

EQUITY

ACCOUNTS

2014



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 2014 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 statement

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the union's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Honorary Treasurer to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on,

or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- > give a true and fair view of the state of the union's affairs as at 31 December 2014 and of its deficit 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 where the Trade Union and Labour Relations (Consolidation) Act 1992 requires us to report to you if, in our opinion:

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

Chantrey Vellacott DFK LLP
Chartered Accountants and Statutory Auditor
London

REPORT OF THE HONORARY TREASURER

I am pleased to report that Equity achieved a significant operating surplus in 2014 and that this is higher than the surplus achieved in 2013. There is further good news regarding our investments, now managed by Adam & Co and by Charles Stanley. But the FRS17 figures regarding the Equity Staff Pension Scheme are extremely disappointing and this has led to our net assets falling to just below £6 million. I will return in detail to these figures re the Staff Pension Scheme later in this report.

On Page 5 of these annual accounts you will see that our subscription income – the core funding of our union – was £4,663,357, an increase of £310,949 or 7.14%. There are two reasons for this: subscription rates were increased by 3.45% from January 2014 and there was a net increase in our membership. As at December 2014 we had 39,247 Equity members, an increase of 1,050 on the previous year. Income related to members and other performers in 2014 came to a total of £1,248,879. Although this figure is £5,336 less than in 2013, the reduction is not as great as I had feared. In my report last year I warned that the amount received from the Services Sound & Vision Corporation would reduce to £16,000 in 2014. This has indeed happened but has been offset by an increase in the monies received from the Educational Recording Agency (ERA) which have increased from £1,035,813 to £1,180,575. Channel 4 cable re-transmission monies in 2014 came in at £49,398, whereas the 2013 figure was £140,675. This flows from a Council decision to distribute 50% of the Channel 4 monies in 2014 and 100% in 2015 and all future years. This is therefore the last time that any income from Channel 4 monies will feature in our Accounts.

Our total income for the year was £6,858,093 – an increase of £373,541 or 5.76% on the previous year.

Our total expenditure in 2014 was £6,084,615 – an increase of £120,164 or 2.01%. Total staff costs (Note 6) increased by £282,836 to £3,260,055, up by 9.5%. Equity spent a total of £873,210 providing benefits for its members (Note 7). The Benevolent Fund made grants of £25,793 to 158 members in financial hardship. Funeral benefits for 2014 came in at £47,275.

Despite some increases in expenditure, Equity achieved an operating surplus (Income minus Expenditure) of £773,478.

On Page 5, immediately below “operating surplus” is the section entitled “other recognised gains and losses. In 2014 we made a profit of £390,258 on the sale of investments. This figure is higher than in previous years and is a consequence of the decision to remove our investment portfolio from Newton Investment Managers and to divide it between Adam & Co and Charles Stanley. I am pleased to report that, while the book cost of our investment portfolios stands at £9,907,507, the market value, as at 31 December 2014, was £11,078,324 compared to £10,105,136 in 2013 (Note 18).

According to Accounting Standards, FRS17, we are required to include the pension liability in respect of the Equity Staff Pension Scheme in our accounts. In 2014 this increased dramatically from £2,847,000 to £5,924,000 (Note

27). As you will be aware, part of the strategy adopted by HM Government and the Bank of England to deal with the problems of the UK economy was Quantitative Easing. This strategy has had a profound and unprecedented effect on bond values. FRS17 requires that one significant measure of the fund liabilities of all defined benefit pension schemes is calculated according to bond values (even though this is not a true reflection of how the actual pension funds are invested). The change in bond values and outlook for the future has led to a significant reduction in this particular measure, the Discount Rate used by the Scheme Actuary, which has been set at 3.60% (2013 = 4.60%). I am advised that all employers who run defined benefit pension schemes are likely to be hit with marked increases in pension liability this year.

Under the FRS17 regulations we are required to show an actuarial loss from the pension scheme of £3,399,000 – which leads to a figure for total other recognised gains and losses of –£2,873,742. When this figure is combined with the operating surplus of £773,478, the overall deficit for the year is £2,100,264. As a consequence, the union's assets (funds employed) have decreased to £5,966,246. But I would draw your attention to the Balance Sheet on Page 6. You will see that the Net Assets excluding pension liability stand at £11,890,246. The liability of the Staff Pension Scheme of £5,924,000 is a long-term commitment over an extended period of more than 20 years. It is not an immediate debt. And the fact that we have assets of over £11 million before the impact of the pension liability should give us some comfort.

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 had hoped that our application to the High Court would be heard during 2014. I regret that, at the time of writing, I do not know the date of any court hearing.

I have already reported a change in the investment managers that manage our investment portfolios. I need also to report that Equity Council decided in 2014 that we would no longer bank with the Co-operative Bank and would move our accounts to the Unity Trust Bank. For technical reasons this move has been delayed slightly and I now expect that it will be completed in April or May 2015.

In 2014 Equity's membership figures increased to 39,247. As a consequence, our subscription income rose significantly and we again achieved a substantial operating surplus (£773,478). Our net assets excluding pension liability stand at £11,890,246 and at £5,966,246 when the pension liability is included. The union's financial position therefore remains strong and I commend these accounts to you.

Bryn Evans
HONORARY TREASURER
27 January 2015

INCOME AND EXPENDITURE

	note	2014	2013
INCOME			
subscriptions from members		4,663,357	4,352,408
income related to members and other performers	2	1,248,879	1,254,215
investment income	3	456,872	446,451
rental income	4	90,011	86,340
other income	5	398,974	345,138
TOTAL INCOME		6,858,093	6,484,552
EXPENDITURE			
staff costs	6	3,260,055	2,977,219
benefits to members	7	873,210	897,849
democratic costs	8	125,387	159,613
administrative expenses	9	371,902	396,131
affiliation fees	10	169,531	166,564
grants	11	54,760	63,710
organising expenses	12	265,626	259,648
professional costs	13	319,149	323,379
property and equipment costs	14	402,358	369,110
depreciation	17	152,501	147,361
vat irrecoverable		97,157	214,070
taxation	15	-7,021	-10,203
TOTAL EXPENDITURE		6,084,615	5,964,451
OPERATING SURPLUS		773,478	520,101
other recognised gains and losses			
profit on sale of investments	18	390,258	96,710
movement in provision for impairment of investments	18	135,000	nil
actuarial gain / (loss) arising from pension scheme	27	-3,399,000	484,000
TOTAL OTHER RECOGNISED GAINS AND LOSSES		-2,873,742	580,710
surplus / (deficit) for the year		-2,100,264	1,100,811
funds employed brought forward		8,066,510	6,965,699
FUNDS EMPLOYED	26	£5,966,246	£8,066,510

BALANCE SHEET

	note	2014	2013
tangible fixed assets	17	2,413,005	2,473,053
investments	18	9,907,507	8,659,346
FIXED ASSETS		12,320,512	11,132,399
sundry debtors and prepayments	19	1,107,608	736,187
cash at bank and in hand	20	5,358,398	9,046,721
CURRENT ASSETS		6,466,006	9,782,908
amounts collected for distribution	21	-4,155,013	-7,150,411
subscriptions received in advance		-943,519	-869,634
sundry creditors and accruals	22	-1,797,740	-1,981,752
CURRENT LIABILITIES		-6,896,272	-10,001,797
NET CURRENT ASSETS / (LIABILITIES)		-430,266	-218,889
NET ASSETS EXCLUDING PENSION LIABILITY		11,890,246	10,913,510
PENSION LIABILITY	27	-5,924,000	-2,847,000
NET ASSETS INCLUDING PENSION LIABILITY		£5,966,246	£8,066,510
FINANCED BY			
members' funds		5,666,246	7,766,510
designated reserves		300,000	300,000
FUNDS EMPLOYED	26	£5,966,246	£8,066,510

approved by Equity Council on 27 January 2015

Christine Payne
General Secretary

Bryn Evans
Honorary Treasurer

CASH FLOW STATEMENT

	2014	2013
RECONCILIATION OF OPERATING RESULT TO NET CASH FLOWS		
operating surplus	773,478	520,101
actuarial profit / (loss) arising from pension scheme	-3,399,000	484,000
depreciation	152,501	147,361
(increase) / decrease in debtors	-371,421	224,311
increase / (decrease) in creditors	-3,105,525	4,441,876
increase / (decrease) in pension liability	3,077,000	-717,000
net cash inflow / (outflow)	-£2,872,967	£5,100,649
CASH FLOW STATEMENT		
net cash inflow / (outflow)	-2,872,967	5,100,649
purchase of fixed assets	-92,453	-109,798
sales of investments	3,991,406	2,788,955
purchases of investments	-4,714,309	-4,806,687
increase / (decrease) in cash during the year	-£3,688,323	£2,973,119
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN CASH		
net cash at 1 January	9,046,721	6,073,602
increase / (decrease) in cash during the year	-3,688,323	2,973,119
NET CASH AT 31 DECEMBER	£5,358,398	£9,046,721

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 2014 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, 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 2014 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 2014 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.

legal costs incurred on behalf of members

legal costs incurred on behalf of members are charged (net of reimbursement obtained in respect of certain cases) on an invoiced basis. No provision is made for outstanding legal costs not invoiced, nor for reimbursements not received at the balance sheet date. all other income and expenditure is accounted for on an accruals basis.

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

	2014	2013
1 NUMBER OF MEMBERS		
male	19,658	19,088
female	19,589	19,109
	39,247	38,197
2 INCOME RELATED TO MEMBERS AND OTHER PERFORMERS		
educational recording agency (era)	1,180,575	1,035,813
era monies payable to british equity collecting society ("becs") at 1.5%	-17,709	-15,537
services sound and vision corporation	16,000	71,375
non-distributable cable re-transmission monies / channel 4 / irish	49,398	140,675
donations to the benevolent fund	6,513	21,889
transfer to the benevolent fund (a)	14,102	0
	£1,248,879	£1,254,215
(a) BBC ex-gratia monies received from becs as undistributable in 2014 were placed in the benevolent fund.		
3 INVESTMENT INCOME		
bank interest	42,571	101,850
interest and dividends received from investments	414,230	344,588
other	71	13
	£456,872	£446,451
4 RENTAL INCOME		
rental income	42,495	41,652
rebilled services	47,516	44,688
	£90,011	£86,340
5 OTHER INCOME		
administration charge to becs	nil	10,006
advertising	12,995	27,706
advertising on the website	7,708	7,500
contribution to costs / us film studios	70,612	70,612
credit card commission	nil	6,931
facility payments (recorded media department)	10,500	15,500
film & tv distribution charge	5,834	4,829
industry information service (x agents' information service)	7,050	7,567
legal recoveries (collective conditional fee agreement)	14,133	22,305
merchandise	149	87
reimbursement of audit fees for royalty project	nil	21,869
sale of contract forms	44	25
sponsorship	11,415	9,915
other	35,534	30,286
SUB-TOTAL	£175,974	£235,138
frs 17 adjustment (refer note 27)	223,000	110,000
	£398,974	£345,138
6 STAFF COSTS		
salaries	2,375,454	2,181,734
national insurance	251,945	244,325
pension contributions	654,180	638,297
frs 17 adjustment	-99,000	-123,000
pension charge calculated in accordance with frs 17	555,180	515,297
pension scheme regulatory levy	12,768	10,642
recruitment	10,687	11,477
temporary staff agency fees	36,068	3,515
training	13,611	8,080
welfare	4,342	2,149
	£3,260,055	£2,977,219

NOTES TO THE ACCOUNTS

	2014	2013
7 BENEFITS TO MEMBERS		
funeral benefits (a)	47,275	53,218
grants from the benevolent fund	25,793	24,236
benefits and grants	73,068	77,454
diaries	31,603	32,879
equity magazine	148,192	115,578
insurance booklet	11,957	3,555
networking events	nil	3,165
new member guides	3,195	4,150
newspaper cutting service	890	490
website	44,510	36,249
communications	240,347	196,066
accident and backstage insurance (a)	260,520	219,978
public liability insurance	118,738	104,392
insurance	379,258	324,370
legal aid / contractual disputes	139,467	148,220
legal aid / defamation (a)	nil	65,000
legal aid / personal accident claims (a)	nil	18,930
legal aid	139,467	232,150
theatre awards	8,950	8,432
theatre council funding	nil	2,169
other	500	846
live performance department	9,450	11,447
special royalty projects	7,697	31,751
recorded media department	7,697	31,751
bursaries to students and young people	2,000	2,000
campaigning	11,149	15,212
conferences	nil	64
equity tennis tournament	250	250
professional fees (related to members)	6,575	5,786
organising for success	2,286	nil
training	1,663	1,299
other	23,923	24,611
	£873,210	£897,849
(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	65,116	65,144
annual report / review of the year	17,817	35,670
council election (a)	42,454	nil
council by election	nil	12,305
general secretary election	nil	nil
national, area and specialist committee elections	nil	46,494
elections	42,454	58,799
	£125,387	£159,613
(a) includes the elections of the Council, President, Appeals and Standing Orders Committees		

NOTES TO THE ACCOUNTS

	2014	2013
9 ADMINISTRATIVE EXPENSES		
advertising and marketing	23,189	34,763
bank charges	36,564	33,364
books and publications	5,347	5,184
computer support	95,565	80,441
costs of distribution	37,878	54,500
general expenses	10,389	7,418
printing, postage & stationery	130,884	152,221
telecommunications	32,086	28,240
	£371,902	£396,131
10 AFFILIATION FEES		
tuc	101,986	98,064
scottish tuc	2,421	2,344
irish congress of trade unions	2,901	2,721
welsh tuc	140	151
fia	54,923	56,525
federation of entertainment unions	2,500	2,500
trade unions	164,871	162,305
amnesty	125	120
association of british theatre technicians	250	250
british copyright council	1,477	1,381
justice for columbia	300	300
liberty	450	431
radio academy	888	888
trades councils and sundry	460	179
unions 21	500	500
welsh association of performing arts	210	210
	£169,531	£166,564
11 GRANTS		
actors' centres	15,000	15,000
act for change project	2,000	nil
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	5,292	5,242
drama uk	9,500	9,500
ipat / comic relief	nil	10,000
other grants	nil	1,000
	£54,760	£63,710
12 ORGANISING EXPENSES		
organising / staff	50,623	57,385
international organising	27,954	26,124
organising / retention and recruitment	15,973	nil
meetings / council	25,622	29,615
meetings / members	47,145	54,952
meetings / general branches	16,850	16,138
meetings / variety branches	15,913	14,569
meetings	105,530	115,274
motor car expenses	57,942	55,561
commission (5% for subscriptions collected)	4,251	2,111
branch funding	3,353	3,193
	£265,626	£259,648
13 PROFESSIONAL COSTS		
amounts paid to auditors / audit fees	22,250	22,050
amounts paid to auditors / fees for other services	12,550	12,413
legal & professional fees	210,774	232,016
property management fees	11,509	9,500
stockbroker management fees	62,066	47,400
	£319,149	£323,379

NOTES TO THE ACCOUNTS

	2014	2013				
14 PROPERTY AND EQUIPMENT COSTS						
office occupancy (rent, rates, light, heat and cleaning)	278,939	267,299				
hire and maintenance of office equipment	76,950	68,872				
building maintenance and external repairs	5,275	282				
decoration and internal repairs	22,386	14,061				
insurance	18,808	18,596				
	£402,358	£369,110				
15 TAXATION						
income tax repayable	-7,021	-10,203				
	-£7,021	-£10,203				
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 2014 the union had the following annual obligations under non-cancellable operating leases						
office equipment and motor vehicles						
expiring within one year	8,309	1,640				
expiring between one to two years	39,624	17,996				
expiring between two to five years	nil	24,653				
land and buildings						
expiring between two to five years	nil	nil				
expiring over five years	11,162	11,161				
	£59,095	£55,450				
17 TANGIBLE FIXED ASSETS						
	freehold land and buildings	freehold improvements	lift	computer equipment	office equipment	total
cost						
at 1 january 2014	2,470,941	115,440	90,017	480,606	80,145	3,237,149
additions	nil	nil	nil	78,484	13,969	92,453
disposals	nil	nil	nil	-45,904	-5,748	-51,652
at 31 december 2014	2,470,941	115,440	90,017	513,186	88,366	3,277,950
depreciation						
at 1 january 2014	425,645	80,808	9,002	190,692	57,949	764,096
disposals	nil	nil	nil	-45,904	-5,748	-51,652
charge for the year	20,314	23,088	9,002	80,430	19,667	152,501
at 31 december 2014	445,959	103,896	18,004	225,218	71,868	864,945
net book value						
at 31 december 2014	2,024,982	11,544	72,013	287,968	16,498	£2,413,005
at 31 december 2013	2,045,296	34,632	81,015	289,914	22,196	£2,473,053

NOTES TO THE ACCOUNTS

	2014	2013
18 INVESTMENTS		
cost at 1 january	8,659,346	6,544,904
purchases	4,714,309	4,806,687
sales	-3,991,406	-2,788,955
profit on sale	390,258	96,710
movement in provision for impairment	135,000	nil
cost at 31 december	£9,907,507	£8,659,346
market value at 31 december	£11,078,324	£10,105,136

The investment portfolios are held with Charles Stanley & Co Limited and Adam & Company (previously 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	7,021	10,203
season ticket loans to staff	26,697	22,124
sundry debtors	484,535	93,428
prepayments and accrued income	589,355	610,432
£1,107,608	£736,187	

20 CASH AT BANK AND IN HAND		
bank deposit accounts	4,050,000	8,250,000
bank current accounts	295,329	425,579
cash with stockbrokers	997,597	354,878
cash in hand	15,472	16,264
£5,358,398	£9,046,721	

Included within cash at bank and in hand is £2,821,124 (2013 - £5,816,522) held for distribution to members (refer note 21) and £356,095 (2013 - £336,048) in relation to amounts held under escrow (refer note 22).

21 AMOUNTS COLLECTED FOR DISTRIBUTION		
monies held for distribution at 1 january	7,150,411	3,155,412
monies received	3,469,008	5,145,076
monies distributed	-6,464,406	-1,150,077
monies held for distribution at 31 december	£4,155,013	£7,150,411
analysed as to		
monies received between 1995 and 1997 (a)	1,333,889	1,333,889
monies distributable	2,821,124	5,816,522
£4,155,013	£7,150,411	

(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	356,095	336,048
trade creditors	187,345	109,763
sundry creditors	406,244	353,760
taxation and social security	240,480	159,622
accruals and deferred income	607,576	1,022,559
£1,797,740	£1,981,752	

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 (2013 - £nil).

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 2014 Equity recognised 1) rental income and service charges of £62,812 (2013 - £61,969) due from BECS for the occupancy of offices within Guild House and 2) administration charges of £nil (2013 - £10,006) to cover salary costs of staff providing support services. As at 31 December 2014 there was no balance outstanding (2013 - £nil).

> In the year ended 31 December 2014 Equity recognised income of £14,102 (2013 - £nil) due from BECS relating to BBC ex-gratia monies that were undistributable. As at 31 December 2014 there was a balance outstanding from BECS of £nil (2013 - £9,960).

> During the year ended 31 December 2014 Equity recognised costs payable to BECS of £17,709 (2013 - £15,537) which represents BECS' share (1.5%) of era monies received by Equity. As at 31 December 2014 there was a balance due to BECS of £17,709 (2013 - £15,537).

> In accordance with the terms of the distribution contract which commenced on 1 September 2011, Equity paid royalty monies to BECS amounting to £6,464,406 (inc vat) (2013 - £1,211,751) which are to be distributed to members. As at 31 December 2014 there was no balance outstanding (2013 - £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 2014 Equity received licence revenues (x-vat) of £1,180,575 (2013 - £1,035,813). As at 31 December 2014 there was a balance outstanding of £440,448 inc vat (2013 - £nil).

Grants to related parties

During the year Equity made grants to the British Association for performing arts medicine (2014 - £20,000, 2013 - £20,000), the Council for dance education and training (2014 - £2,968, 2013 - £2,968), the International Performers' Aid Trust (2014 - £nil, 2013 - £10,000) and Drama UK (2014 - £9,500, 2013 - £9,500), where a member of Council or a member of staff serves on the governing body of the organisation. As at 31 December 2014 there were no balances outstanding with any of these organisations (2013 - £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 2014 Equity received invoices for legal services amounting to £185,082 inc vat (2013 - £215,387 inc vat). As at 31 December 2014 there were no invoices outstanding (2013 - £nil).

	balance at 1 january	income	expenditure	other recognised gains and losses	transfers to (from) designated reserves	balance at 31 Dec
26 FUNDS EMPLOYED						
general fund	7,462,361	6,837,478	-6,058,822	-2,873,742	nil	5,367,275
benevolent fund	304,149	20,615	-25,793	0	nil	298,971
members' funds	7,766,510	6,858,093	-6,084,615	-2,873,742	0	5,666,246
legal defence costs	200,000				nil	200,000
industrial disputes	100,000				nil	100,000
designated reserves	300,000				0	300,000
funds employed 2014	8,066,510	6,858,093	-6,084,615	-2,873,742	0	£5,966,246
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

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 2014 by a qualified independent actuary. The assumptions used were as follows:

financial assumptions	2014	2013
discount rate	3.60%	4.60%
retail price inflation (rpi)	3.20%	3.50%
consumer price inflation (cpi)	2.20%	2.50%
salary increases	n/a	n/a
rate of increases of pensions in payment	3.10%	3.40%
rate of increase for deferred pensioners	2.20%	2.50%
expected return on assets	5.80%	6.46%

The overall expected return on assets assumption of 5.80% as at 31 December 2014 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		2014		2013							
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		2014		2013							
		male	female	male	female						
life expectancy for an individual aged 65 in 2014		23.8 years	25.1 years	23.8 years	25.1 years						
life expectancy at age 65 for an individual aged 45 in 2014		25.1 years	26.6 years	25.1 years	26.6 years						
asset class		2014		2013		2012		2011		2010	
		market value	% of total scheme assets	market value	% of total scheme assets	market value	% of total scheme assets	market value	% of total scheme assets	market value	% of total scheme assets
equities		8,899	44%	8,467	45%	7,849	46%				
bonds		6,528	32%	5,998	32%	5,933	34%				
gilts		476	2%	473	2%	522	3%				
property		2,076	10%	1,797	10%	659	4%				
cash		942	5%	801	4%	802	5%				
secured annuities		1,350	7%	1,338	7%	1,428	8%				
total		£20,271		£18,874		£17,193					
the actual return on assets over the period was		£1,330		£1,599							
reconciliation to the balance sheet		2014		2013							
		£'000		£'000							
market value of assets		20,271		18,874							
present value of liabilities		26,195		21,721							
pension liability recognised in the balance sheet		-£5,924		-£2,847							
analysis of changes in the value of the scheme liabilities over the year		2014		2013							
		£'000		£'000							
value of liabilities at start of year		21,721		20,757							
service cost		481		421							
interest cost		998		912							
benefits paid		-513		-462							
actuarial (gains) / losses		3,508		93							
value of liabilities at end of year		£26,195		£21,721							
analysis of changes in the value of the scheme assets over the year		2014		2013							
		£'000		£'000							
market value of assets at start of year		18,874		17,193							
expected return on scheme assets		1,221		1,022							
actuarial gains / (losses)		109		577							
employer contributions		580		544							
benefits paid		-513		-462							
market value of assets at end of year		£20,271		£18,874							
analysis of amounts charged to operating profit		2014		2013							
		£'000		£'000							
current service cost		481		421							
net gain / (loss) charged to the income and expenditure account		£481		£421							
analysis of amounts charged to other finance income		2014		2013							
		£'000		£'000							
interest on liabilities		-998		-912							
expected return on scheme assets		1,221		1,022							
net (charge) / credit to other finance income		£223		£110							
total income and expenditure account		£258		£311							
amounts recognised in other recognised gains and losses		2014		2013							
		£'000		£'000							
actuarial gains / (losses)		-3,399		484							
total amount recognised in other recognised gains and losses		-£3,399		£484							

NOTES TO THE ACCOUNTS

history of assets, liabilities, experience gains and losses

	2014	2013	2012	2011	2010
	£'000	£'000	£'000	£'000	£'000
market value of scheme assets	20,271	18,874	17,193	15,538	15,824
value of scheme liabilities	26,195	21,721	20,757	18,215	17,076
deficit in the scheme	-5,924	-2,847	-3,564	-2,677	-1,252
gains / (losses) arising on scheme liabilities					
due to experience	0	0	1,071	-280	282
% of liabilities	0%	0%	5%	-2%	2%
due to change of basis	-3,508	-93	-2,882	-173	-2,093
% of liabilities	-13%	0.0%	-14%	-1%	-12%
experience gains / (losses) arising on scheme assets	109	577	894	-1,180	720
% of assets	1%	3%	5%	-8%	5%

The cumulative amount of actuarial gains and losses recognised in other recognised gains and losses (since 2002) is - £5,756,000.

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 £600,000 to the scheme during the accounting year beginning 1 January 2015.

28 OFFICIALS' SALARIES AND OTHER BENEFITS

	remuneration	employers' national insurance contributions	employers' pension contributions	2014	2013
Executive	nil	nil	nil	nil	nil
President / Malcolm Sinclair	nil	nil	nil	nil	nil
General Secretary / Christine Payne	79,162	9,772	27,445	116,378	112,677
	79,162	9,772	27,445	116,378	112,677

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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