



ACCOUNTS
REVIEW
2019

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

OPINION

We have audited the financial statements of Equity (the 'union') for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

IN OUR OPINION, THE FINANCIAL STATEMENTS:

- give a true and fair view of the state of the union's affairs as at 31 December 2019 and of its result 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the union in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in which the ISAs (UK) require us to report to you where:

- the Executive Council's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- the Executive Council has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the union's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The Executive Council is responsible for the other information. The other information comprises the information included in the Report of the Honorary Treasurer, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In light of the knowledge and understanding of the union and its environment obtained in the course of the audit, we have not identified material misstatements in the financial report.

We have nothing to report in respect of the following matters to which the Trade Union and Labour Relations (Consolidation) Act 1992 requires us to report to you if, in our opinion:

- proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, in accordance with the requirements; or
- the union has not maintained a satisfactory system of controls over its transactions in accordance with the requirements; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF THE EXECUTIVE COUNCIL

As explained more fully in the Statement of Equity Council's Responsibilities, the Executive Council is responsible for the preparation of the financial

statements and for being satisfied that they give a true and fair view, and for such internal control as the Executive Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Council is responsible for assessing the union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Executive Council either intend to liquidate the union or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs(UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Councils website at: www.frc.org.uk/auditors-responsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to Equity, 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 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 as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Chartered Accountants Statutory Auditor
55 Baker Street, London, W1U 7EU
11 February 2020

Report of the Honorary Treasurer

I am very pleased to report that in 2019 Equity again achieved an operating surplus (before pension liability). The position re the Equity Staff Pension Scheme is more complicated and I will deal with this later in my report; but you will see that, despite the impact of our declared pension liability, the union's net assets now stand at £14,604,744.

On Page 5 you will see that our subscription income – the core funding of our union – was £5,998,364, an increase of £441,958 or 7.95%. This reflects the fact that subscription rates were increased by 3.03% from 1 January 2019 and that our membership figures have increased by 2,601 to a total as at 31 December 2019 of 48,176.

Income related to members and other performers in 2019 came to £1,809,639, an increase of £121,174 or 7.18%. There was a reduction of £34,410 in the monies received from the Educational Recording Agency (ERA), but this was far outstripped by the income from our Equity Distribution Services which brought in a total of £443,289 in 2019 compared to £277,502 in 2018. The Equity Benevolent Fund received donations of £8,360. Although the move of our Glasgow office to Cambridge Street has now been completed, there was no rental income in 2019 as we have yet to find a new tenant. We hope to acquire a new tenant during 2020. Our total income in 2019 was £8,748,630 – an increase of £716,932 or 8.93% on the previous year.

Our total expenditure in 2019 was £8,105,553 – an increase of £359,962 or 4.65%. Total staff costs (Note 6) came to £4,115,423, £265,636 or 6.9% more than in 2018. Equity spent a total of £1,229,317 providing benefits for its members (Note 7) compared to £1,150,395 the previous year. The Benevolent Fund gave grants totalling £23,745 to 126 members in financial hardship. Funeral benefits for 2019, excluding life members, came in at £18,855.

Equity achieved an operating surplus (before pension liability) of £643,077 compared to £286,107 in 2018. On Page 5 immediately below “operating surplus” are various sections comprising pension adjustments, non-operational items, tax credit and other comprehensive income. Some of these items are negative, but I wish to draw your attention to two figures: there was an unrealised gain on our investments of £2,342,753 and an actuarial gain on the Staff Pension Scheme of £590,000. When all these figures are taken into consideration, our total comprehensive income for the year was a positive figure of £2,990,606 compared to a minus figure of £2,841,031 in 2018.

Turning to the statement of financial position on Page 6, our net assets excluding pension liability are shown as £22,150,744. From this we deduct the pension liability of £7,546,000. 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 full valuation of the Scheme in April 2018, there was a deficit of £689,000. 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. This means that the declared deficit of £7,546,000 bears little relationship to how the funds of the Scheme are actually invested. Deducting this pension liability from the net assets figure of £22,150,744 results in a figure for funds employed of £14,604,744.

Note 20 deals with our investments with two investment houses, Charles Stanley and Adam & Co. As in the previous year, Equity withdrew a total of £500,000 in cash from our investments during 2019. Despite this, I am pleased to report that the market value of our investments as at 31 December 2019 increased to £16,184,993 compared to £13,800,166 a year earlier. Both these figures include some monies held in cash rather than invested. As in the past I should point out 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.

I should draw your attention to the 2nd paragraph on Page 7. This refers to the “unknown funds” of £1,333,889 held since the mid-1990s and for which the union had incomplete records. As reported in the 2016 Annual Accounts, a hearing in the High Court in December 2016 agreed that 40% of the funds should be divided equally between three charities and that 60% could be retained by Equity for its general purposes. A total of £124,233 of these monies was spent in 2019, leaving a balance of £478,043 to be spent in future years.

I wish to refer also to Notes 22 and 23. This shows that at the end of the year Equity was holding a total of £18,564,911 for distribution to performers. Having brought back in house the distribution of all contractual monies previously distributed by BECS on our behalf, the first distributions took place in November and December 2017 and have continued during 2018 and 2019. Processing these payments is time-consuming and is dependent on accurate data being received. But I am delighted to report to you that Equity distributed a total of £19,187,543 to performers in 2019 compared to £8,829,154 in 2018.

As in past years, these accounts were prepared by Equity's Head of Finance, Duncan Smith, and by Richard Mason who assists Duncan. I wish to thank them for all their hard work and diligence over so many years.

In 2019 Equity's membership figures increased to 48,176. We again achieved an operating surplus before pension adjustments, this time of £643,077. Our net assets now stand at £14,604,744. The union's financial position therefore remains strong and should be able to withstand any uncertainties in the UK economy created by our departure from the European Union. I therefore commend these accounts to you.

Bryn Evans
HONORARY TREASURER
 28 January 2020

Statement of comprehensive income

	note	2019	2018
INCOME			
subscriptions from members		5,998,364	5,556,406
income related to members and other performers	2	1,809,639	1,688,465
investment income	3	533,796	535,646
rental income	4	nil	19,977
other income	5	406,831	231,204
TOTAL INCOME		8,748,630	8,031,698
expenditure			
staff costs	6	4,115,423	3,849,787
benefits to members	7	1,229,317	1,150,395
democratic costs	8	158,766	134,174
administrative expenses	9	428,705	424,841
affiliation fees	10	211,482	201,832
grants	11	54,372	60,217
organising expenses	12	329,548	345,416
professional costs	13	506,879	506,116
property and equipment costs	14	527,035	537,691
depreciation	19	382,635	303,400
vat irrecoverable		159,530	231,722
exceptional costs	16	1,861	nil
TOTAL EXPENDITURE		8,105,553	7,745,591
OPERATING SURPLUS BEFORE PENSION ADJUSTMENTS		643,077	286,107
interest cost		-213,000	-146,000
administration expenses		-75,000	-77,000
pension adjustments	29	-288,000	-223,000
profit / (loss) on sale of investments	20	75,829	-5,176
unrealised gain / (loss) on investments	20	2,342,753	-1,533,114
profit on sale of Glasgow premises		29,540	nil
non operational items		2,448,122	-1,538,290
income tax repayable		5,081	3,375
deferred tax		-407,674	248,777
tax (charge) / credit	15	-402,593	252,152
actuarial gain / (loss) on the pension scheme	29	590,000	-1,618,000
other comprehensive income		590,000	-1,618,000
TOTAL COMPREHENSIVE INCOME /(EXPENSE) FOR THE YEAR-		£2,990,606	£2,841,031

Statement of financial position

	note	2019	2018
tangible fixed assets	19	7,979,501	7,778,422
investments	20	15,933,569	13,239,549
FIXED ASSETS		23,913,070	21,017,971
sundry debtors and prepayments	21	713,158	665,720
cash with stockbrokers	20	251,424	560,617
cash at bank and in hand	22	20,804,949	24,239,093
CURRENT ASSETS		21,769,531	25,465,430
amounts collected for distribution	23	-18,564,910	-22,754,840
subscriptions received in advance		-1,559,290	-1,423,313
sundry creditors and accruals	24	-2,403,947	-2,098,548
CURRENT LIABILITIES		-22,528,147	-26,276,701
NET CURRENT LIABILITIES		-758,616	-811,271
PROVISION FOR LIABILITIES	27	-1,003,710	-744,562
NET ASSETS EXCLUDING PENSION LIABILITY		22,150,744	19,462,138
PENSION LIABILITY	29	-7,546,000	-7,848,000
net assets including pension liability		£14,604,744	£11,614,138
FINANCED BY			
members' funds		14,604,744	11,614,138
FUNDS EMPLOYED		£14,604,744	£11,614,138

Approved by Equity Council on 28 January 2020

Christine Payne, General Secretary

Bryn Evans, Honorary Treasurer

Statement of changes in equity

	general fund (a)	revaluation reserve	benevolent fund	designated reserve / legal defence costs	designated reserve / industrial disputes	Total
at 1 January 2018	9,531,867	4,244,705	378,597	200,000	100,000	14,455,169
income	8,013,135		18,563			8,031,698
expenditure	-7,721,636		-23,955			-7,745,591
pension adjustments	-223,000					-223,000
non operational items	-1,538,290					-1,538,290
tax	252,152					252,152
other comprehensive income/expense	-1,618,000					-1,618,000
at 31 December 2018	6,696,228	4,244,705	373,205	200,000	100,000	11,614,138
income	8,740,270		8,360			8,748,630
expenditure	-8,081,808		-23,745			-8,105,553
pension adjustments	-288,000					-288,000
non operational items	2,448,122					2,448,122
tax	-402,593					-402,593
other comprehensive income/expense	590,000					590,000
transfer	73,490	-73,490				0
at 31 December 2019	9,775,709	4,171,215	357,820	200,000	100,000	£14,604,744

Revaluation reserve: Freehold land and buildings are stated at deemed cost at 1 January 2014. The surplus compared to book value is recognised in the statement of comprehensive income then transferred to revaluation reserve to emphasise that such gains are not realised.

(a) including unknown funds

Under its 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. From 2007 to 2016 the Annual Accounts showed a sum of £1,333,889 held by the union since around 1995 to 1997 and for which it had 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 - 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 for its general purposes. A total of £124,233 of these monies was spent in 2019 (2018 - £135,840), leaving a balance of £478,043 to be spent in future years.

(b) in December 2018 Equity Council determined that the balance held on the Benevolent Fund should never fall below £200,000. Monies will be transferred from the General Fund as necessary to implement this policy.

Statement of cash flows

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
operating surplus for the year	643,077	286,107
adjustments for depreciation	382,635	303,400
frs 102 pension adjustment included in staff costs	nil	-125,000
changes in		
(increase) / decrease in debtors	-47,438	232,911
increase / (decrease) in creditors	-3,748,554	5,356,842
increase / (decrease) in provision for liabilities	-148,526	-5,530
net cash inflow / (outflow) from operating activities	-2,918,806	6,048,730
CASH FLOWS FROM INVESTING ACTIVITIES		
net interest and dividends received reinvested	-466,245	-473,717
cash withdrawn from the investment portfolio	500,000	500,000
purchase of fixed assets	-718,214	-812,797
sale of fixed assets	164,040	nil
tax	5,081	3,374
net cash (outflow) from investing activities	-515,338	-783,140
increase / (decrease) in cash and cash equivalents	-3,434,144	5,265,590
cash and cash equivalents at 1 January	24,239,093	18,973,503
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	£20,804,949	£24,239,093

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 a receivable basis. Income received in advance is deferred into the following year.

Income from distributions: Income from distributions is received in two forms. Commissions are an agreed percentage of the amounts being distributed and are recognised on a percentage of completion basis as the amounts are distributed. Administration fees are calculated as a proportion of the total amount received for distribution and are recognised in full once the first distribution is made.

Other income: Receipts which are non-contractual and not received on predetermined dates are accounted for when received.

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

Assets which were fully depreciated at 1 January 2019 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. Assets are reviewed for impairment at each reporting date or whenever events and changes in circumstances indicate that the carrying amount may not be recoverable.

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.

Foreign currency translation: The union has determined that GBP is its functional currency, as this is the currency of the economic environment in which the Union predominantly operates. Foreign currency transactions are translated into the Union’s functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised 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 in applying accounting policies and key sources of estimation uncertainty: When preparing the financial statements management are required to make estimates and assumptions which affect income, expenses, assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. The following have been identified as key areas where a significant amount of judgement is required as the results are potentially material to the financial statements.

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 2018 and the results updated to 31 December 2019 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 29.

Notes to the accounts

	2019	2018
1 NUMBER OF MEMBERS		
female	25,130	23,487
male	22,995	22,082
other gender identity	51	6
	48,176	45,575
2 INCOME RELATED TO MEMBERS AND OTHER PERFORMERS		
educational recording agency (era)	1,341,990	1,376,400
services sound and vision corporation	16,000	16,000
income from distributions	443,289	277,502
donations to the benevolent fund	8,360	18,563
	£1,809,639	£1,688,465
3 INVESTMENT INCOME		
bank interest	3,442	1,548
interest and dividends received from investments	530,354	534,090
other	nil	8
	£533,796	£535,646
4 RENTAL INCOME		
rental income	nil	10,638
rebilled services	nil	9,339
	£0	£19,977

Notes to the accounts

	2019	2018
5 OTHER INCOME		
advertising	17,865	22,940
advertising on the website	16,667	nil
contribution to costs / us film studios	83,164	83,164
facility payments (recorded media department)	71,000	43,000
industry information service	8,989	8,622
ancillary fee tv and film	129,844	nil
merchandise	131	85
reimbursement of audit fees for royalty project	nil	5,300
sale of contract forms	nil	12
sponsorship	15,604	16,036
other	63,567	52,045
	£406,831	£231,204
6 STAFF COSTS		
salaries	2,894,315	2,758,932
provision for holiday pay	2,000	2,000
provision for long term compensated absence	-30,000	20,000
national insurance	311,121	310,777
apprenticeship levy	1,297	nil
pension contributions	861,420	809,251
frs 102 adjustment (refer note 29)	nil	-125,000
pension charge calculated in accordance with frs 102	861,420	684,251
pension scheme regulatory levy	20,927	18,499
recruitment	30,341	16,276
temporary staff agency fees	nil	15,969
training	13,652	15,835
welfare	10,350	7,248
	£4,115,423	£3,849,787
7 BENEFITS TO MEMBERS		
funeral benefits payable to non life members (a)	18,855	19,418
grants from the benevolent fund	23,745	23,955
benefits and grants	42,600	43,373
diaries	27,375	24,168
equity magazine	245,690	206,450
holiday pay guide	nil	620
young members' guide	nil	788
insurance booklet	2,142	nil
networking events	2,043	513
new member guides	1,125	4,320
newspaper cutting service	1,832	1,834
website	24,885	22,048
communications	305,092	260,741
accident and backstage insurance (a)	324,524	313,950
public liability insurance	148,908	141,848
insurance	473,432	455,798
legal aid / contractual disputes	191,174	229,249
legal aid / personal accident claims (a)	4,530	nil
legal aid	195,704	229,249
theatre awards	9,065	13,284
other	180	nil
live performance department	9,245	13,284
conference / audible books	4,595	nil
special royalty projects	26,756	nil
recorded media department	31,351	0
bursaries to students and young people	2,000	2,000
campaigning	22,437	26,580
equity tennis tournament	250	250
professional fees (related to members)	103,811	86,415
training	10,526	4,729
unknown funds	32,869	27,976
other	171,893	147,950
	£1,229,317	£1,150,395

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

Notes to the accounts

	2019	2018
8 DEMOCRATIC COSTS		
annual conference	105,079	75,876
annual report / review of the year	4,559	9,318
council election (a)	nil	37,989
general secretary election	441	nil
national, area and specialist committee elections	34,926	nil
elections	35,367	37,989
rule change referendum	13,761	10,991
	£158,766	£134,174
(a) includes the elections of the Council, President, Appeals and Standing Orders Committees.		
9 ADMINISTRATIVE EXPENSES		
advertising and marketing	22,750	23,651
bank charges	80,054	68,905
books and publications	3,801	7,841
computer support	128,289	133,168
general expenses	18,770	17,271
printing, postage & stationery	136,063	145,295
telecommunications	38,978	28,710
	£428,705	£424,841
10 AFFILIATION FEES		
TUC	129,618	121,249
FIA	64,404	64,898
Federation of Entertainment Unions	2,500	2,500
Irish Congress of Trade Unions	3,678	3,363
Scottish TUC	4,531	3,783
Welsh TUC	250	236
Trade unions	204,981	196,029
Amnesty	120	120
Association of British Theatre Technicians	250	250
Bafta	275	271
British Screen Advisory Council	2,000	2,000
Creators' Rights Alliance	250	nil
Justice for Columbia	300	300
Liberty	450	450
Trades councils and sundry	1,141	752
Unions 21	1,715	1,660
	£211,482	£201,832
11 GRANTS		
Actors' centres	15,000	15,000
Alrowwad Arts & Cultural Centre	1,000	nil
British Association for Performing Arts Medicine	30,000	30,000
Council for Dance, Drama and Musical Theatre (x cdet)	3,180	3,125
Dance UK / Healthier Dance Program	3,092	3,092
Equal Representation for Actresses	2,000	3,000
Parents in Performing Arts	nil	500
Stage Sight Technical Theatre	nil	5,000
other grants	100	500
	£54,372	£60,217
12 ORGANISING EXPENSES		
organising / staff	70,812	87,085
organising / international	18,124	14,815
organising / retention and recruitment	50,299	52,616
council members	18,647	24,935
general branches	58,741	53,519
variety branches	21,952	21,662
	17,795	15,624
meetings	117,135	115,740
motor car expenses	67,449	68,254
commission (5% for subscriptions collected)	3,195	4,226
branch funding	2,534	2,680
	£329,548	£345,416

Notes to the accounts

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13 PROFESSIONAL COSTS

amounts paid to auditors / audit	25,800	30,000
amounts paid to auditors / other services	31,444	23,175
legal & professional	384,581	383,304
property management	10,010	21,269
stockbroker management	55,044	48,368
	£506,879	£506,116

14 PROPERTY AND EQUIPMENT COSTS

office occupancy (rent, rates, light, heat and cleaning)	357,699	345,970
hire and maintenance of office equipment	108,281	148,519
building maintenance and external repairs	29,324	8,822
decoration and internal repairs	8,543	14,077
insurance	23,188	20,303
	£527,035	£537,691

15 TAX

income tax repayable	-5,081	-3,375
deferred tax	407,674	-248,777
	£402,593	-£252,152

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 EXCEPTIONAL COSTS

discretionary settlement payable to BECS	£1,861	£nil
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As a result of terminating the Distribution Agreement, Equity offered BECS the sum of £100,000 by way of a discretionary settlement to compensate for work undertaken before the agreement was terminated. BECS initially rejected this offer. The offer, updated to £101,861 + VAT, was offered again to BECS in 2019 and was accepted. A further payment of £10,000 + VAT was made in 2019 to BECS in respect of data obtained from BECS.

17 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	81,246	76,367
within two to five years	211,170	103,583
over 5 years	3,216	nil
	£295,632	£179,950

18 KEY MANAGEMENT

Key management compensation of £319,397 was paid in the year (2018 - £311,106).

19 TANGIBLE FIXED ASSETS

cost or deemed cost	freehold land and buildings	freehold improvements	computer equipment	office equipment	total
at 1 January 2019	6,536,836	164,443	1,843,579	66,428	8,611,286
transfer	-19,082	19,082			0
additions	0	516,765	163,360	38,089	718,214
disposals	-140,000	0	-37,716	-14,666	-192,382
at 31 December 2019	6,377,754	700,290	1,969,223	89,851	9,137,118
depreciation					
at 1 January 2019	133,000	62,693	601,375	35,796	832,864
disposals	-5,500	0	-37,716	-14,666	-57,882
charge for the year	27,208	58,681	274,821	21,925	382,635
at 31 December 2019	154,708	121,374	838,480	43,055	1,157,617
net book value					
at 31 December 2019	6,223,046	578,916	1,130,743	46,796	£7,979,501
at 31 December 2018	6,403,836	101,750	1,242,204	30,632	£7,778,422

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

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20 INVESTMENTS

market value at 1 January	13,800,166	15,364,739
realised profits / (losses)	75,829	-5,176
movement in unrealised gains / (losses)	2,342,753	-1,533,114
dividends received	530,354	534,090
management fees charged	-63,183	-59,879
other	-926	-494
cash withdrawn	-500,000	-500,000
market value at 31 December	£16,184,993	£13,800,166
shown as		
investments	15,933,569	13,239,549
cash with stockbrokers	251,424	560,617
	£16,184,993	£13,800,166

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.

21 SUNDRY DEBTORS AND PREPAYMENTS

income tax repayable	8,456	3,376
season ticket loans to staff	19,321	32,476
sundry debtors	24,519	18,506
prepayments and accrued income	660,862	611,362
	£713,158	£665,720

22 CASH AT BANK AND IN HAND

bank deposit accounts	10	10
bank current accounts	2,221,957	1,468,529
cash held for distribution	18,564,911	22,754,840
cash in hand	18,071	15,714
	£20,804,949	£24,239,093

Included within cash at bank and in hand is £951,052 (2018 - £613,534) in relation to amounts held under escrow (refer note 24).

23 AMOUNTS COLLECTED FOR DISTRIBUTION

monies held for distribution at 1 January	22,754,840	17,809,513
monies received from 3rd parties	14,899,527	13,774,481
monies received from BECS	98,086	nil
monies distributed	-19,187,543	-8,829,154
monies held for distribution at 31 December	£18,564,910	£22,754,840

24 SUNDRY CREDITORS AND ACCRUALS

amounts held in escrow	951,052	613,534
trade creditors	298,850	246,944
sundry creditors	225,668	296,756
taxation and social security	441,570	150,102
accruals and deferred income	486,807	791,212
	£2,403,947	£2,098,548

25 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.

26 CAPITAL COMMITMENTS

At the end of the year there were no capital commitments authorised and contracted for (2018 - £nil).

Notes to the accounts

27 PROVISION FOR LIABILITIES

	balance at 1 January 2019	movement during the year	balance at 31 December 2019
funeral benefits payable to life members	359,660	-20,526	339,134
holiday pay	65,000	2,000	67,000
long term compensated absence	80,000	-30,000	50,000
provision for discretionary settlement payable to becs	100,000	-100,000	0
capital losses carry forward	-6,120	6,120	0
fixed asset timing differences	44,876	10,278	55,154
funeral benefits payable to life members	-61,142	3,489	-57,653
other losses carry forward	-109,120	-10,481	-119,601
unrealised gains on the investment portfolio	271,408	398,268	669,676
deferred tax	139,902	407,674	547,576
	£744,562	£259,148	£1,003,710

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.

28 RELATED PARTY TRANSACTIONS

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 2019 Equity received licence revenues (x-vat) of £1,341,990 (2018 - £1,376,400).

Grants to related parties

During the year Equity made grants to the British Association for Performing Arts Medicine (2019 - £30,000, 2018 - £30,000), the Council for Dance, Drama and Musical Theatre (2019 - £3,180, 2018 - £3,125), where a member of Council or a member of staff serves on the governing body of the organisation.

Notes to the accounts

29 PENSION FUND

The union operates the equity staff pension scheme (the scheme), a UK registered trust based pension scheme that provides defined benefits. Pension benefits are linked to the members' average pensionable salaries and service at their retirement (or date of leaving if earlier). The trustees are responsible for running the scheme in accordance with the scheme's trust deed and rules, which sets out their powers. The trustees of the scheme are required to act in the best interests of the beneficiaries of the scheme.

FUTURE FUNDING OBLIGATION

The trustees are required to carry out an actuarial valuation every 3 years. The last actuarial valuation of the Scheme was performed by the Scheme Actuary for the Trustees as at 6 April 2018. This valuation revealed a funding shortfall of £689,000. The Union agreed to pay annual contributions of 16.6% 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 2018, the union has agreed to pay 4.2% of members' pensionable salaries plus £8,000 each year. The union therefore expects to pay around £830,000 to the scheme during the accounting year beginning 1 January 2020.

Significant actuarial assumptions

The results of the most recent formal actuarial valuation as at 6 April 2018 have been updated to 31 December 2019 by a qualified independent actuary. The significant assumptions used were as follows:

	2019 £'000	2018 £'000
discount rate	1.9%	2.7%
rpi inflation	2.7%	3.1%
cpi inflation	1.9%	2.0%
life expectancies (years)		
for a male aged 65 in 2019	21.5	22.9
for a female aged 65 in 2019	23.2	23.9
at age 65 for a male aged 45 in 2019	22.5	23.9
at age 65 for a female aged 45 in 2019	24.3	25.1

Assets

the fair value of the assets of the scheme are invested as follows:

equities	11,048	9,278
bonds	10,406	9,361
diversified growth funds (dgfs)	2,717	2,379
property	2,613	2,551
cash	215	139
secured annuities	1,211	1,260
	£28,210	£24,968

Reconciliation to the statement of financial position

market value of assets (unaudited)	28,210	24,968
present value of defined benefit obligation	-35,756	-32,816
pension liability recognised in the statement of financial position	-£7,546	-£7,848

The assumptions used to calculate the DBO may take a range of values. Adopting different assumptions would lead to different results being disclosed. The value of assets and DBO are a "snapshot" view reflecting the market conditions on one day. The pension figures are therefore expected to be quite volatile from year to year.

Notes to the accounts

29 PENSION FUND cont'd

Analysis of the change in the statement of financial position

	2019 £'000	2018 £'000
at 1 January	-7,848	-6,132
employer contributions	791	687
current service cost	-791	-529
past service cost (a)	nil	-33
amounts recognised in income and expenditure (note 6)	0	125
administration expenses	-75	-77
interest cost	-213	-146
amounts recognised as pension adjustments	-288	-223
actuarial gains / (losses)	-2,052	-325
return on assets excluding interest income	2,642	-1,293
amounts recognised in other comprehensive income	590	-1,618
at 31 December	-£7,546	-£7,848

(a) gmp equalisation

On 26 October 2018, the High Court ruled in the Lloyds Banking Group case that the trustees are under a duty to make sure that equal benefits are paid, including where these benefits are in the form of a guaranteed minimum pension ("gmp"). As a result, all schemes with gmp rights will have to act to allow for equalisation of benefits for the effect of unequal gmp's. This is known as gmp equalisation. In the year ended 31 December 2019, an allowance for gmp equalisation of £36,000 was allowed for as a past service cost within other comprehensive income.

30 OFFICIALS' SALARIES AND OTHER BENEFITS

	2019	2018
Executive	nil	nil
President / Malcolm Sinclair (a)	nil	nil
President / Maureen Beattie (b)	nil	nil
General Secretary / Christine Payne	£120,531	117,195
	£120,531	£117,195

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.

(a) Malcolm Sinclair ceased to hold office on 4 July 2018

(b) Maureen Beattie was appointed president on 4 July 2018

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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