

EQUITY
ACCOUNTS
2013





ACCOUNTS 2013

STATEMENT OF EQUITY COUNCIL'S RESPONSIBILITIES

Trade union law requires Equity Council to prepare financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice for each financial year which give a true and fair view of the state of affairs of the union and of the surplus or deficit of the union for that period. In preparing those financial statements, 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) *prepare the financial statements on the going concern basis unless it is inappropriate to presume that the union will continue to operate.*

Equity Council is also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the union and to enable them to ensure that the financial statements comply with the Trade Union and Labour Relations (Consolidation) Act 1992. It is also responsible for safeguarding the assets of the union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and must also establish and maintain a satisfactory system of control over its accounting records, its cash holdings and all its receipts and remittances.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EQUITY

We have audited the financial statements of Equity for the year ended 31 December 2013 which comprise the Income and Expenditure Account, the Balance Sheet, 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 (UK GAAP).

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 statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the union's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the 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 2013 and of its surplus for the year then ended;
- > have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- > 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:

- Under the ISAs (UK and Ireland) we are required to report to you if, in our opinion, information in the Report of the Honorary Treasurer is:
- > materially inconsistent with the information in the audited financial statements; or
 - > apparently materially incorrect based on, or materially inconsistent with, our knowledge of the union acquired in the course of performing an audit; or
 - > otherwise misleading.

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 in accordance with the requirements of that section; 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.

Chantrey Vellacott DFK LLP
Chartered Accountants and Statutory Auditor
London

REPORT OF THE HONORARY TREASURER

In 2012, Equity had a small operating deficit of £3,954. I am pleased to report that normal service has now been resumed and that in 2013 the union achieved a significant operating surplus. There is good news also regarding the Equity Staff Pension Scheme and, as at 31 December 2013, our net assets have risen to over £8 million. There is however no room for complacency; a number of income streams on which we have relied in the past are no longer available to us or have reduced and, as a consequence, the future continues to be a challenging time for Equity.

On Page 5 of these annual accounts you will see that our subscription income – the core funding of our union – was £4,352,408, an increase of £142,763 or 3.39% on 2012. There are two reasons for this: subscription rates were increased by 2.65% from January 2013 and there was a net increase in our membership. As at December 2013 we had 38,197 Equity members, an increase of 768 on the previous year. Income related to members and other performers in 2013 came to a total of £1,254,215, £15,060 less than in 2012. However I need to warn that this figure will reduce significantly in 2014. The amount received from the Services Sound & Vision Corporation will reduce to £16,000 (2013 = £71,375) and, following a Council decision, in 2014 the union, via British Equity Collecting Society (BECS), will distribute to performers 50% of the monies received from Channel 4. So the figure for Note 2 is likely to be at least £125,000 less in 2014.

The union has been engaged in a forensic audit of US film studios in connection with our Cinema Films Agreement. Although we have some upfront costs, these are reimbursed if we can show significant under-reporting. In Note 5 (other income) you will see that in 2013 we received £70,612 as a contribution to our administrative costs and £21,869 in reimbursement of audit fees incurred in the US. The total figure for other income was £345,138 – a considerable improvement on the 2012 figure of £56,741. Our total income for the year was £6,484,552 – an increase of £396,566 or 6.51% on the previous year.

Our total expenditure in 2013 was £5,964,451 – a decrease of £127,489 or 2.09%. Total staff costs (Note 6) increased by £149,652 to £2,977,219, up by 5.29%. Equity spent a total of £897,849 providing benefits for its members (Note 7). This is a much more normal figure than the amount spent in 2012 (£1,296,536) which was skewed by the costs of the defamation case. At the time of writing, the costs for this case have still not been finally determined and we have felt it prudent to make a further provision on costs of £65,000. The Benevolent Fund made grants of £24,236 to 153 members in financial hardship. I should draw your attention also to the amount spent on funeral benefits in 2013 which rose to £53,218 as a consequence of the Council's decision to increase the maximum benefit payable to members' estates by 50%.

Despite these and other increases in expenditure, Equity achieved an operating surplus (Income minus Expenditure) of £520,101.

On Page 5, immediately below "operating surplus" is

the section entitled "other recognised gains and losses". In 2013 we made a profit of £96,710 on the sale of investments. I am pleased to report that, while the book cost of our investment portfolios stand at £8,659,346, the market value, as at 31 December 2013, was £10,105,136 (Note 18).

According to Accounting Standards, FRS17, we are required to include the pension liability in respect of the Equity Staff Pension Scheme. In 2013 this reduced from £3,564,000 to £2,847,000 (Note 27). This decrease in liability has been caused by changes in actuarial expectations and by an increase in the market value of the Scheme's assets. Under the FRS17 regulations, we are required to show an actuarial gain from the pension scheme of £484,000 – which leads to a figure for total other recognised gains and losses of £580,710. When this figure is added to the operating surplus of £520,101, the overall surplus for the year is £1,100,811. As a consequence, the union's assets (funds employed) have increased to £8,066,510.

As in past years, Note 21 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. I reported last year that we expected our application to the High Court to be heard during 2013. We have now been informed that the hearing will finally take place in April 2014. The figure for "monies distributable" of £5,816,522 requires some explanation as it is nearly £4 million more than the amount held in 2012. During 2013, we received a total of £3,840,274 in royalties from the US film studios as a result of the forensic audit to which I referred earlier. At present, we have incomplete information to allow us to allocate the payments owed to the performers. As soon as this information is obtained, we will arrange for these royalty payments to be distributed by BECS.

The future is always difficult to predict. I have already mentioned that our income is set to reduce by at least £125,000 in 2014. Interest rates continue to be historically low. Partly to combat this, the union decided in July 2013 to remove £2 million from our bank accounts at the Co-operative Bank and to place this money with an investment house. This decision increases our risk profile but is a way of improving the income streams of the union.

In 2013, Equity's membership figures increased to 38,197; many of our fellow trade unions are not so fortunate. We again achieved an operating surplus (£520,101) and our net assets increased to a figure of £8,066,510. The union's financial position therefore remains strong and I commend these accounts to you.

Bryn Evans
HONORARY TREASURER

23 January 2014

INCOME AND EXPENDITURE

	note	2013	2012
INCOME			
subscriptions from members		4,352,408	4,209,645
income related to members and other performers	2	1,254,215	1,269,275
investment income	3	446,451	467,029
rental income	4	86,340	85,296
other income	5	345,138	56,741
TOTAL INCOME		6,484,552	6,087,986
EXPENDITURE			
staff costs	6	2,977,219	2,827,567
benefits to members	7	897,849	1,296,536
democratic costs	8	159,613	174,064
administrative expenses	9	396,131	332,796
affiliation fees	10	166,564	162,558
grants	11	63,710	58,606
organising expenses	12	259,648	257,223
professional costs	13	323,379	224,457
property and equipment costs	14	369,110	352,123
depreciation	17	147,361	136,994
vat irrecoverable		214,070	305,884
taxation	15	-10,203	-36,868
TOTAL EXPENDITURE		5,964,451	6,091,940
OPERATING SURPLUS / (DEFICIT)		520,101	-3,954
other recognised gains and losses			
profit / (loss) on sale of investments	18	96,710	30,412
actuarial gain / (loss) arising from pension scheme	27	484,000	-917,000
TOTAL OTHER RECOGNISED GAINS AND LOSSES		580,710	-886,588
surplus / (deficit) for the year		1,100,811	-890,542
funds employed brought forward		6,965,699	7,856,241
FUNDS EMPLOYED	26	£8,066,510	£6,965,699

BALANCE SHEET

	note	2013	2012
tangible fixed assets	17	2,473,053	2,510,616
investments	18	8,659,346	6,544,904
FIXED ASSETS		11,132,399	9,055,520
sundry debtors and prepayments	19	736,187	960,498
cash at bank and in hand	20	9,046,721	6,073,602
current assets		9,782,908	7,034,100
amounts collected for distribution	21	-7,150,411	-3,155,412
subscriptions received in advance		-869,634	-802,443
sundry creditors and accruals	22	-1,981,752	-1,602,066
CURRENT LIABILITIES		-10,001,797	-5,559,921
NET CURRENT ASSETS		-218,889	1,474,179
NET ASSETS EXCLUDING PENSION LIABILITY		10,913,510	10,529,699
PENSION LIABILITY	27	-2,847,000	-3,564,000
NET ASSETS INCLUDING PENSION LIABILITY		£8,066,510	£6,965,699
FINANCED BY			
members' funds		7,766,510	6,665,699
designated reserves		300,000	300,000
FUNDS EMPLOYED	26	£8,066,510	£6,965,699

approved by Equity Council on 23 January 2014

Christine Payne
General Secretary

Bryn Evans
Honorary Treasurer

CASH FLOW STATEMENT

	2013	2012
RECONCILIATION OF OPERATING RESULT TO NET CASH FLOWS		
operating surplus / (deficit)	520,101	-3,954
actuarial gain / (loss) arising from pension scheme	484,000	-917,000
depreciation	147,361	136,994
(increase) / decrease in debtors	224,311	-319,136
increase / (decrease) in creditors	4,441,876	-2,153,208
increase / (decrease) in pension liability	-717,000	887,000
net cash inflow / (outflow)	£5,100,649	-£2,369,304

CASH FLOW STATEMENT

net cash inflow / (outflow)	5,100,649	-2,369,304
purchase of fixed assets	-109,798	-95,159
sales of investments	2,788,955	5,084,299
purchases of investments	-4,806,687	-5,413,198
increase / (decrease) in cash during the year	£2,973,119	-£2,793,362

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN CASH

net cash at 1 January	6,073,602	8,866,964
increase / (decrease) in cash during the year	2,973,119	-2,793,362

NET CASH AT 31 DECEMBER

£9,046,721 **£6,073,602**

ACCOUNTING POLICIES

Basis of accounts

The accounts are prepared under the historical cost basis of accounting and in accordance with uk gaap.

Subscriptions

Subscriptions are shown in the accounts on the basis of cash received during the membership year ended 31 December 2013 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.

Fixed assets and depreciation

Fixed assets are stated at cost. Depreciation is provided on all tangible fixed assets, except freehold land, 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 2013 have been eliminated from these accounts.

Pension contributions

The Union operates a career average revalued earnings defined benefit pension scheme. Under FRS 17 the operating costs of providing benefits, the service costs, and the interest cost and expected return on assets are included in income and expenditure in the period in which they arise. A full actuarial valuation was carried out at 6 April 2012 and the results updated to 31 December 2013 by a qualified independent actuary. The actuarial gains and losses from the pension scheme are recognised in other recognised gains and losses.

Operating leases

Rental payments in respect of operating leases are charged to the income and expenditure account on a straight line basis.

Expenditure

All expenditure is 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 income statement.

Investments

Investments are stated at cost. Provision is made against investments where there is a permanent impairment in value.

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 balance sheet.

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.

NOTES TO THE ACCOUNTS

	2013	2012
NUMBER OF MEMBERS		
1 male	19,088	18,733
female	19,109	18,696
	38,197	37,429
2 INCOME RELATED TO MEMBERS AND OTHER PERFORMERS		
educational recording agency (era)	1,035,813	1,006,825
era monies payable to british equity collecting society ("becs") at 1.5%	-15,537	-15,102
services sound and vision corporation	71,375	97,186
itv / belgian cable	nil	3,212
channel 4 / irish	140,675	141,586
non-distributable cable re-transmission monies	140,675	144,798
donations to the benevolent fund	21,889	5,568
transfer to the benevolent fund (a)	0	30,000
	£1,254,215	£1,269,275
(a) bbc ex-gratia monies received from becs as undistributable in 2012 were placed in the benevolent fund.		
3 INVESTMENT INCOME		
bank interest	101,850	135,302
interest and dividends received from investments	344,588	331,269
other	13	458
	£446,451	£467,029
4 RENTAL INCOME		
rental income	41,652	33,815
rebilled services	44,688	51,481
	£86,340	£85,296
5 OTHER INCOME		
administration charge to becs	10,006	15,267
advertising	27,706	13,593
advertising on the website	7,500	625
contribution to costs / us film studios	70,612	nil
credit card commission	6,931	20,679
facility payments (recorded media department)	15,500	10,500
film & tv distribution charge	4,829	13,847
industry information service (x agents' information service)	7,567	9,767
legal recoveries (collective conditional fee agreement)	22,305	18,614
merchandise	87	310
reimbursement of audit fees for royalty project	21,869	nil
sale of contract forms	25	127
sponsorship	9,915	11,198
other	30,286	39,214
SUB-TOTAL	£235,138	£153,741
frs 17 adjustment (refer note 27)	110,000	-97,000
	£345,138	£56,741
6 STAFF COSTS		
salaries	2,181,734	2,095,277
national insurance	244,325	235,673
pension contributions	638,297	586,079
frs 17 adjustment	-123,000	-127,000
pension charge calculated in accordance with frs 17	515,297	459,079
pension scheme regulatory levy	10,642	12,804
recruitment	11,477	8,917
temporary staff agency fees	3,515	nil
training	8,080	10,433
welfare	2,149	5,384
	£2,977,219	£2,827,567

NOTES TO THE ACCOUNTS

2013

2012

7 BENEFITS TO MEMBERS

funeral benefits (a)	53,218	33,222
grants from the benevolent fund	24,236	27,223
benefits and grants	77,454	60,445
diaries	32,879	31,862
equity magazine	115,578	96,870
insurance booklet	3,555	5,311
networking events	3,165	nil
new member guides	4,150	2,340
newspaper cutting service	490	1,742
website	36,249	58,357
communications	196,066	196,482
accident and backstage insurance (a)	219,978	207,795
public liability insurance	104,392	99,353
insurance	324,370	307,148
legal aid / contractual disputes	148,220	134,178
legal aid / defamation / trial (a)	nil	566,000
legal aid / defamation / post-trial (a)	65,000	nil
legal aid / personal accident claims (a)	18,930	1,917
legal aid	232,150	702,095
theatre awards	8,432	6,248
theatre council funding	2,169	1,308
other	846	nil
live performance department	11,447	7,556
special royalty projects	31,751	3,527
tv is changing campaign	nil	nil
recorded media department	31,751	3,527
bursaries to students and young people	2,000	2,000
campaigning	15,212	7,392
conferences	64	nil
equity tennis tournament	250	250
job information service	nil	283
professional fees (related to members)	5,786	4,950
organising for success	nil	3,002
training	1,299	1,406
other	24,611	19,283
	£897,849	£1,296,536

(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 representative conference	65,144	74,611
annual report / review of the year	35,670	43,249
council election (a)	nil	36,567
council by election	12,305	3,272
national, area and specialist committee elections	46,494	nil
elections	58,799	39,839
rule change referendum	nil	16,365
	£159,613	£174,064

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

NOTES TO THE ACCOUNTS

	2013	2012
9 ADMINISTRATIVE EXPENSES		
advertising and marketing	34,763	26,321
bank charges	33,364	35,737
books and publications	5,184	5,494
computer support	80,441	84,438
costs of distribution	54,500	nil
general expenses	7,418	7,426
printing, postage & stationery	152,221	146,559
telecommunications	28,240	26,821
	£396,131	£332,796
10 AFFILIATION FEES		
tuc	98,064	97,848
scottish tuc	2,344	2,218
irish congress of trade unions	2,721	2,896
welsh tuc	151	151
fia	56,525	53,258
federation of entertainment unions	2,500	2,500
trade unions	162,305	158,871
amnesty	120	120
association of british theatre technicians	250	250
british copyright council	1,381	1,225
justice for columbia	300	nil
liberty	431	431
radio academy	888	888
trades councils and sundry	179	105
unions 21	500	500
welsh association of performing arts	210	168
	£166,564	£162,558
11 GRANTS		
actors' centres	15,000	17,500
actors benevolent fund	nil	2,137
british association for performing arts medicine	20,000	20,000
council for dance education and training	2,968	2,968
dance uk / healthier dance program	5,242	5,242
drama uk	9,500	9,500
ipat / comic relief	10,000	530
other grants	1,000	729
	£63,710	£58,606
12 ORGANISING EXPENSES		
organising / staff	57,385	46,305
international organising	26,124	32,864
meetings / council	29,615	29,458
meetings / members	54,952	60,288
meetings / general branches	16,138	8,379
meetings / variety branches	14,569	18,793
meetings	115,274	116,918
motor car expenses	55,561	52,875
commission (5% for subscriptions collected)	2,111	4,427
branch funding	3,193	3,834
	£259,648	£257,223
13 PROFESSIONAL COSTS		
amounts paid to auditors / audit fees	22,050	22,150
amounts paid to auditors / fees for other services	12,413	14,670
legal & professional fees	232,016	136,674
property management fees	9,500	9,500
stockbroker management fees	47,400	41,463
	£323,379	£224,457

NOTES TO THE ACCOUNTS

	2013	2012
14 PROPERTY AND EQUIPMENT COSTS		
office occupancy (rent, rates, light, heat and cleaning)	267,299	254,297
hire and maintenance of office equipment	68,872	64,039
building maintenance and external repairs	282	274
decoration and internal repairs	14,061	14,748
insurance	18,596	18,765
	£369,110	£352,123

15 TAXATION

corporation tax / overprovision relating to prior year	nil	-26,034
income tax repayable	-10,203	-10,834
	-£10,203	-£36,868

The union is not liable to taxation on income from its members. Taxation is payable to the extent that investment income exceeds allowable provident benefits.

16 OPERATING LEASES

at 31 december 2013 the union had the following annual obligations under non-cancellable operating leases:

office equipment and motor vehicles		
expiring within one year	1,640	18,312
expiring between one to two years	17,996	14,696
expiring between two to five years	24,653	19,673
land and buildings		
expiring between two to five years	nil	nil
expiring over five years	11,161	11,161
	£55,450	£63,842

17 TANGIBLE FIXED ASSETS

	freehold land and buildings	freehold improvements	lift	computer equipment	office equipment	total
cost						
at 1 january 2013	2,470,941	115,440	29,782	471,834	86,239	3,174,236
additions	nil	nil	60,235	42,299	7,264	109,798
disposals	nil	nil	nil	-33,527	-13,358	-46,885
at 31 december 2013	2,470,941	115,440	90,017	480,606	80,145	3,237,149
depreciation						
at 1 january 2013	405,331	57,720	nil	146,709	53,860	663,620
disposals	nil	nil	nil	-33,527	-13,358	-46,885
charge for the year	20,314	23,088	9,002	77,510	17,447	147,361
at 31 december 2013	425,645	80,808	9,002	190,692	57,949	764,096
net book value						
at 31 december 2013	2,045,296	34,632	81,015	289,914	22,196	£2,473,053
at 31 december 2012	2,065,610	57,720	29,782	325,125	32,379	£2,510,616

NOTES TO THE ACCOUNTS

	2013	2012
18 INVESTMENTS		
cost at 1 january	6,544,904	6,185,593
purchases	4,806,687	5,413,198
sales	-2,788,955	-5,084,299
profit / (loss) on sale	96,710	30,412
cost at 31 december	£8,659,346	£6,544,904
market value at 31 december	£10,105,136	£7,231,568
The investment portfolios are held with Newton Investment Management Limited and Charles Stanley & Co Limited. 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.		
19 SUNDRY DEBTORS AND PREPAYMENTS		
income tax repayable	10,203	10,834
season ticket loans to equity staff	22,124	21,254
sundry debtors	93,428	347,730
prepayments and accrued income	610,432	580,680
	£736,187	£960,498
20 CASH AT BANK AND IN HAND		
bank deposit accounts	8,250,000	6,125,000
bank current accounts	425,579	-146,703
cash with stockbrokers	354,878	75,421
cash in hand	16,264	19,884
	£9,046,721	£6,073,602
Included within cash at bank and in hand is £5,816,522 (2012 - £1,821,523) held for distribution to members (refer note 21) and £336,048 (2012 - £126,025) in relation to amounts held under escrow (refer note 22).		
21 AMOUNTS COLLECTED FOR DISTRIBUTION		
monies held for distribution at 1 january	3,155,412	5,868,432
monies received	5,145,076	1,236,202
monies distributed	-1,150,077	-3,949,222
monies held for distribution at 31 december	£7,150,411	£3,155,412
analysed as to		
monies received between 1995 and 1997 (a)	1,333,889	1,333,889
monies distributable	5,816,522	1,821,523
	£7,150,411	£3,155,412
(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.		
22 SUNDRY CREDITORS AND ACCRUALS		
amounts held in escrow	336,048	126,025
trade creditors	109,763	53,586
sundry creditors	353,760	328,980
taxation and social security	159,622	151,255
accruals and deferred income	1,022,559	942,220
	£1,981,752	£1,602,066
23 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.		
24 CAPITAL COMMITMENTS		
At the end of the year there were capital commitments authorised and contracted for amounting to £nil (2012 - £70,000).		

NOTES TO THE ACCOUNTS

25 RELATED PARTY TRANSACTIONS

Transactions with 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 2013 Equity recognised 1) rental income and service charges of £61,969 (2012 - £60,950) due from BECS for the occupancy of offices within Guild House and 2) administration charges of £10,006 (2012 - £15,267) to cover salary costs of staff providing support services. As at 31 December 2013 there was no balance outstanding (2012 - £nil).

➤ In the year ended 31 December 2013 Equity recognised income of £nil (2012 - £30,000) due from BECS relating to BBC ex-gratia monies that were undistributable. As at 31 December 2013 there was a balance outstanding from BECS of £9,960 (2012 - £30,000).

➤ During the year ended 31 December 2013 Equity recognised costs payable to BECS of £15,537 (2012 - £15,102) which represents BECS' share (1.5%) of era monies received by Equity. As at 31 December 2013 there was a balance due to BECS of £15,537 (2012 - £15,102).

➤ In accordance with the terms of the distribution contract which commenced on 1 September 2011, Equity paid royalty monies to BECS amounting to £1,211,751 (inc vat) (2012 - £4,078,819) which are to be distributed to members. As at 31 December 2013 there was no balance outstanding (2012 - £nil).

Transactions with 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 2013 Equity received licence revenues (x-vat) of £1,035,813 (2012 - £1,006,825). As at 31 December 2013 there was no balance outstanding (2012 - £309,683 inc vat).

Grants to related parties

During the year Equity made grants to the British Association for performing arts medicine (2013 - £20,000, 2012 - £20,000), the Council for dance education and training (2013 - £2,968, 2012 - £2,968), the International Performers' Aid Trust (2013 - £10,000, 2012 - £nil) and Drama UK (2013 - £9,500, 2012 - £9,500), where a member of Council or a member of staff serves on the governing body of the organisation. As at 31 December 2013 there were no balances outstanding with any of these organisations (2012 - £nil).

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 2013 Equity received invoices for legal services amounting to £215,387 inc vat (2012 - £176,285 inc vat). As at 31 December 2013 there were no invoices outstanding (2012 - £nil).

26 FUNDS EMPLOYED	balance at 1 january	income	expenditure	other recognised gains and losses	transfers to (from) designated reserves	balance at 31 Dec
general fund	6,349,203	6,462,663	-5,930,215	580,710	nil	7,462,361
benevolent fund	316,496	21,889	-34,236	0	nil	304,149
members' funds	6,665,699	6,484,552	-5,964,451	580,710	0	7,766,510
legal defence costs	200,000				nil	200,000
industrial disputes	100,000				nil	100,000
designated reserves	300,000				0	300,000
funds employed 2013	6,965,699	6,484,552	-5,964,451	580,710	0	£8,066,510
general fund	7,248,090	6,052,418	-6,064,717	-886,588	nil	6,349,203
benevolent fund	308,151	35,568	-27,223	0	nil	316,496
members' funds	7,556,241	6,087,986	-6,091,940	-886,588	0	6,665,699
legal defence costs	200,000				nil	200,000
industrial disputes	100,000				nil	100,000
designated reserves	300,000				0	300,000
funds employed 2012	7,856,241	6,087,986	-6,091,940	-886,588	0	£6,965,699

27 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 2013 by a qualified independent actuary. The assumptions used were as follows:

financial assumptions	2013	2012
discount rate	4.60%	4.40%
retail price inflation	3.50%	3.00%
consumer price inflation	2.50%	2.50%
salary increases	n/a	n/a
rate of increases of pensions in payment	3.40%	2.90%
rate of increase for deferred pensioners	2.50%	2.50%
expected return on assets	6.46%	5.93%

The overall expected return on assets assumption of 6.46% as at 31 December 2013 has been derived by calculating the weighted average of the expected rate of return for each asset class. The following approach has been used to determine the expected rate of return for each asset class:

- fixed interest securities, current market yields
- corporate bonds, current market yields
- equities, net dividend yield compounded with rpi, an allowance for future dividend growth of 1.5%pa and a deduction of 0.2%pa for passive management expenses
- property, in line with the equity return assumption
- secured annuities, in line with the assumed discount rate
- cash, current bank of England bank base rate

27 PENSION FUND (CONTINUED)

demographic assumptions		2013		2012		
mortality (pre retirement)	90% amc00 / 100% afc00			90% amc00 / 100% afc00		
mortality (post retirement)	S1PA_L CMI_2011_M/F [1.00%] (yob)			S1PA_L CMI_2011_M/F [1.00%] (yob)		
life expectancies		2013	2013	2012	2012	
		male	female	male	female	
life expectancy for an individual aged 65 in 2013		23.8 years	25.0 years	23.7 years	24.9 years	
life expectancy at age 65 for an individual aged 45 in 2012		25.1 years	26.5 years	25.0 years	26.4 years	
asset class	2013	2013	2012	2012	2011	2011
	market value	% of total scheme assets	market value	% of total scheme assets	market value	% of total scheme assets
equities	8,467	45%	7,849	46%	7,059	45%
bonds	5,998	32%	5,933	34%	5,261	34%
gilts	473	2%	522	3%	560	4%
property	1,797	10%	659	4%	643	4%
cash	801	4%	802	5%	678	4%
other assets	1,338	7%	1,428	8%	1,337	9%
total	£18,874		£17,193		£15,538	
the actual return on assets over the period was	£1,599		-£1,686			
reconciliation to the balance sheet			2013	2012		
			£'000	£'000		
market value of assets			18,874	17,193		
present value of liabilities			21,721	20,757		
pension liability recognised in the balance sheet			-£2,847	-£3,564		
analysis of changes in the value of the scheme liabilities over the year			2013	2012		
			£'000	£'000		
value of liabilities at start of year			20,757	18,215		
service cost			421	358		
interest cost			912	889		
benefits paid			-462	-516		
actuarial (gains) / losses			93	1,811		
value of liabilities at end of year			£21,721	£20,757		
analysis of changes in the value of the scheme assets over the year			2013	2012		
			£'000	£'000		
market value of assets at start of year			17,193	15,538		
expected return on scheme assets			1,022	792		
actuarial gains / (losses)			577	894		
employer contributions			544	485		
benefits paid			-462	-516		
market value of assets at end of year			£18,874	£17,193		
analysis of amounts charged to operating profit			2013	2012		
			£'000	£'000		
current service cost			421	358		
net gain / (loss) charged to the income and expenditure account			£421	£358		
analysis of amounts charged to other finance income			2013	2012		
			£'000	£'000		
interest on liabilities			-912	-889		
expected return on scheme assets			1,022	792		
net (charge) / credit to other finance income			£110	£-97		
total income and expenditure account			£311	£455		
amounts recognised in other recognised gains and losses			2013	2012		
			£'000	£'000		
actuarial gains / (losses)			484	-917		
total amount recognised in other recognised gains and losses			£484	£-917		

NOTES TO THE ACCOUNTS

history of assets, liabilities, experience gains and losses	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
market value of scheme assets	18,874	17,193	15,538	15,824	14,176
value of scheme liabilities	21,721	20,757	18,215	17,076	15,144
deficit in the scheme	-2,847	-3,564	-2,677	-1,252	-968
gains / (losses) arising on scheme liabilities					
due to experience	0	1,071	-280	282	283
% of liabilities	0%	5%	-2%	2%	2%
due to change of basis	-93	-2,882	-173	-2,093	-101
% of liabilities	0%	-14.0%	-1%	-12%	-1%
experience gains / (losses) arising on scheme assets	577	894	-1,180	720	1,382
% of assets	3%	5%	-8%	5%	10%

The cumulative amount of actuarial gains and losses recognised in other recognised gains and losses (since 2002) is - £2,357,000.

future funding obligation

The last formal actuarial valuation of the Scheme was performed by the Actuary for the Trustees as at 6 april 2012. The Union agreed to pay contributions of 11.4% 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 8.4% of members' pensionable salaries in respect of the shortfall. The employer expects to pay £570,000 to the scheme during the accounting year beginning 1 january 2014.

28 OFFICIALS' SALARIES AND OTHER BENEFITS

	remuneration	employers' national insurance contributions	employers' pension contributions	2013	2012
Executive	nil	nil	nil	nil	nil
President / Malcolm Sinclair	nil	nil	nil	nil	nil
General Secretary / Christine Payne	76,622	9,471	26,584	£112,677	£108,580
	76,622	9,471	26,584	£112,677	£108,580

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.

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 have 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.



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