

EQUITY ACCOUNTS

2016



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, subject to any material departures disclosed and explained in the financial statements;
- 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 2016 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 statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeprivate.

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 2016 and of its result 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 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

I am pleased to report that in 2016 Equity again achieved an operating surplus (before pension liability) and that, despite a very significant increase in our declared pension liability, our net assets now stand at £11,947,292.

On Page 5 you will see that our subscription income – the core funding of our union – was £5,264,035, an increase of £348,985 or 7.1%. There are two reasons for this: subscription rates were increased by 1.63% from January 2016 and there was a net increase in our membership. As at December 2016 we had 41,841 Equity members, an increase of 1,390 on the previous year. Income related to members and other performers in 2016 came to a total of £1,442,676. Our total income in 2016 was £7,653,496 – an increase of £523,565 or 7.34% on the previous year.

Our total expenditure in 2016 was £6,919,795 – an increase of £192,939 or 2.87%. Total staff costs (Note 6) increased by £92,763 to £3,503,109, up by 2.72%. Equity spent a total of £1,076,477 providing benefits for its members, an increase of £118,016 or 12.31% (Note 7). The Benevolent Fund gave grants totalling £21,720 to 119 members in financial hardship. Funeral benefits for 2016, excluding life members, came in at £19,310.

Equity therefore achieved an operating surplus (before pension adjustments) of £733,701, compared to £403,075 in 2015. 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 a minus figure of £128,780.

Turning to the statement of financial position on Page 6, our net assets excluding pension liability are shown as £19,368,292. From this we have to deduct the pension liability of £7,421,000. I should draw your attention to the note on Page 14 relating to the future funding obligation re the Equity Staff Pension Scheme. This shows that, at the time of the last full valuation of the Scheme, there was a deficit of £2,000,000. This deficit was calculated on how the funds within the Scheme are actually invested. Under government regulations, Equity is required to show the pension liability in our Annual Accounts as though all the funds of the Scheme

were invested in bonds, even though this is not the case. Given the poor return presently achievable when investing in bonds, it would be perverse for us to do so. This means that the declared deficit of £7,421,000 bears little relationship to how the funds of the Scheme are actually invested. Deducting this pension liability from the net assets figure of £19,368,292 results in a figure for funds employed of £11,947,292.

Note 19 deals with our investments with two investment houses, Charles Stanley and Adam & Co. I am pleased to report that the market value on 31 December 2016 was £14,306,036, £1,889,168 higher than the figure for 2015. But, as last year, I should draw your attention to the fact that investments on the stock market are inherently volatile and the requirement to show market value in our accounts brings an 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. I am happy to report that this matter has finally been resolved. There was a hearing in the High Court on 1 December 2016 which agreed that 40% of the funds should be divided equally between three charities and that 60% could be retained by Equity and spent over time for the general benefit of members of the profession.

I should also draw your attention to the change reported in Note 27. Following legal advice, the union has decided to bring the distribution of all contractual monies due to performers back in house. In recent years, these have been distributed by BECS on our behalf. From 2017, Equity will itself distribute these monies to performers.

In 2016 Equity’s membership figures increased to 41,841. As a consequence, our subscription income rose significantly and we again achieved an operating surplus before pension adjustments of £733,701. Our net assets (funds employed) now stand at £11,947,292. The union’s financial position therefore remains strong and I commend these accounts to you.

Bryn Evans
HONORARY TREASURER
31 January 2017

STATEMENT OF COMPREHENSIVE INCOME

	note	2016	2015
INCOME			
subscriptions from members		5,264,035	4,915,050
income related to members and other performers	2	1,442,676	1,439,094
investment income	3	472,398	496,071
rental income	4	112,160	86,371
other income	5	362,227	193,345
TOTAL INCOME		7,653,496	7,129,931
EXPENDITURE			
staff costs	6	3,503,109	3,410,346
benefits to members	7	1,076,477	958,461
democratic costs	8	150,461	150,409
administrative expenses	9	390,899	391,689
affiliation fees	10	176,231	167,633
grants	11	58,165	65,019
organising expenses	12	336,141	296,301
professional costs	13	415,758	377,027
property and equipment costs	14	444,270	485,789
depreciation	18	145,286	153,342
vat irrecoverable		222,998	270,840
TOTAL EXPENDITURE		6,919,795	6,726,856
OPERATING SURPLUS BEFORE PENSION ADJUSTMENTS		733,701	403,075
interest cost		-178,000	-213,000
administration expenses		-72,000	-73,000
pension adjustments	28	-250,000	-286,000
profit on sale of investments	19	192,303	29,414
unrealised gain / (loss) on investments	19	1,286,677	-90,799
non operational items		1,478,980	-61,385
income tax repayable		2,342	709
deferred tax		-298,136	8,847
tax (charge) / credit	15	-295,794	9,556
actuarial gain / (loss) on the pension scheme	28	-2,596,000	1,387,000
release of Unknown Funds	22	800,333	nil
other comprehensive income		-1,795,667	1,387,000
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-£128,780	£1,452,246

STATEMENT OF FINANCIAL POSITION

	note	2016	2015
tangible fixed assets	18	6,598,857	6,671,916
investments	19	13,639,628	12,032,390
FIXED ASSETS		20,238,485	18,704,306
sundry debtors and prepayments	20	983,072	644,716
cash with stockbrokers	19	666,408	384,478
cash at bank and in hand	21	6,750,094	5,652,658
CURRENT ASSETS		8,399,574	6,681,852
amounts collected for distribution	22	-4,207,670	-4,903,033
subscriptions received in advance		-998,966	-1,032,044
sundry creditors and accruals	23	-3,153,401	-2,017,097
CURRENT LIABILITIES		-8,360,037	-7,952,174
NET CURRENT ASSETS / (LIABILITIES)		39,537	-1,270,322
PROVISION FOR LIABILITIES	26	-909,730	-645,912
NET ASSETS EXCLUDING PENSION LIABILITY		19,368,292	16,788,072
PENSION LIABILITY	28	-7,421,000	-4,712,000
NET ASSETS INCLUDING PENSION LIABILITY		£11,947,292	£12,076,072
FINANCED BY			
members' funds		11,947,292	12,076,072
FUNDS EMPLOYED		£11,947,292	£12,076,072

approved by Equity Council on 31 January 2017

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 2015	5,794,568	4,230,287	298,971	200,000	100,000	10,623,826
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	12,076,072
income	7,571,295		82,201			7,653,496
expenditure	-6,898,075		-21,720			-6,919,795
pension adjustments	-250,000					-250,000
non operational items	1,478,980					1,478,980
tax	-295,794					-295,794
other comprehensive income	-1,795,667					-1,795,667
at 31 December 2016	7,010,899	4,230,287	406,106	200,000	100,000	£11,947,292

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 revaluation reserve to emphasise that such gains are not realised.

STATEMENT OF CASH FLOWS

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
operating surplus for the year	733,701	403,075
adjustments for depreciation	145,286	153,342
frs 102 pension adjustment included in staff costs	-137,000	-111,000
changes in		
(increase) / decrease in debtors	-338,355	462,892
increase / (decrease) in creditors	1,208,196	994,223
increase / (decrease) in provision for liabilities	-34,318	-34,566
net cash inflow from operating activities	1,577,510	1,867,966
CASH FLOWS FROM INVESTING ACTIVITIES		
net interest and dividends received reinvested	-410,189	-411,830
purchase of fixed assets	-72,227	-173,835
tax	2,342	9,556
net cash (outflow) from investing activities	-480,074	-576,109
increase / (decrease) in cash and cash equivalents	1,097,436	1,291,857
cash and cash equivalents at 1 January	5,652,658	4,360,801
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	£6,750,094	£5,652,658

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.

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 2016 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 2016 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

	2016	2015
1 NUMBER OF MEMBERS		
male	20,757	20,173
female	21,084	20,278
	41,841	40,451
2 INCOME RELATED TO MEMBERS AND OTHER PERFORMERS		
educational recording agency	1,296,110	1,276,080
services sound and vision corporation	16,000	16,000
non-distributable cable re-transmission monies (b)	48,366	63,604
donations to the benevolent fund	34,517	15,316
transfer to the benevolent fund (a)	47,683	68,094
	£1,442,676	£1,439,094
(a) bbc ex-gratia monies received from becs as undistributable are placed in the benevolent fund. (b) monies relating to 2013 and 2014 received late		
3 INVESTMENT INCOME		
bank interest	16,958	31,689
interest paid on royalty monies distributed	-18,046	nil
interest and dividends received from investments	473,475	464,382
other	11	nil
	£472,398	£496,071
4 RENTAL INCOME		
rental income	58,690	43,271
rebilled services	53,470	43,100
	£112,160	£86,371
5 OTHER INCOME		
advertising	18,100	25,467
advertising on the website	8,333	8,333
contribution to costs / us film studios	153,776	70,612
facility payments (recorded media department)	22,750	22,750
film & tv distribution charge	15,005	10,523
industry information service	7,314	6,900
legal recoveries (collective conditional fee agreement)	7,900	11,325
merchandise	102	137
reimbursement of audit fees for royalty project	80,366	nil
sale of contract forms	11	24
sponsorship	16,401	10,676
other	32,169	26,598
	£362,227	£193,345

NOTES TO THE ACCOUNTS

	2016	2015
6 STAFF COSTS		
salaries	2,548,580	2,472,619
provision for holiday pay	2,000	4,000
national insurance	287,440	278,094
pension contributions	749,725	723,415
frs 102 adjustment (refer note 28)	-137,000	-111,000
pension charge calculated in accordance with frs 102	612,725	612,415
pension scheme regulatory levy	14,084	12,411
recruitment	17,998	13,239
training	15,991	13,117
welfare	4,291	4,451
	£3,503,109	£3,410,346
7 BENEFITS TO MEMBERS		
funeral benefits payable to non life members (a)	19,310	18,365
grants from the benevolent fund	21,720	26,756
benefits and grants	41,030	45,121
diaries	33,977	34,877
equity magazine	161,838	154,247
equity dvd	975	9,955
insurance booklet	1,840	1,124
networking events	58	nil
new member guides	1,975	3,275
newspaper cutting service	1,135	1,034
website	48,310	30,760
communications	250,108	235,272
accident and backstage insurance (a)	279,344	266,945
public liability insurance	127,196	124,072
insurance	406,540	391,017
legal aid / contractual disputes	190,974	255,678
legal aid / defamation (a)	nil	-22,800
legal aid / variety barring claim	130,000	nil
legal aid / personal accident claims (a)	nil	nil
legal aid	320,974	232,878
theatre awards	9,092	8,700
other	1,975	3,001
live performance department	11,067	11,701
special royalty projects	20,379	16,738
recorded media department	20,379	16,738
bursaries to students and young people	2,000	2,000
campaigning	19,433	14,106
conferences	nil	3,065
equity tennis tournament	250	250
professional fees (related to members)	3,750	2,826
organising for success	nil	nil
training	946	3,487
other	26,379	25,734
	£1,076,477	£958,461
(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	79,009	66,326
annual report / review of the year	19,340	19,315
council election (a)	38,494	nil
council by election	nil	nil
general secretary election	nil	781
national, area and specialist committee elections	nil	52,808
elections	38,494	53,589
rule change referendum	13,618	11,179
	£150,461	£150,409
(a) includes the elections of the Council, President, Appeals and Standing Orders Committees		

NOTES TO THE ACCOUNTS

	2016	2015
9 ADMINISTRATIVE EXPENSES		
advertising and marketing	23,603	22,447
bank charges	41,358	41,219
books and publications	5,245	4,957
computer support	109,363	97,059
costs of distribution	36,251	49,399
general expenses	9,892	7,017
printing, postage & stationery	133,604	138,439
telecommunications	31,583	31,152
	£390,899	£391,689
10 AFFILIATION FEES		
tuc	110,836	106,752
fia	53,500	48,083
federation of entertainment unions	2,500	2,500
irish congress of trade unions	2,690	2,698
scottish tuc	2,693	2,540
welsh tuc	148	147
trade unions	172,367	162,720
amnesty	120	125
association of british theatre technicians	250	250
bafta	271	430
british copyright council	nil	1,581
justice for columbia	310	300
liberty	431	431
maternity action	120	nil
radio academy	900	900
trades councils and sundry	367	186
unions 21	875	500
welsh association of performing arts	220	210
	£176,231	£167,633
11 GRANTS		
actors' centres	15,000	15,000
british association for performing arts medicine	20,000	20,000
council for dance education and training	3,048	3,027
dance uk / healthier dance program	5,292	5,292
drama uk	9,500	9,500
ipat / comic relief	nil	10,000
parents in performing arts	325	2,000
other grants	5,000	200
	£58,165	£65,019
12 ORGANISING EXPENSES		
organising / staff	70,460	68,093
organising / international	43,372	32,125
organising / retention and recruitment	44,054	30,378
council members	27,528	23,963
general branches	54,477	45,854
variety branches	18,433	16,187
meetings	14,263	17,956
meetings	114,701	103,960
motor car expenses	56,645	56,844
commission (5% for subscriptions collected)	3,256	2,197
branch funding	3,653	2,704
	£336,141	£296,301
13 PROFESSIONAL COSTS		
amounts paid to auditors / audit	23,150	22,250
amounts paid to auditors / other services	29,667	15,675
legal & professional	300,462	270,248
property management	9,503	19,321
stockbroker management	52,976	49,533
	£415,758	£377,027

NOTES TO THE ACCOUNTS

	2016	2015			
14 PROPERTY AND EQUIPMENT COSTS					
office occupancy (rent, rates, light, heat and cleaning)	288,148	280,890			
hire and maintenance of office equipment	114,089	97,022			
building maintenance and external repairs	6,584	9,555			
decoration and internal repairs	16,046	79,250			
insurance	19,403	19,072			
	£444,270	£485,789			
15 TAX					
income tax repayable	-2,342	-709			
deferred tax	298,136	-8,847			
	£295,794	-£9,556			
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	73,438	38,828			
within two to five years	120,690	44,567			
	£194,128	£83,395			
17 KEY MANAGEMENT					
key management compensation of £302,036 was paid in the year (2015 - £291,962).					
18 TANGIBLE FIXED ASSETS					
	freehold land and buildings	freehold improvements	computer equipment	office equipment	total
cost or deemed cost					
at 1 january 2016	6,290,000	205,457	632,628	44,006	7,172,091
additions	nil	nil	61,556	10,671	72,227
disposals	nil	-115,440	-38,674	-10,427	-164,541
at 31 december 2016	6,290,000	90,017	655,510	44,250	7,079,777
depreciation					
at 1 january 2016	53,200	142,445	278,615	25,915	500,175
disposals	nil	-115,440	-38,674	-10,427	-164,541
charge for the year	26,600	9,002	98,159	11,525	145,286
at 31 december 2016	79,800	36,007	338,100	27,013	480,920
net book value					
at 31 december 2016	6,210,200	54,010	317,410	17,237	£6,598,857
at 31 december 2015	6,236,800	63,012	354,013	18,091	£6,671,916

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.

NOTES TO THE ACCOUNTS

	2016	2015
19 INVESTMENTS		
market value at 1 January	12,416,868	12,066,423
realised profits	192,303	29,414
movement in unrealised gains	1,286,677	-90,799
dividends received	473,475	453,351
management fees charged	-61,616	-58,732
other	-1,671	17,211
market value at 31 december	£14,306,036	£12,416,868
shown as		
investments	13,639,628	12,032,390
cash with stockbrokers	666,408	384,478
	£14,306,036	£12,416,868

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	1,625	709
season ticket loans to staff	28,882	25,002
sundry debtors	430,427	60,551
prepayments and accrued income	522,138	558,454
	£983,072	£644,716

21 CASH AT BANK AND IN HAND

bank deposit accounts	10	1,750,000
bank current accounts	6,733,563	3,883,680
cash in hand	16,521	18,978
	£6,750,094	£5,652,658

included within cash at bank and in hand is £4,207,670 (2015 - £3,569,144) held for distribution to members (refer note 22) and £694,773 (2015 - £470,613) in relation to amounts held under escrow (refer note 23)

22 AMOUNTS COLLECTED FOR DISTRIBUTION

monies held for distribution at 1 January	4,903,033	4,155,013
monies received	7,958,039	5,076,321
release unknown funds	-1,333,889	nil
monies distributed	-7,319,513	-4,328,301
monies held for distribution at 31 december	£4,207,670	£4,903,033
analysed as to		
monies received between 1995 and 1997 (a)	nil	1,333,889
monies distributable	£4,207,670	3,569,144
	£4,207,670	£4,903,033

(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. Since 2007, the Annual Accounts have shown a sum of £1,333,889 held by the union since around 1995-1997 and for which it has been unable to determine the provenance. An application to the High Court was made to determine whether these monies could be used and, if so, in what way. The Court hearing took place on 1 December 2016. The judgment of the Court was that 40% (£533,556) should be divided equally between three charities suggested to the Court - namely the Royal Theatrical Fund, the Royal Variety Charity and Denville Hall Residential Care Home - and that 60% (£800,333) should be retained by the union and spent over time for the general benefit of members of the profession.

NOTES TO THE ACCOUNTS

	2016	2015
23 SUNDRY CREDITORS AND ACCRUALS		
amounts held in escrow	694,773	470,613
trade creditors	774,547	225,470
sundry creditors	502,309	444,797
taxation and social security	277,858	179,411
accruals and deferred income	903,914	696,806
	£3,153,401	£2,017,097

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 (2015 - £nil).

note 27 references the fact that in 2017 the union will take back in house responsibility for distributing all its contractual payments. In light of this, the union will incur significant capital costs concerning IT capacity. As at the date of this report expenditure of £195,034 has been incurred.

26 PROVISION FOR LIABILITIES

	balance at 1 January	movement during the year	balance at 31 december
funeral benefits payable to life members	445,281	-36,318	408,963
holiday pay	59,000	2,000	61,000
long term compensated absence	60,000	nil	60,000
property revaluation	14,418	nil	14,418
unrealised gains on the investment portfolio	206,104	257,335	463,439
capital losses carried forward	-49,835	33,537	-16,298
funeral benefits payable to life members	-89,056	7,264	-81,792
deferred tax	81,631	298,136	379,767
	£645,912	£263,818	£909,730

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 2016 Equity recognised rental income and service charges of £88,244 (2015 - £63,589) due from BECS for the occupancy of offices within Guild House.

➤ In the year ended 31 December 2016 Equity recognised income of £47,683 (2015 - £68,094) due from BECS relating to BBC Simultaneous European Retransmission (SER) monies that were undistributable.

➤ In accordance with the terms of the distribution contract which commenced on 1 September 2011, Equity paid royalty monies to BECS amounting to £7,319,513 (inc vat) (2015 - £4,328,301) which are to be distributed to members and non-members.

BECS was set up in 1998 to collect statutory payments from foreign collecting societies which Equity, as a trade union, was not permitted to collect. In 2000, Equity asked BECS to distribute the BBC cable retransmission monies on behalf of the Union. Over the years the distributions on behalf of the Union increased so that by 2016 Equity's distributions made up over 75% of BECS' activity. New regulations now require that the work of a Collective Management Organisation (CMO) must be the sole or main purpose of the organisation. Following legal

advice, Equity has taken the decision to bring the distribution of monies for which Equity is responsible back in house. From 2017 the distribution of Equity monies to performers will be undertaken by the Union itself; BECS will continue to distribute statutory payments to performers.

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 2016 Equity received licence revenues (x-vat) of £1,296,110 (2015 - £1,276,080).

Grants to related parties

During the year Equity made grants to the British Association for performing arts medicine (2016 - £20,000, 2015 - £20,000), the Council for dance education and training (2016 - £3,048, 2015 - £3,027), the International Performers' Aid Trust (2016 - £nil, 2015 - £10,000) and Drama UK (2016 - £9,500, 2015 - £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 2016 Equity received invoices for legal services amounting to £428,984 inc vat (2015 - £307,894 inc vat).

NOTES TO THE ACCOUNTS

28 PENSION FUND

The Union operates a career average revalued earnings defined benefit pension scheme. Pension benefits are linked to the members' final pensionable salaries and service at their retirement (or date of leaving if earlier). The most recent actuarial valuation was carried out as at 6 April 2015. The results have been updated to 31 December 2016 by a qualified independent actuary. The assumptions used were as follows:

significant actuarial assumptions	2016 £'000	2015 £'000
discount rate	2.6%	3.8%
rpi inflation	3.3%	3.2%
cpi inflation	2.2%	2.2%
life expectancies (years)		
for a male aged 65 in 2016	23.1	23.2
for a female aged 65 in 2016	24.2	24.4
at age 65 for a male aged 45 in 2016	24.3	24.5
at age 65 for a female aged 45 in 2016	25.6	25.8
assets		
the fair value of the assets of the scheme are invested as follows		
equities	11,958	9,044
bonds	8,407	6,660
gilts	nil	558
property	2,090	2,290
cash	150	1,037
annuities	1,057	1,251
	£23,662	£20,840
total return on assets	£3,040	£445
reconciliation to the statement of financial position		
market value of assets	23,662	20,840
present value of defined benefit obligation	-31,083	-25,552
pension liability recognised in the statement of financial position	-£7,421	-£4,712

reconciliation of scheme assets and defined benefit obligation (dbo)

	assets	dbo	total	2015
at 31 december	20,840	-25,552	-4,712	-5,924
benefits paid	-769	769	nil	nil
employer contributions	623		623	631
current service cost		-486	-486	-520
amounts recognised in income and expenditure (note 6)	623	-486	137	111
administration expenses	-72		-72	-73
interest income / (cost)	788	-966	-178	-213
amounts recognised as pension adjustments	716	-966	-250	-286
actuarial gains / (losses)		-4,848	-4,848	1,674
return on assets excluding interest income	2,252		2,252	-287
amounts recognised in other comprehensive income	2,252	-4,848	-2,596	1,387
at 31 december	23,662	-31,083	-£7,421	-£4,712

FUTURE FUNDING OBLIGATION

The last actuarial valuation of the Scheme was performed by the Scheme Actuary for the Trustees as at 6 April 2015. This valuation revealed a funding shortfall of £2,000,000. The Union agreed to pay contributions of 12.6% of members' pensionable salaries each year, as well as 7% of members' pensionable salaries in respect of the salary sacrifice arrangement. In respect of the deficit in the scheme as at 6 April 2015, the union has agreed to pay an additional 6.2% of members' pensionable salaries plus £10,000 each year. The Union expects to pay £700,000 to the scheme during the accounting year beginning 1 January 2017.

NOTES TO THE ACCOUNTS

29 OFFICIALS' SALARIES AND OTHER BENEFITS

	2016	2015
Executive	nil	nil
President / Malcolm Sinclair	nil	nil
General Secretary / Christine Payne	113,650	109,025
	£113,650	£109,025

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 2016 in relation to the general secretary amounts to £13,736 (2015 - £10,227).

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.

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