



ACCOUNTS 2020

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

In our opinion, the financial statements:

- give a true and fair view of the state of the Union's affairs as at 31 December 2020 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.

We have audited the financial statements of Equity (the 'Union') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows 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).

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

In auditing the financial statements, we have concluded that the Executive Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Union's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Executive Council with respect to going concern are described in the relevant sections of this report.

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.

Matters on which we are required to report by exception

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 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements, including how fraud may occur by enquiring of management of its own consideration of fraud. In particular, we looked at where management made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also considered potential financial or other pressures, opportunity and motivations for fraud. As part of this discussion we identified the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations and how management monitor these processes. Appropriate procedures included the review and testing of manual journals and key estimates and judgements made by management.

We gained an understanding of the legal and regulatory framework applicable to the Union and the industry in which it operates, drawing on our broad sector experience, and considered the risk of acts by the Union that were contrary to these laws and regulations, including fraud.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Trade Union & Labour Relations Act 1992, UK tax legislation and equivalent local laws and regulations.

We made enquiries of management with regards to compliance with the above laws and regulations and corroborated any necessary evidence to relevant information, for example,

minutes of Executive Council meetings, legal reports provided to the Executive Council and correspondence between the Union and its solicitors.

Our tests included agreeing the financial statements disclosures to underlying supporting documentation and enquiries with management.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits, we also addressed the risk of management override of internal controls including testing journals and evaluation whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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.

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

Report of the Honorary Treasurer

2020 was a difficult year for everyone. The arrival of the pandemic reduced the work of our members to very close to zero and had a profound effect on the union's finances. As the Annual Accounts show, in 2020 our expenditure exceeded our income, which led to an operating deficit of £110,209. The net assets of the union have also fallen significantly, largely because of our indebtedness to the Equity Staff Pension Scheme. I will return to these matters later in my Report.

On Page 8 you will see that our subscription income - the core funding of the union - was £6,076,871, an increase of £78,507 or 1.31%. This is a much lower increase than we had expected and is a consequence of our membership figures falling from 48,176 to 46,645 as at 31 December 2020.

Income related to members and other performers in 2020 came to £1,993,429, an increase of £183,790 or 10.16%. This is accounted for by increases in the monies received from the Educational Recording Agency (ERA) and donations to the Benevolent Fund of £309,766. However the income from our Equity Distribution Services reduced from £443,289 to £317,070. In 2020 our investment income reduced to £420,097, not a surprise given the uncertainty on the UK stock market caused by the pandemic. Other income (Note 4) rose to £412,135; this figure includes government furlough grants of £265,279.

Our total income in 2020 was £8,902,532 - an increase of £153,903 or 1.76%. Our total expenditure was £9,012,741 - up by £907,188 or 11.19%. Total staff costs (Note 5) came to £4,385,578, £270,155 or 6.56% more than in 2019. Equity spent a total of £2,192,370 providing benefits for its members (Note 6) compared to £1,229,317 the previous year. This is largely explained by Equity Council's decision to place £1 million in the Benevolent Fund to give assistance to members hit by the pandemic crisis. In the event a total of £1,249,504 was paid out in welfare and subscription grants. Funeral grants, excluding life members, came in at £27,418.

In 2020 Equity had an operating deficit of £110,209. It is clear that, had the Council not authorised Benevolent Fund expenditure of over £1 million, the union would have had an operating surplus. But it was absolutely right to provide this support to our members.

On Page 8 immediately below "operating deficit" are various

sections comprising pension adjustments, non-operational items, tax credit and other comprehensive income. All of these figures are negative. When these figures are taken into consideration, our total comprehensive expense for 2020 was £5,641,650.

Turning to the statement of financial position on Page 9, our net assets excluding pension liability are shown as £22,023,094. From this we have to deduct the pension liability of £13,060,000. I should draw your attention to the note on Page 17 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 £13,060,000 bears little relationship to how the funds of the Scheme are actually invested. The next triennial valuation of the Scheme is scheduled for April 2021. Deducting the pension liability from the net assets figure of £22,023,094 results in a figure for funds employed of £8,963,094.

Note 19 deals with our investments with two investment houses, Charles Stanley and Adam & Co. In 2020 Equity withdrew £200,000 in cash from our investments. Despite this, the market value of our investments has held steady and at 31 December 2020 was £16,257,098, very close to the value shown in 2019. This figure includes some 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 note (a) on Page 10. This refers to the "unknown funds" of £1,333,889 held since the mid-1990s and for which the union had incomplete records. At the beginning of 2020 the union still held a total of £478,043 of these funds. These were transferred to the Benevolent Fund to cover the exceptionally high level of grants provided in 2020.

I wish to refer also to Note 22. This shows that at the end of the year Equity was holding a total of £12,891,559 for distribution to performers. Processing these payments is

time-consuming and is dependent on accurate data being received. But I am pleased to report that Equity distributed a total of £8,756,582 in 2020.

During 2020 our Finance Department consisted of our Head of Finance, Duncan Smith, and Richard Mason who assisted Duncan. Richard retired in November 2020 and Duncan in February 2021. The Department now consists of our new Head of Finance, Beccy Reese, and our Finance Officer, Gareth Rawlings. I wish to thank all four of them for their hard work and diligence.

As stated earlier, in 2020 we had an operating deficit of £110,209 and our net assets (funds employed) fell to £8,963,094. It would have been unrealistic to expect that Equity would escape the effects of the pandemic. There is still no accurate date for when our industry will be able to return to something approaching normal. Despite the continuing uncertainty, I consider the union to be a going concern as consideration has been given to the impacts of the pandemic on both income and expenditure within our budgeting and forecasting over the next 12 months and to the availability of sufficient working capital.

I commend these accounts to you.

Bryn Evans
Honorary Treasurer
23 March 2021

Statement of comprehensive income

	<i>note</i>	2020	2019
INCOME			
subscriptions from members		6,076,871	5,998,364
income related to members and other performers	2	1,993,429	1,809,639
investment income	3	420,097	533,796
other income	4	412,135	406,831
TOTAL INCOME		8,902,532	8,748,630
expenditure			
staff costs	5	4,385,578	4,115,423
benefits to members	6	2,192,370	1,229,317
democratic costs	7	84,544	158,766
administrative expenses	8	395,706	428,705
affiliation fees	9	221,559	211,482
grants	10	70,828	54,372
organising expenses	11	140,774	329,548
professional costs	12	491,473	506,879
property and equipment costs	13	511,266	527,035
depreciation	18	422,539	382,635
vat irrecoverable		96,104	159,530
exceptional costs	15	nil	1,861
TOTAL EXPENDITURE		9,012,741	8,105,553
OPERATING (DEFICIT) / SURPLUS BEFORE PENSION ADJUSTMENTS		(110,209)	643,077
interest cost		-144,000	-213,000
administration expenses		-70,000	-75,000
pension adjustments	28	-214,000	-288,000
(loss) / profit on sale of investments	19	-212,930	75,829
unrealised gain on investments	19	133,286	2,342,753
profit on sale of glasgow premises		nil	29,540
loss on sale of assets		-1,736	nil
non operational items		-81,380	2,448,122
income tax (payable) / repayable		-5,963	5,081
deferred tax		-9,099	-407,674
tax charge	14	-15,061	-402,593
actuarial (loss) / gain on the pension scheme	28	-5,221,000	590,000
other comprehensive (expense)/income		-5,221,000	590,000
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR		(£5,641,650)	£2,990,660

Statement of financial position

	<i>note</i>	2020	2019
tangible fixed assets	18	7,797,915	7,979,501
investments	19	15,642,552	15,933,569
FIXED ASSETS		23,440,467	23,913,070
sundry debtors and prepayments	20	224,716	713,158
cash with stockbrokers	19	614,545	251,424
cash at bank and in hand	21	14,643,490	20,804,949
CURRENT ASSETS		15,482,751	21,769,531
amounts collected for distribution	22	-12,981,559	-18,564,910
subscriptions received in advance		-1,329,969	-1,559,290
sundry creditors and accruals	23	-1,535,061	-2,403,947
CURRENT LIABILITIES		-15,846,589	-22,528,147
NET CURRENT LIABILITIES		-363,878	-758,616
PROVISION FOR LIABILITIES	26	-1,053,535	-1,003,710
NET ASSETS EXCLUDING PENSION LIABILITY		22,023,094	22,150,744
PENSION LIABILITY	28	-13,060,000	-7,546,000
net assets including pension liability		£8,963,094	£14,604,744
FINANCED BY			
members' funds		8,963,094	14,604,744
FUNDS EMPLOYED		£8,963,094	£14,604,744

Approved by Equity Council on 23 March 2021

Paul W Fleming, General Secretary

Bryn Evans, Honorary Treasurer

Statement of changes in equity

	general	revaluation	benevolent	designated reserve / legal defence costs	designated reserve / industrial disputes	Total
at 1 January 2019	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	590,000					590,000
Transfer	73,490	-73,490				nil
at 31 December 2019	9,775,709	4,171,215	357,820	200,000	100,000	14,604,744
income	8,592,766		309,766			8,902,532
expenditure	-7,763,237		-1,249,504			-9,012,741
pension adjustments	-214,000					-214,000
non operational items	-81,380					-81,380
tax	-15,061					-15,061
other comprehensive (expense)	-5,221,000					-5,221,000
Transfer	-642,180		642,180			nil
at 31 December 2020	4,431,617	4,171,215	60,262	200,000	100,000	£8,963,094

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. An opening balance of £478,043 remained at the beginning of 2020. These remaining funds were transferred to the benevolent fund to cover the exceptional high level of grants provided in the year.

Statement of cash flows

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
operating (deficit)/surplus for the year	-110,209	643,077
adjustments		
for depreciation	422,539	382,635
frs 102 pension adjustment included in staff costs	79,000	nil
changes in		
decrease / (increase) in debtors	488,442	-47,438
decrease in creditors	-6,681,558	-3,748,554
increase / (decrease) in provision for liabilities	49,825	-148,526
net cash (outflow) from operating activities	-5,751,961	-2,918,806
CASH FLOWS FROM INVESTING ACTIVITIES		
net interest and dividends received reinvested	-351,749	-466,245
cash withdrawn from the investment portfolio	200,000	500,000
purchase of fixed assets	-242,788	-718,214
sale of fixed assets	100	164,040
tax	-15,061	5,081
net cash (outflow) from investing activities	-409,498	-515,338
(decrease) in cash and cash equivalents	-6,161,459	-3,434,144
cash and cash equivalents at 1 January	20,804,949	24,239,093
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	£14,643,490	£20,804,949

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 2020 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 2020 by a qualified independent actuary. The actuarial gains and losses from the pension scheme are recognised in other comprehensive income. The key financial assumptions which underpin the liability, notably the discount rate, are shown in note 28.

Going concern

At the date of approving these financial statements, Equity Council acknowledges that the COVID-19 pandemic is creating significant difficulties in the worldwide economy.

The obligation to prepare these financial statements on a going concern basis has been considered by reference to budgets, forecasts and projected cash flows, covering a period of at least the 12 month period from the date of signing these accounts, as well as potential opportunities in relation to the controlled realisation of assets owned by the Union if required. In particular, the Equity Council has integrated the uncertainty surrounding the current COVID-19 pandemic within these budgets and forecasts.

The Union operates in sectors which have seen significant closure and disruption due to government restrictions and guidelines. In 2020 membership numbers fell by 3.18%. In preparing budgets and forecasts for the financial years 2021 and 2022 due consideration has been given to all potential effects of the pandemic on members’ ability to work and the impact on their membership of the Union. Taking into account additional income from furlough receipts and reductions in expenditure due to temporary cessation of physical meetings and travel, Equity Council believes the union has sufficient working capital to enable it to continue as a going concern for the foreseeable future, which is considered to be a period of at least 12 months from the date of signing these accounts.

Notes to the accounts

	2020	2019
1 NUMBER OF MEMBERS		
female	24,513	25,130
male	22,066	22,995
other gender identity	66	51
	46,645	48,176
2 INCOME RELATED TO MEMBERS AND OTHER PERFORMERS		
educational recording agency (era)	1,350,593	1,341,990
services sound and vision corporation	16,000	16,000
income from distributions	317,070	443,289
donations to the benevolent fund	309,766	8,360
	£1,993,429	£1,809,639
3 INVESTMENT INCOME		
bank interest	832	3,442
interest and dividends received from investments	419,265	530,354
	£420,097	£533,796
4 OTHER INCOME		
advertising	8,882	17,865
advertising on the website	8,333	16,667
contribution to costs / us film studios	nil	83,164
facility payments (recorded media department)	52,000	71,000
furlough grants	265,279	nil
industry information service	9,067	8,989
ancillary fee tv and film	nil	129,844
merchandise	19	131
sponsorship	7,063	15,604
other	61,492	63,567
	£412,135	£406,831
5 STAFF COSTS		
salaries	2,970,363	2,894,315
provision for holiday pay	70,000	2,000
provision for long term compensated absence	nil	-30,000
national insurance	327,391	311,121
apprenticeship levy	1,822	1,297
pension contributions	892,358	861,420
pfrs 102 adjustment (refer note 28)	79,000	nil
pension charge calculated in accordance with frs 102	971,358	861,420
pension scheme regulatory levy	23,473	20,927
recruitment	7,056	30,341
training	5,885	13,652
welfare	8,230	10,350
	£4,385,578	£4,115,423

Notes to the accounts

	2020	2019
6 BENEFITS TO MEMBERS		
funeral benefits payable to non life members (a)	27,418	18,855
grants from the benevolent fund	1,249,504	23,745
benefits and grants	1,276,922	42,600
diaries	30,025	27,375
equity magazine	160,722	245,690
insurance booklets	nil	2,142
networking events	334	2,043
new member guides	nil	1,125
newspaper cutting service	1,804	1,832
website	22,710	24,885
communications	215,595	305,092
accident and backstage insurance (a)	321,330	324,524
public liability insurance	149,378	148,908
insurance	470,708	473,432
legal aid / contractual disputes	3,379	191,174
legal aid / personal accident claims (a)	127,221	4,530
legal aid	130,600	195,704
theatre awards	8,140	9,065
other	nil	180
live performance department	8,140	9,245
conference / audible books	nil	4,595
special royalty projects	55,292	26,756
recorded media department	55,292	31,351
bursaries to students and young people	2,000	2,000
campaigning	4,699	22,437
equity tennis tournament	nil	250
professional fees (related to members)	27,375	103,811
training	1,039	10,526
unknown funds	nil	32,869
other	35,113	171,893
	£2,192,370	£1,229,317

(a) deemed provident benefits

The salary costs of staff involved in the provision of benefits to members are included within staff costs (note 5).

7 DEMOCRATIC COSTS

annual conference	nil	105,079
special conference	1,117	nil
annual report / review of the year	1,263	4,559
council election (a)	40,234	nil
general secretary election	38,130	441
national, area and specialist committee elections	3,800	34,926
elections	82,164	35,367
rule change referendum	nil	13,761
	£84,544	£158,766

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

Notes to the accounts

	2020	2019
8 ADMINISTRATIVE EXPENSES		
advertising and marketing	21,927	22,750
bank charges	81,123	80,054
books and publications	3,649	3,801
computer support	115,466	128,289
general expenses	11,397	18,770
printing, postage & stationery	116,285	136,063
telecommunications	45,859	38,978
	£395,706	£428,705
9 AFFILIATION FEES		
TUC	141,306	129,618
FIA	66,429	64,404
Federation of Entertainment Unions	nil	2,500
Irish Congress of Trade Unions	3,542	3,678
Scottish TUC	5,754	4,531
Welsh TUC	486	250
Trade Unions	217,517	204,981
Amnesty	120	120
Association of British Theatre Technicians	250	250
Bafta	330	275
British Screen Advisory Council	nil	2,000
Creators' Rights Alliance	250	250
Justice for Columbia	200	300
Liberty	450	450
Trades councils and sundry	773	1,141
Unions 21	1,669	1,715
	£221,559	£211,482
10 GRANTS		
Actors' centres	15,000	15,000
Alrowwad Arts & Cultural Centre	2,000	1,000
British Association for Performing Arts Medicine	45,000	30,000
Council for Dance, Drama and Musical Theatre (x cdet)	3,236	3,180
Dance UK / Healthier Dance Program	3,092	3,092
Equal Representation for Actresses	nil	2,000
other grants	2,500	100
	£70,828	£54,372
11 ORGANISING EXPENSES		
organising / staff	13,887	70,812
organising / international	1,876	18,124
organising / retention and recruitment	14,957	50,299
council members	6,585	18,647
general branches	22,293	58,741
variety branches	7,692	21,952
	5,795	17,795
meetings	42,365	117,135
motor car expenses	53,645	67,449
commission (5% for subscriptions collected)	2,704	3,195
branch funding	11,340	2,534
	£140,774	£329,548

Notes to the accounts

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2019

12 PROFESSIONAL COSTS

amounts paid to auditors / audit	29,950	25,800
amounts paid to auditors / other services	48,793	31,444
legal & professional	348,717	384,581
property management	9,500	10,010
stockbroker management	54,513	55,044
	£491,473	£506,879

13 PROPERTY AND EQUIPMENT COSTS

office occupancy (rent, rates, light, heat and cleaning)	365,715	357,699
hire and maintenance of office equipment	98,682	108,281
building maintenance and external repairs	nil	29,324
decoration and internal repairs	23,147	8,543
insurance	23,722	23,188
	£511,266	£527,035

14 TAX

income tax repayable	5,692	-5,081
deferred tax	9,099	407,674
	£15,061	£402,593

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.

15 EXCEPTIONAL COSTS

discretionary settlement payable to BECS	nil	£1,861
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16 OPERATING LEASES

At the end of the year, the union had total commitments under non-cancellable operating leases which expire as follows:

within one year	101,940	81,246
within two to five years	212,326	211,170
over 5 years	nil	3,216
	£314,266	£295,632

17 KEY MANAGEMENT

Key management compensation of £337,941 was paid in the year (2019 = £319,397)

18 TANGIBLE FIXED ASSETS

	freehold land and buildings	freehold improvements	computer equipment	office equipment	total
cost or deemed cost					
at 1 january 2020	6,377,754	700,290	1,969,223	89,851	9,137,118
additions	nil	7,235	212,793	22,760	242,788
disposals	nil	nil	-89,843	-13,368	-103,211
at 31 december 2020	6,377,754	707,525	2,092,173	99,243	9,276,695
depreciation					
at 1 january 2020	154,708	121,374	838,480	43,055	1,157,617
disposals	nil	nil	-88,950	-12,426	-101,376
charge for the year	27,778	79,056	290,598	25,107	422,539
at 31 december 2020	182,486	200,430	1,040,128	55,736	1,478,780
net book value					
at 31 december 2020	6,195,268	507,095	1,052,045	43,507	£7,797,915
at 31 december 2019	6,223,046	578,916	1,130,743	46,796	£7,979,501

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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2019

19 INVESTMENTS

market value at 1 January	16,184,993	13,800,166
realised (losses) / gains	-212,930	75,829
movement in unrealised gains	133,286	2,342,753
dividends received	419,265	530,354
management fees charged	-63,537	-63,183
other	-3,980	-926
cash withdrawn	-200,000	-500,000
market value at 31 December	£16,257,097	£16,184,993
shown as		
investments	15,642,552	15,933,569
cash with stockbrokers	614,545	251,424
	£16,257,097	£16,184,993

All investments relate to quoted investments on readily accessible markets, primarily the London stock exchange. Investments are carried at their fair value. The basis of fair value for quoted investments is equivalent to the market value. Asset sales and purchases are recognised at their transaction value. The main investment risk lies in the combination of uncertain investment markets and volatility in yield. The union manages these risks by retaining expert advisors (Charles Stanley & Co Limited and Adam & Company) and operating an investment policy that provides for a high degree of diversification of holdings within investment asset classes that are quoted on recognised stock exchanges. The union does not make use of derivatives and similar complex financial instruments.

There are no investments held in companies involved in the production, sale or distribution of armaments and no direct investment in companies that produce tobacco products.

20 SUNDRY DEBTORS AND PREPAYMENTS

income tax repayable	2,494	8,456
season ticket loans to staff	1,449	19,321
sundry debtors	28,316	24,519
prepayments and accrued income	192,457	660,862
	£224,716	£713,158

21 CASH AT BANK AND IN HAND

bank deposit accounts	10	10
bank current accounts	1,287,478	2,221,957
cash held for distribution	13,337,605	18,564,911
cash in hand	18,397	18,071
	£14,643,490	£20,804,949

Included within cash at bank and in hand is £353,068 (2019 - £951,052) in relation to amounts held under escrow (refer note 23).

22 AMOUNTS COLLECTED FOR DISTRIBUTION

monies held for distribution at 1 January	18,564,910	22,754,840
monies received from 3rd parties	3,173,231	14,899,527
monies received from BECS	nil	98,086
monies distributed	-8,756,582	-19,187,543
monies held for distribution at 31 December	£12,981,559	£18,564,910

23 SUNDRY CREDITORS AND ACCRUALS

amounts held in escrow	353,068	951,052
trade creditors	134,613	298,850
sundry creditors	205,071	225,668
taxation and social security	524,985	441,570
accruals and deferred income	317,324	486,807
	£1,535,061	£2,403,947

24 CONTINGENT LIABILITIES

The union is involved in a number of legal cases on behalf of members, the outcome of which cannot be determined at this time.

25 CAPITAL COMMITMENTS

At the end of the year there were no capital commitments authorised and contracted for (2019 - £nil).

Notes to the accounts

26 PROVISION FOR LIABILITIES

	balance at 1 January 2020	movement during the year	balance at 31 December 2020
funeral benefits payable to life members	339,134	-29,273	309,861
holiday pay	67,000	70,000	137,000
long term compensated absence	50,000	nil	50,000
fixed asset timing differences	55,154	10,192	65,346
fixed asset timing differences	-57,653	-1,221	-58,874
other losses carry forward	-119,601	-103,983	-223,584
unrealised gains on the investment portfolio	669,676	104,110	773,786
deferred tax	547,576	9,098	556,674
	£1,003,710	£49,825	£1,053,535

Provision for funeral benefits payable to life members

Until 1998, members reaching State retirement age with 21 years' continuous membership were awarded Life Membership where, subject to the payment of a one-off fee payable on a scale ranging between £20 and £40 (depending on the member's age), the life member could enjoy all the benefits of membership with no further subscriptions payable. A provision has therefore been set up to represent the anticipated funeral benefits that will become payable based on the number of life members still in membership, their presumed life expectancy and the current cost of the funeral benefit. This particular category of member ceased in 1998.

27 RELATED PARTY TRANSACTIONS

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 2020 Equity received licence revenues (x-vat) of £1,350,592 (2019 - £1,341,990).

Grants to related parties

During the year the union made grants to the British Association for Performing Arts Medicine (2020 - £45,000, 2019 - £30,000), the Council for dance, drama and musical theatre (2020 - £3,092, 2019 - £3,180), where a member of Council or a member of staff serves on the governing body of the organisation.

28 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 for active members are linked to RPI inflation. 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.

There are three categories of pension scheme members:

- Active members: currently employed by the Union
- Deferred members: former active members of the Scheme and not yet in receipt of a pension
- Pensioner members: in receipt of pension.

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 to meet the cost of future service accrual, as well as 7% of members' pensionable salaries in respect of the salary sacrifice agreement. 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 £840,000 to the Scheme during the accounting year beginning 1 January 2021.

Notes to the accounts

Significant actuarial assumptions

The results of the most recent formal actuarial valuation as at 6 April 2018 have been updated to 31 December 2020 by a qualified independent actuary. The significant assumptions used were as follows:

	2020 £'000	2019 £'000
discount rate	1.2%	1.9%
rpi inflation	2.9%	2.7%
cpi inflation	2.1%	1.9%
Life expectancies (years)		
for a male aged 65 in 2019	21.6	21.5
for a female aged 65 in 2019	23.3	23.2
at age 65 for a male aged 45 in 2019	22.6	22.5
at age 65 for a female aged 45 in 2019	24.5	24.3

Assets

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

equities	10,150	11,048
bonds	10,532	10,406
diversified growth funds (dgfs)	3,964	2,717
property	2,561	2,613
cash	188	215
secured annuities	1,207	1,211
	£28,602	£28,210

Reconciliation to the statement of financial position

	2020 £'000	2019 £'000
market value of assets (unaudited)	28,602	28,210
present value of defined benefit obligation	-41,662	-35,756
Pension liability recognised in the statement of financial position	-£13,060	-£7,546

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.

Analysis of the change in the statement of financial position

	2020 £'000	2019 £'000
at 1 january	-7,546	-7,848
employer contributions	818	791
current service cost	-897	-791
amounts recognised in income and expenditure (note 5)	-79	nil
administration expenses	-70	-75
interest cost	-144	-213
amounts recognised as pension adjustments	-214	-288
actuarial losses	-5,644	-2,052
return on assets excluding interest income	423	2,642
amounts recognised in other comprehensive income	-5,221	590
at 31 december	-£13,060	-£7,546

30 OFFICIALS' SALARIES AND OTHER BENEFITS

	2020	2019
Executive	nil	nil
President/Maureen Beattie	nil	nil
General Secretary (a) / Christine Payne	98,401	120,531
General Secretary (b) / Paul W Fleming	38,130	nil
	£136,531	£120,531

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) Christine Payne ceased to hold office on 05/10/2020
 (b) Paul W Fleming was appointed General Secretary on 06/10/2020

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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