

Equity Accounts 2017



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 (the 'union') for the year ended 31 December 2017 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 2017 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.

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.

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 in the financial statements or 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.

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 directors 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/auditorsresponsibilities. This description forms part of our auditor's report.

Moore Stephens LLP

Chartered Accountants Statutory Auditor
150 Aldersgate Street, London, EC1A 4AB

Report of the Honorary Treasurer

I am pleased to report that in 2017 Equity again achieved an operating surplus (before pension liability) and that, thanks to a noted improvement in our declared pension liability, our net assets now stand at £14,455,169.

On Page 5 you will see that our subscription income – the core funding of our union – was £5,273,556, just £9,521 higher than the figure for 2016. It should be remembered that there was no increase in subscription rates during 2017. However subscription rates were increased by 2.4% from 1 January 2018 and it is clear that the figures for subscription income must improve. Income related to members and other performers in 2017 came to £1,365,688. Our total income in 2017 was £7,413,951 – a decrease of £239,545 or 3.13% on the previous year.

Our total expenditure in 2017 was £7,244,714 – an increase of £324,919 or 4.7%. Total staff costs (Note 6) came to £3,882,484 up by £379,375 or 10.83%. Equity spent a total of £968,939 providing benefits for its members (Note 7). The Benevolent Fund gave grants totalling £30,736 to 145 members in financial hardship. Funeral benefits for 2017, excluding life members, came in at £23,293.

Equity achieved an operating surplus (before pension liability) of £169,237, compared to £733,701 in 2016. 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 was £2,507,877 – much better than the minus figure of £128,780 achieved in 2016.

Turning to the statement of financial position on Page 6, our net assets excluding pension liability are shown as £20,587,169. From this we have to deduct the pension liability of £6,132,000. 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. This means that the declared deficit of

£6,132,000 bears little relationship to how the funds of the Scheme are actually invested. But it is worth pointing out that, even when using this formula, the position of the Staff Pension Scheme has improved significantly in 2017. Deducting this pension liability from the net assets figure of £20,587,169 results in a figure for funds employed of £14,455,169.

Note 20 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 2017 was £15,364,739 compared to £14,306,036 a year earlier. Both these figures include a small element of monies held in cash rather than invested. 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 paragraph on Page 7 which 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 on 1 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 £62,217 of these monies was spent in 2017, leaving a balance of £738,116 to be spent in future years.

I wish to refer also to Notes 22 and 23. This shows that, at the end of year, Equity was holding a total of £17,809,513 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. It is expected that these distributions will gather pace in 2018.

In 2017 Equity’s membership figures increased to 43,555. We again achieved an operating surplus before pension adjustments, this time of £169,237. Our net assets now stand at £14,455,169. The union’s financial position therefore remains strong and I commend these accounts to you.

Bryn Evans
HONORARY TREASURER

30 January 2018

Statement of comprehensive income

	<i>note</i>	2017	2016
INCOME			
subscriptions from members		5,273,556	5,264,035
income related to members and other performers	2	1,365,688	1,442,676
investment income	3	532,865	472,398
rental income	4	46,242	112,160
other income	5	195,600	362,227
TOTAL INCOME		7,413,951	7,653,496
expenditure			
staff costs	6	3,882,484	3,503,109
benefits to members	7	968,939	1,076,477
democratic costs	8	175,796	150,461
administrative expenses	9	319,438	390,899
affiliation fees	10	192,548	176,231
grants	11	55,321	58,165
organising expenses	12	360,446	336,141
professional costs	13	377,573	415,758
property and equipment costs	14	466,524	444,270
depreciation	19	169,173	145,286
vat irrecoverable		176,472	222,998
exceptional costs	16	100,000	nil
TOTAL EXPENDITURE		7,244,714	6,919,795
OPERATING SURPLUS BEFORE PENSION ADJUSTMENTS		169,237	733,701
interest cost		-194,000	-178,000
administration expenses		-66,000	-72,000
pension adjustments	29	-260,000	-250,000
profit on sale of investments	20	219,323	192,303
unrealised gain / (loss) on investments	20	812,432	1,286,677
non operational items		1,031,755	1,478,980
income tax repayable		1,798	2,342
deferred tax		-8,913	-298,136
tax (charge) / credit	15	-7,115	-295,794
actuarial gain / (loss) on the pension scheme	29	1,574,000	-2,596,000
release of Unknown Funds		nil	800,333
other comprehensive income		1,574,000	-1,795,667
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		£2,507,877	-£128,780

Statement of financial position

	note	2017	2016
tangible fixed assets	19	7,269,025	6,598,857
investments	20	15,285,570	13,639,628
FIXED ASSETS		22,554,595	20,238,485
sundry debtors and prepayments	21	898,631	983,072
cash with stockbrokers	20	79,169	666,408
cash at bank and in hand	22	18,973,503	6,750,094
CURRENT ASSETS		19,951,303	8,399,574
amounts collected for distribution	23	-17,809,513	-4,207,670
subscriptions received in advance		-1,076,291	-998,966
sundry creditors and accruals	24	-2,034,055	-3,153,401
CURRENT LIABILITIES		-20,919,859	-8,360,037
NET CURRENT ASSETS / (LIABILITIES)		-968,556	39,537
PROVISION FOR LIABILITIES	27	-998,870	-909,730
NET ASSETS EXCLUDING PENSION LIABILITY		20,587,169	19,368,292
PENSION LIABILITY	29	-6,132,000	-7,421,000
net assets including pension liability		£14,455,169	£11,947,292
FINANCED BY			
members' funds		14,455,169	11,947,292
FUNDS EMPLOYED		£14,455,169	£11,947,292

Approved by Equity Council on 30 January 2018

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 2016	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
income	7,410,724		3,227			7,413,951
expenditure	-7,213,978		-30,736			-7,244,714
pension adjustments	-260,000					-260,000
non operational items	1,031,755					1,031,755
tax	-21,533	14,418				-7,115
other comprehensive income	1,574,000					1,574,000
at 31 December 2017	9,531,867	4,244,705	378,597	200,000	100,000	£14,455,169

Revaluation reserve: freehold land and buildings are stated at deemed cost at 1 January 2014. the surplus compared to book value (£4,244,705) 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 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. From 2007 to 2016, the Annual Accounts showed a sum of £1,333,889 held by the union since around 1995-1997 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 and 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 £62,217 of these monies was spent in 2017, leaving a balance of £738,116 to be spent in future years.

Statement of cash flows

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
operating surplus for the year	169,237	733,701
adjustments for depreciation	169,173	145,286
frs 102 pension adjustment included in staff costs	25,000	-137,000
changes in		
(increase) / decrease in debtors	-923,841	-338,355
increase / (decrease) in creditors	13,568,104	1,208,196
increase / (decrease) in provision for liabilities	80,227	-34,318
net cash inflow from operating activities	13,087,900	1,577,510
CASH FLOWS FROM INVESTING ACTIVITIES		
net interest and dividends received reinvested	-460,948	-410,189
cash withdrawn from the investment portfolio	434,000	nil
purchase of fixed assets	-839,341	-72,227
tax	1,798	2,342
net cash (outflow) from investing activities	-864,491	-480,074
increase / (decrease) in cash and cash equivalents	12,223,409	1,097,436
cash and cash equivalents at 1 January	6,750,094	5,652,658
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	£18,973,503	£6,750,094

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, which is derived from commissions deducted and fees charged for amounts distributed to performers, is recognised when the monies are distributed.

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
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 telephone	33%pa
fixed telephones	20%pa
office equipment	20%pa

Assets which were fully depreciated at 1 January 2017 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 balance sheet 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.

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.

Income from distributions: Income from distributions, which is derived from fees charged to third parties in anticipation of the distributions to be made, is recognised at the point of delivery but mindful of the contractual position giving entitlement to the fee income. During the transition to Equity taking back the distributions from the British Equity Collecting Society (see note 28) there is uncertainty over the degree of completion of the distribution process and hence the amounts of the fees earned up to 31 December 2017. This uncertainty is expected to reduce significantly during the next financial year as the distribution process operates on a regular basis as part of the systems Equity has now put in place.

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 2017 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

	2017	2016
1 NUMBER OF MEMBERS		
female	22,164	21,084
male	21,391	20,757
	43,555	41,841
2 INCOME RELATED TO MEMBERS AND OTHER PERFORMERS		
educational recording agency (era)	1,261,700	1,296,110
services sound and vision corporation	16,000	16,000
income from distributions	84,761	nil
non-distributable cable re-transmission monies (b)	nil	48,366
donations to the benevolent fund	3,227	34,517
transfer to the benevolent fund (a)	nil	47,683
	£1,365,688	£1,442,676
(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	nil	16,958
interest paid on royalty monies distributed	nil	-18,046
interest and dividends received from investments	532,862	473,475
other	3	11
	£532,865	£472,398
4 RENTAL INCOME		
rental income	24,640	58,690
rebilled services	21,602	53,470
	£46,242	£112,160

Notes to the accounts

	2017	2016
5 OTHER INCOME		
advertising	25,516	18,100
advertising on the website	8,333	8,333
contribution to costs / us film studios	83,164	153,776
facility payments (recorded media department)	39,750	22,750
film & tv distribution charge	nil	15,005
industry information service	7,803	7,314
legal recoveries (collective conditional fee agreement)	2,300	7,900
merchandise	90	102
reimbursement of audit fees for royalty project	nil	80,366
sale of contract forms	8	11
sponsorship	11,457	16,401
other	17,179	32,169
	£195,600	£362,227
6 STAFF COSTS		
salaries	2,681,762	2,548,580
provision for holiday pay	2,000	2,000
national insurance	304,774	287,440
pension contributions	793,885	749,725
frs 102 adjustment (refer note 29)	25,000	-137,000
pension charge calculated in accordance with frs 102	818,885	612,725
pension scheme regulatory levy	15,832	14,084
recruitment	19,628	17,998
training	25,648	15,991
welfare	13,955	4,291
	£3,882,484	£3,503,109
7 BENEFITS TO MEMBERS		
funeral benefits payable to non life members (a)	23,293	19,310
grants from the benevolent fund	30,736	21,720
benefits and grants	54,029	41,030
diaries	34,558	33,977
equity magazine	161,408	161,838
equity dvd	nil	975
insurance booklet	925	1,840
networking events	nil	58
new member guides	1,925	1,975
newspaper cutting service	1,449	1,135
website	9,875	48,310
communications	210,140	250,108
accident and backstage insurance (a)	301,340	279,344
equipment	8,333	nil
public liability insurance	139,584	127,196
insurance	449,257	406,540
legal aid / contractual disputes	165,117	190,974
legal aid / variety barring claim	-15,186	130,000
legal aid / personal accident claims (a)	1,313	nil
legal aid	151,244	320,974
theatre awards	8,711	9,092
other	500	1,975
live performance department	9,211	11,067
special royalty projects	nil	20,379
recorded media department	nil	20,379
bursaries to students and young people	2,000	2,000
campaigning	34,298	19,433
conferences	2,974	nil
equity tennis tournament	250	250
professional fees (related to members)	43,057	3,750
training	12,479	946
other	95,058	26,379
	£968,939	£1,076,477

(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

	2017	2016
8 DEMOCRATIC COSTS		
annual conference	75,914	79,009
annual report / review of the year	20,756	19,340
council election (a)	nil	38,494
national, area and specialist committee elections	57,951	nil
elections	57,951	38,494
rule change referendum	21,175	13,618
	£175,796	£150,461
(a) includes the elections of the Council, President, Appeals and Standing Orders Committees.		
9 ADMINISTRATIVE EXPENSES		
advertising and marketing	20,823	23,603
bank charges	51,473	41,358
books and publications	6,758	5,245
computer support	126,375	109,363
costs of distribution (refer note 16)	-80,000	36,251
general expenses	14,700	9,892
printing, postage & stationery	147,070	133,604
telecommunications	32,239	31,583
	£319,438	£390,899
10 AFFILIATION FEES		
tuc	116,001	110,836
fia	62,345	53,500
federation of entertainment unions	2,500	2,500
irish congress of trade unions	3,464	2,690
scottish tuc	3,441	2,693
welsh tuc	148	148
trade unions	187,899	172,367
amnesty	120	120
association of british theatre technicians	250	250
bafta	271	271
justice for columbia	300	310
liberty	431	431
maternity action	120	120
radio academy	900	900
trades councils and sundry	762	367
unions 21	1,495	875
welsh association of performing arts	nil	220
	£192,548	£176,231
11 GRANTS		
actors' centres	15,000	15,000
british association for performing arts medicine	30,000	20,000
council for dance education and training	3,079	3,048
dance uk / healthier dance program	2,792	5,292
drama uk	nil	9,500
parents in performing arts	nil	325
other grants	4,450	5,000
	£55,321	£58,165
12 ORGANISING EXPENSES		
organising / staff	89,098	70,460
organising / international	27,523	43,372
organising / retention and recruitment	63,235	44,054
council members	24,354	27,528
general branches	58,087	54,477
variety branches	19,034	18,433
meetings	13,838	14,263
meetings	115,313	114,701
motor car expenses	61,437	56,645
commission (5% for subscriptions collected)	964	3,256
branch funding	2,876	3,653
	£360,446	£336,141

Notes to the accounts

2017

2016

13 PROFESSIONAL COSTS

amounts paid to auditors / audit	24,350	23,150
amounts paid to auditors / other services	16,481	29,667
legal & professional	267,334	300,462
property management	9,507	9,503
stockbroker management	59,901	52,976
	£377,573	£415,758

14 PROPERTY AND EQUIPMENT COSTS

office occupancy (rent, rates, light, heat and cleaning)	309,147	288,148
hire and maintenance of office equipment	113,618	114,089
building maintenance and external repairs	7,400	6,584
decoration and internal repairs	15,048	16,046
insurance	21,311	19,403
	£466,524	£444,270

15 TAX

income tax repayable	-1,798	-2,342
deferred tax	8,913	298,136
	£7,115	£295,794

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	£100,000	nil
--	-----------------	-----

as at 31 december 2016, Equity had accrued the sum of £80,000 in respect of potential commission due on monies received by Equity that were to be distributed by BECS. In the event, the Distribution Agreement with BECS was terminated, no such commission payment was made and the accrual has been reversed in the 2017 accounts (refer note 9). 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. At the time of writing, this offer has not been accepted by 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	83,395	73,438
within two to five years	65,159	120,690
	£148,554	£194,128

18 KEY MANAGEMENT

key management compensation of £308,164 was paid in the year (2016 - £302,036).

19 TANGIBLE FIXED ASSETS

	freehold land and buildings	freehold improvements	computer equipment	office equipment	total
cost or deemed cost					
at 1 january 2017	6,290,000	90,017	655,510	44,250	7,079,777
additions	nil	nil	831,073	8,268	839,341
disposals	nil	nil	-46,709	-8,011	-54,720
at 31 december 2017	6,290,000	90,017	1,439,874	44,507	7,864,398
depreciation					
at 1 january 2017	79,800	36,007	338,100	27,013	480,920
disposals	nil	nil	-46,709	-8,011	-54,720
charge for the year	26,600	9,001	122,443	11,129	169,173
at 31 december 2017	106,400	45,008	413,834	30,131	595,373
net book value					
at 31 december 2017	6,183,600	45,009	1,026,040	14,376	£7,269,025
at 31 december 2016	6,210,200	54,010	317,410	17,237	£6,598,857

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

2017

2016

20 INVESTMENTS

market value at 1 january	14,306,036	12,416,868
realised profits	219,323	192,303
movement in unrealised gains	812,432	1,286,677
dividends received	532,862	473,475
management fees charged	-70,368	-61,616
other	-1,546	-1,671
cash withdrawn	-434,000	nil
market value at 31 december	£15,364,739	£14,306,036
shown as		
investments	15,285,570	13,639,628
cash with stockbrokers	79,169	666,408
	£15,364,739	£14,306,036

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 AMOUNTS COLLECTED FOR DISTRIBUTION

income tax repayable	1,799	1,625
season ticket loans to staff	26,809	28,882
sundry debtors	313,953	430,427
prepayments and accrued income	556,070	522,138
	£898,631	£983,072

22 CASH AT BANK AND IN HAND

bank deposit accounts	10	10
bank current accounts	1,147,246	2,525,893
cash held for distribution	17,809,513	4,207,670
cash in hand	16,734	16,521
	£18,973,503	£6,750,094

included within cash at bank and in hand is £393,275 (2016 - £694,773) in relation to amounts held under escrow (refer note 24).

23 AMOUNTS COLLECTED FOR DISTRIBUTION

monies held for distribution at 1 january	4,207,670	4,903,033
monies received from 3rd parties	10,643,524	7,958,039
monies received from BECS	7,103,835	nil
monies distributed	-4,145,516	-7,319,513
release unknown funds	nil	-1,333,889
monies held for distribution at 31 december	£17,809,513	£4,207,670

24 SUNDRY CREDITORS AND ACCRUALS

amounts held in escrow	393,275	694,773
trade creditors	180,745	774,547
sundry creditors	133,653	502,309
taxation and social security	263,507	277,858
accruals and deferred income	1,062,875	903,914
	£2,034,055	£3,153,401

Notes to the accounts

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 (2016 - £nil).

27 PROVISION FOR LIABILITIES

	balance at 1 january	movement during the year	balance at 31 december
funeral benefits payable to life members	408,963	-21,773	387,190
holiday pay	61,000	2,000	63,000
long term compensated absence	60,000	nil	60,000
provision for discretionary settlement payable to becs	nil	100,000	100,000
property revaluation	14,418	-14,418	nil
unrealised gains on the investment portfolio	463,439	68,597	532,036
capital losses carry forward	-16,298	16,298	nil
excess management expenses	nil	-60,416	-60,416
funeral benefits payable to life members	-81,792	15,970	-65,822
other timing differences	nil	-17,118	-17,118
deferred tax	379,767	8,913	388,680
	£909,730	£89,140	£998,870

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

British Equity Collecting Society ("BECS")

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. 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.

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 2017 Equity recognised rental income and service charges of £22,508 (2016 - £88,244) due from BECS for the occupancy of offices within Guild House.

> In the year ended 31 December 2017 Equity recognised income of £nil

(2016 - £47,683) due from BECS relating to BBC Simultaneous European Retransmission (SER) monies that were undistributable.

> In accordance with the terms of the distribution agreement which terminated on 28 february 2017, Equity paid royalty monies to BECS amounting to £nil (2016 - £7,319,513 inc vat), which are to be distributed to members.

Educational Recording Agency ("ERA")

During the year the Union undertook transactions with ERA in which an officer of the Union served as a director. In the year ended 31 December 2017 Equity received licence revenues (x-vat) of £1,261,700 (2016 - £1,296,110).

Grants to related parties

During the year Equity made grants to the British Association for Performing Arts Medicine (2017 - £30,000, 2016 - £20,000), the Council for dance education and training (2017 - £3,079, 2016 - £3,048) and Drama UK (2017 - £nil, 2016 - £9,500), 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' final 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 2015. This valuation revealed a funding shortfall of £2,000,000. The next triennial valuation will take place as at 6 april 2018. The Union agreed to pay annual 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 6.2% of members' pensionable salaries plus £10,000 each year. The Union therefore expects to pay around £700,000 to the scheme during the accounting year beginning 1 january 2018.

significant actuarial assumptions

the results of the most recent formal actuarial valuation as at 6 april 2015 have been updated to 31 december 2017 by a qualified independent actuary. The significant assumptions used were as follows:

	2017 £'000	2016 £'000
discount rate	2.4%	2.6%
rpi inflation	3.1%	3.3%
cpi inflation	2.0%	2.2%
life expectancies (years)		
for a male aged 65 in 2017	23.0	23.1
for a female aged 65 in 2017	24.0	24.2
at age 65 for a male aged 45 in 2017	24.1	24.3
at age 65 for a female aged 45 in 2017	25.2	25.6
assets		
the fair value of the assets of the scheme are invested as follows:		
equities	10,031	11,958
bonds	9,673	8,407
dgfs	2,450	nil
property	2,486	2,090
cash	239	150
annuities	961	1,057
	£25,840	£23,662
interest income	613	788
return on assets excluding interest income	1,697	2,252
total return on assets	£2,310	£3,040
reconciliation to the statement of financial position		
market value of assets	25,840	23,662
present value of defined benefit obligation	-31,972	-31,083
pension liability recognised in the statement of financial position	-£6,132	-£7,421

Notes to the accounts

29 PENSION FUND cont'd

reconciliation of scheme assets and defined benefit obligation (dbo)

	assets	dbo	2017 total	2016 total
at 31 december	23,662	-31,083	-7,421	-4,712
benefits paid	-750	750	nil	nil
employer contributions	684		684	623
current service cost		-709	-709	-486
amounts recognised in income and expenditure (note 6)	684	-709	-25	137
administration expenses	-66		-66	-72
interest income / (cost)	613	-807	-194	-178
amounts recognised as pension adjustments	547	-807	-260	-250
actuarial gains / (losses)		-123	-123	-4,848
return on assets excluding interest income	1,697		1,697	2,252
amounts recognised in other comprehensive income	1,697	-123	1,574	-2,596
at 31 december	25,840	-31,972	-£6,132	-£7,421

30 OFFICIALS' SALARIES AND OTHER BENEFITS

	2017	2016
Executive	nil	nil
President / Malcolm Sinclair	nil	nil
General Secretary / Christine Payne	115,504	113,650
	£115,504	£113,650

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 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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