	9,500
ipat / comic relief	10,000	nil
parents in performing arts	2,000	nil
other grants	200	nil
	<b>£65,019</b>	<b>£54,760</b>
<b>12 ORGANISING EXPENSES</b>		
organising / staff	68,093	50,623
organising / international	32,125	27,954
organising / retention and recruitment	30,378	15,973
council members	23,963	25,622
general branches	45,854	47,145
variety branches	16,187	16,850
meetings	17,956	15,913
meetings	103,960	105,530
motor car expenses	56,844	57,942
commission (5% for subscriptions collected)	2,197	4,251
branch funding	2,704	3,353
	<b>£296,301</b>	<b>£265,626</b>
<b>13 PROFESSIONAL COSTS</b>		
amounts paid to auditors / audit	22,250	22,250
amounts paid to auditors / other services	15,675	12,550
legal & professional	270,248	210,774
property management	19,321	11,509
stockbroker management	49,533	62,066
	<b>£377,027</b>	<b>£319,149</b>

# NOTES TO THE ACCOUNTS

	2015	2014
<b>14 PROPERTY AND EQUIPMENT COSTS</b>		
office occupancy (rent, rates, light, heat and cleaning)	280,890	278,939
hire and maintenance of office equipment	97,022	76,950
building maintenance and external repairs	9,555	5,275
decoration and internal repairs	79,250	22,386
insurance	19,072	18,808
	<b>£485,789</b>	<b>£402,358</b>

## 15 TAX (CREDIT) / CHARGE

income tax repayable	-709	-7,021
deferred tax	-8,847	90,478
	<b>-£9,556</b>	<b>£83,457</b>

The union is not liable to tax on income from its members. Corporation tax is payable on investment income and chargeable gains but only to the extent that these exceed allowable provident benefits.

## 16 OPERATING LEASES

at the end of the year the union had total commitments under non-cancellable operating leases which expire as follows:

within one year	38,828	60,362
within two to five years	44,567	83,395
	<b>£83,395</b>	<b>£143,757</b>

## 17 KEY MANAGEMENT

key management compensation of £291,962 was paid in the year (2014 - £278,987).

## 18 TANGIBLE FIXED ASSETS

	freehold land and buildings	freehold improvements (inc lift)	computer equipment	office equipment	total (restated)
<b>cost or deemed cost</b>					
at 1 january 2015	6,290,000	205,457	513,186	88,366	7,097,009
additions	nil	nil	161,076	12,759	173,835
disposals	nil	nil	-41,634	-57,119	-98,753
at 31 december 2015	6,290,000	205,457	632,628	44,006	7,172,091
<b>depreciation</b>					
at 1 january 2015	26,600	121,900	225,218	71,868	445,586
disposals	nil	nil	-41,634	-57,119	-98,753
charge for the year	26,600	20,545	95,031	11,166	153,342
at 31 december 2015	53,200	142,445	278,615	25,915	500,175
<b>net book value</b>					
at 31 december 2015	<b>6,236,800</b>	<b>63,012</b>	<b>354,013</b>	<b>18,091</b>	<b>£6,671,916</b>
at 31 december 2014	<b>6,263,400</b>	<b>83,557</b>	<b>287,968</b>	<b>16,498</b>	<b>£6,651,423</b>

the freehold land and buildings were revalued on an open market basis on 1 january 2014 by Keningtons, an independent firm of chartered surveyors. On a historical cost basis the freehold properties would have been valued at original cost of £2,470,941 (2014 - £2,470,941) with aggregate depreciation of £466,273 (2014 - £445,959)

## NOTES TO THE ACCOUNTS

	2015	2014 (restated)
<b>19 INVESTMENTS</b>		
market value / cost at 1 january	12,066,423	9,014,224
profit on sale	29,414	390,258
movement in unrealised gains	-90,799	
dividends received	453,351	414,230
management fees charged	-58,732	-50,270
additional monies invested	nil	1,000,000
other	17,211	1,661
movement in provision for impairment	nil	135,000
<b>transition adjustments</b>		
restate investments at market value	nil	1,121,319
release provision for impairment	nil	40,000
<b>market value at 31 december</b>	<b>£12,416,868</b>	<b>£12,066,423</b>

shown as		
investments	12,032,390	11,068,826
cash with stockbrokers	384,478	997,597
	<b>£12,416,868</b>	<b>£12,066,423</b>

all investments relate to quoted investments on readily accessible markets, primarily the london stock exchange. investments are carried at their fair value. The basis of fair value for quoted investments is equivalent to the market value. Asset sales and purchases are recognised at their transaction value. the main investment risk lies in the combination of uncertain investment markets and volatility in yield. the union manages these risks by retaining expert advisors (Charles Stanley & Co Limited and Adam & Company) and operating an investment policy that provides for a high degree of diversification of holdings within investment asset classes that are quoted on recognised stock exchanges. the union does not make use of derivatives and similar complex financial instruments.

There are no investments held in companies involved in the production, sale or distribution of armaments and no direct investment in companies that produce tobacco products.

### 20 SUNDRY DEBTORS AND PREPAYMENTS

income tax repayable	709	7,021
season ticket loans to staff	25,002	26,697
sundry debtors	60,551	484,535
prepayments and accrued income	558,454	589,355
	<b>£644,716</b>	<b>£1,107,608</b>

### 21 CASH AT BANK AND IN HAND

bank deposit accounts	1,750,000	4,050,000
bank current accounts	3,883,680	295,329
cash in hand	18,978	15,472
	<b>£5,652,658</b>	<b>£4,360,801</b>

included within cash at bank and in hand is £3,569,144 (2014 - £2,821,124) held for distribution to members (refer note 22) and £470,613 (2014 - £356,095) in relation to amounts held under escrow (refer note 23).

### 22 AMOUNTS COLLECTED FOR DISTRIBUTION

monies held for distribution at 1 january	4,155,013	7,150,411
monies received	5,076,321	3,469,008
monies distributed	-4,328,301	-6,464,406
monies held for distribution at 31 december	<b>£4,903,033</b>	<b>£4,155,013</b>
analysed as to		
monies received between 1995 and 1997 (a)	1,333,889	1,333,889
monies distributable	3,569,144	2,821,124
	<b>£4,903,033</b>	<b>£4,155,013</b>

(a) under both written agreements and ad hoc arrangements, the union acts as an intermediary for performers in the entertainment industry for the collection and distribution of payments due to members and some non-members. In 2008, the union appointed a forensic accountant to examine the available accounting records for 1995 to 1997. The results were inconclusive and the union is in the process of applying to the High Court so that Equity may use this money for its general purposes over time for the general benefit of members.

# NOTES TO THE ACCOUNTS

2015

2014 (restated)

## 23 SUNDRY CREDITORS AND ACCRUALS

amounts held in escrow	470,613	356,095
trade creditors	225,470	187,345
sundry creditors	444,797	406,243
taxation and social security	179,411	248,652
accruals and deferred income	696,806	661,084
	<b>£2,017,097</b>	<b>£1,859,419</b>

## 24 CONTINGENT LIABILITIES

The union is involved in a number of legal cases on behalf of members, the outcome of which cannot be determined at this time.

## 25 CAPITAL COMMITMENTS

At the end of the year there were no capital commitments authorised and contracted for (2014 - £nil).

## 26 PROVISION FOR LIABILITIES

	balance at 1 january	movement during the year	balance at 31 december
funeral benefits payable to life members	475,000	-29,719	445,281
holiday pay	55,000	4,000	59,000
long term compensated absence	60,000		60,000
property revaluation	14,418		14,418
unrealised gains on the investment portfolio	224,264	-18,160	206,104
capital losses carry forward	-53,204	3,369	-49,835
funeral benefits payable to life members	-95,000	5,944	-89,056
deferred tax	90,478	-8,847	81,631
	<b>£680,478</b>	<b>-£34,566</b>	<b>£645,912</b>

### provision for funeral benefits payable to life members

Until 1998, members reaching State retirement age with 21 years' continuous membership were awarded Life Membership where, subject to the payment of a one-off fee payable on a scale ranging between £20 and £40 (depending on the member's age), the life member could enjoy all the benefits of membership with no further subscriptions payable. A provision has therefore been set up to represent the anticipated funeral benefits that will become payable based on the number of life members still in membership, their presumed life expectancy and the current cost of the funeral benefit. This particular category of member ceased in 1998.

## 27 RELATED PARTY TRANSACTIONS

### British Equity Collecting Society ("BECS")

During the year the Union undertook transactions with "BECS" a company in which various members of Council served as directors.

- In the year ended 31 December 2015 Equity recognised rental income and service charges of £63,589 (2014 - £62,812) due from BECS for the occupancy of offices within Guild House.
- In the year ended 31 December 2015 Equity recognised income of £68,094 (2014 - £14,102) due from BECS relating to BBC ex-gratia monies that were undistributable.
- During the year ended 31 December 2015 Equity recognised costs payable to BECS of £nil (2014 - £17,709) which represents BECS' share (1.5%) of era monies received by Equity.
- In accordance with the terms of the distribution contract which commenced on 1 September 2011, Equity paid royalty monies to BECS amounting to £4,328,301 (inc vat) (2014 - £6,464,406) which are to be distributed to members.

### Educational Recording Agency ("ERA")

During the year the Union undertook transactions with ERA in which an officer of the Union served as a director. In the year ended 31 December 2015 Equity received licence revenues (x-vat) of £1,276,080 (2014 - £1,180,575).

### Grants to related parties

During the year Equity made grants to the British Association for performing arts medicine (2015 - £20,000, 2014 - £20,000), the Council for dance education and training (2015 - £3,027, 2014 - £2,968), the International Performers' Aid Trust (2015 - £10,000, 2014 - £nil) and Drama UK (2015 - £9,500, 2014 - £9,500), where a member of Council or a member of staff serves on the governing body of the organisation.

### Pattinson & Brewer solicitors

During the year Equity undertook transactions with Pattinson & Brewer, a firm of solicitors where a relative of an Officer of the Union is an employee. In the year ended 31 December 2015 Equity received invoices for legal services amounting to £307,894 inc vat (2014 - £185,082 inc vat).

## NOTES TO THE ACCOUNTS

### 28 PENSION FUND

The Union operates a career average revalued earnings defined benefit pension scheme. Pension benefits are built up each year, linked to the members' salaries in that year. The benefits are then increased each year in line with inflation. The most recent formal actuarial valuation was carried out as at 6 april 2012. The results have been updated to 31 december 2015 by a qualified independent actuary. The assumptions used were as follows:

financial assumptions	2015 £'000	2014 £'000	
discount rate	3.8%	3.6%	
retail price inflation (rpi)	3.2%	3.2%	
consumer price inflation (cpi)	2.2%	2.2%	
salary increases	n/a	n/a	
rate of increases of pensions in payment	3.1%	3.1%	
rate of increase for deferred pensioners	2.2%	2.2%	
<b>life expectancies (years)</b>			
life expectancy for a male aged 65 in 2015	23.2	23.8	
life expectancy for a female aged 65 in 2015	24.4	25.1	
life expectancy at age 65 for a male aged 45 in 2015	24.5	25.2	
life expectancy at age 65 for a female aged 45 in 2015	25.8	26.7	
<b>assets</b>			
the fair value of the assets of the scheme are invested as follows			
equities	9,044	8,899	
bonds	6,660	6,528	
gilts	558	476	
property	2,290	2,076	
cash	1,037	942	
annuities	1,251	1,350	
	<b>£20,840</b>	<b>£20,271</b>	
<b>the actual return on assets over the period was</b>	<b>£445</b>	<b>£1,330</b>	
<b>reconciliation to the statement of financial position</b>			
market value of assets	20,840	20,271	
present value of defined benefit obligation	25,552	26,195	
<b>net defined benefit liability recognised in the statement of financial position</b>	<b>-£4,712</b>	<b>-£5,924</b>	
<b>reconciliation of scheme assets and defined benefit obligation (dbo)</b>			
	assets	dbo	total
at 31 december 2014	20,271	-26,195	-5,924
benefits paid	-434	434	0
employer contributions	631		631
current service cost		-520	-520
administration expenses	-73		-73
interest income / (cost)	732	-945	-213
actuarial gains		1,674	1,674
return on plan assets excluding interest income	-287		-287
at 31 december 2015	20,840	-25,552	-4,712
<b>analysis of amounts charged to income and expenditure</b>			
current service cost		520	481
administration expenses		73	53
total service cost		593	534
net interest		213	130
		<b>806</b>	<b>664</b>
<b>amounts recognised in other comprehensive income</b>			
actuarial gains / (losses) on liabilities		1,674	-3,453
return on assets excluding amount included in net interest		-287	460
		1,387	-2,993

#### Future funding obligation

The last formal actuarial valuation of the Scheme was performed by the Actuary for the Trustees as at 6 april 2015. The Union agreed to pay contributions of 12.6% of members' pensionable salaries each year, as well as paying 7% of members' pensionable salaries in respect of the salary sacrifice arrangement. The union also agreed to pay an additional 6.2% of members' pensionable salaries plus £10,000 each year in respect of the shortfall. The employer expects to pay £600,000 to the scheme during the accounting year beginning 1 january 2016.

#### Transition from frs 17 to frs 102

administration (that is non investment) expenses are recognised in income and expenditure as part of the service cost. Under frs 17 such expenses were allowed for by way of a reduction to the expected return on assets. Under frs 17 the expected return on the defined benefit scheme assets was recognised in the income and expenditure account. Under frs 102, a net interest cost, based on the net defined benefit liability is recognised in the income and expenditure account. There has been no change in the defined benefit liability at either 31 december 2015 or 31 december 2014. The effect of the changes has been to increase the cost to the income and expenditure account in the year to 31 december 2014 by £406,000 and increase the credit in other comprehensive income by the same amount.

# NOTES TO THE ACCOUNTS

## 29 OFFICIALS' SALARIES AND OTHER BENEFITS

	remuneration	employers' pension contributions	2015	2014
Executive	nil	nil		
President / Malcolm Sinclair	nil	nil	nil	nil
General Secretary / Christine Payne	80,894	28,131	109,025	106,607
	<b>80,894</b>	<b>28,131</b>	<b>£109,025</b>	<b>£106,607</b>

The General Secretary and members of Equity Council are reimbursed for expenses incurred by them in the performance of their duties on behalf of the Union.

in previous years the above schedule included the cost of the employers' national insurance contributions paid by the union on behalf of the general secretary. however, the salary figures included in the annual return to the certification officer (ar21) and contained within his annual report exclude the employers' national insurance contributions. the above figures have therefore been amended accordingly. by way of information, employers' national insurance contributions incurred by the union in 2015 in relation to the general secretary amount to £10,227 (2014 - £9,772).

## 30 FRS 102

With effect from 1 January 2015 the accounting standards which had been in force for UK accounting for many years were replaced by a new standard, known as FRS (Financial Reporting Standard) 102.

This required all entities to adapt their accounting policies and the treatment of certain items in order to bring their accounts into line with the new standard. The major impact of the changes has been in the valuation of assets and the recognition of certain liabilities; under the old standards there was more emphasis on valuation at historic cost (less any fall in value below cost) but the new standard requires the recognition of assets and liabilities at their "fair value". Equity's accounts to 31 December 2015 are the first to be affected and the key areas which have been affected are:

- |   |  |  |
|---|--|--|
| > the value of the union's properties;<br>> the value of investments; | > the recognition of the potential capital gains on the uplift in values ("deferred tax"); and | > the recognition of liabilities for employees (holiday pay) and benefits for life members where rights had accrued by the year end. |
|---|--|--|

Because the impact of uplifting the values of assets to their fair value and recognising new liabilities would distort the reporting in 2015 the standard treats the first year under the new rules as a "transitional" year. The effect is to restate the previous year (2014) as if it had been prepared under the new rules which means that the comparative figures have changed so that the 2015 results reflect only the movement in the values rather than the larger initial adjustments.

The intention of the standard is that the accounts should show the fair value of the union's assets and liabilities and you will see from the accounts that the major impact has been in the revaluation of the freehold properties and the recognition of the investments at market value. We do not need to revalue the properties each year as the standard allows us to treat the revaluation in the transition year as a "new" cost. However the intention behind the changes is that readers of the financial statements gain a more accurate understanding of the true position of the Union's worth at the year end.

## 31 TRANSITION TO FRS 102

	total funds at 1 jan 2014	result for the year ended 31 dec 2014	other comprehensive income for the year ended 31 dec 2014	total funds at 31 dec 2014
<b>total funds as stated under previous uk gaap</b>	8,066,510	1,298,736	-3,399,000	<b>5,966,246</b>
<b>transitional adjustments</b>				
restate freehold property at deemed cost (= valuation on 1 jan 2014)			4,244,705	4,244,704
additional depreciation on freehold property based on 1 jan 2014 valuation	-6,286			-6,286
restate investments at market value	1,121,319			1,121,319
release provision for impairment	40,000			40,000
provision for funeral benefits payable to life members	-475,000			-475,000
provision for holiday pay	-55,000			-55,000
provision for long term compensated absence	-60,000			-60,000
provision for legal costs incurred on behalf of members	-61,680			-61,680
provision for deferred tax	-90,478			-90,478
<b>total funds as stated under frs 102</b>	<b>8,066,510</b>	<b>1,711,611</b>	<b>845,705</b>	<b>10,623,826</b>

**freehold property:** the union freehold properties were revalued as at 1 january 2014. The values will be treated as the deemed cost at the date of transition.

**investments:** on accordance with frs 102, investmentmmts which were previously measured at cost less impairment are now recognised at fair value.

## IRREGULARITY STATEMENT

Under section 32A (6A) of the Trade Unions & Labour Relations (Consolidation) Act 1992, we are obliged to publish the following statement: A member who is concerned that some irregularity may be occurring, or has occurred, in the conduct of the financial affairs of the union may take steps with a view to investigating further, obtaining clarification and, if necessary, securing regularisation of that conduct. The member may raise any such concern with such one or more of the following as it seems appropriate to raise it with: the officials of the union, the trustees of the property of the union, the auditor or auditors of the union, the Certification Officer (who is an independent officer appointed by the Secretary of State) and the police. Where a member believes that the financial affairs of the union have been or are being conducted in breach of the law or in breach of the rules of the union and contemplates bringing civil proceedings against the union or responsible officials or trustees, he should consider obtaining independent legal advice.



**Equity.** Guild House. Upper St Martin's Lane. London. WC2H 9EG

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