



ACCOUNTS
2018

Statement of Equity Council's responsibilities

The legislation relating to trade unions requires Equity to submit a return for each calendar year to the Certification Officer. The return contains accounts that must give a true and fair view of the state of affairs of Equity at the year end and of its transactions for the year then ended. The accounts set out on the following pages have been prepared on the same basis and are used to complete the return to the Certification Officer.

In relation to Equity the requirement to prepare accounts that give a true and fair view is the responsibility of Equity Council. Equity Council is responsible for preparing accounts in accordance with applicable law and United Kingdom Accounting Standards. In so doing Equity Council is required to:

a) select suitable accounting policies and then apply them consistently

b) make judgements and estimates that are reasonable and prudent

c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

d) prepare the accounts on the going concern basis unless it is inappropriate to do so.

Equity Council is responsible for keeping adequate accounting records and establishing and maintaining a satisfactory system of control over its records and transactions in order to comply with the Trade Union and Labour Relations (Consolidation) Act 1992. It is also responsible for safeguarding Equity's assets and hence for taking responsible steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Equity

OPINION

We have audited the financial statements of Equity (the 'union') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, 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).

IN OUR OPINION, THE FINANCIAL STATEMENTS:

- > give a true and fair view of the state of the union's affairs as at 31 December 2018 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.

USE OF OUR REPORT

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.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We are required by the Trade Union and Labour Relations (Consolidation) Act 1992 to report to you by exception in respect of the following matters if, in our opinion:

- > the union has not kept proper accounting records;
- > the union has not maintained a satisfactory

system of control over its transactions;

- > the accounts are not in agreement with the books of account;
- > we have not received all the information and explanations we need for our audit;

We have nothing to report to you in respect of the above matters.

RESPONSIBILITIES OF THE EXECUTIVE COUNCIL

As explained more fully in the Statement of Equity Council's Responsibilities, the Executive Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Executive Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs(UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Councils website at: www.frc.org.uk/auditors-responsibilities. This description forms part of our auditor's report.

BDO LLP

Statutory Auditor. London. 07-Feb-19
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC 305127)

Report of the Honorary Treasurer

I am pleased to report that in 2018 Equity again achieved an operating surplus (before pension liability). The position regarding the Equity Staff Pension Scheme is more complicated and I will deal with this later in my report; but I need to report that the impact of our declared pension liability means that our net assets now stand at £11,614,138.

On Page 5 you will see that our subscription income – the core funding of our union – was £5,556,406, an increase of £282,850 or 5.36%. This reflects the fact that subscription rates were increased by 2.4% from 1 January 2018 and that our membership figures have increased by 2,020 to a total as at 31 December 2018 of 45,575.

Income related to members and other performers in 2018 came to £1,688,465, an increase of £322,777 or 23.63%. This is accounted for by increased receipts from the Educational Recording Agency (ERA), income from distributions and donations to the Equity Benevolent Fund. Rental income has decreased as a consequence of the moving of the Glasgow office. We expect to acquire a new tenant paying rental income once the move to Cambridge Street has been completed. Our total income in 2018 was £8,031,698 – an increase of £617,747 or 8.33% on the previous year.

Our total expenditure in 2018 was £7,745,591 – an increase of £500,877 or 6.91%. Total staff costs (Note 6) came to £3,849,787, £32,697 less than in 2017. Equity spent a total of £1,150,395 providing benefits for its members (Note 7), compared to £968,939 the previous year. The Benevolent Fund gave grants totalling £23,955 to 123 members in financial hardship. Funeral benefits for 2018, excluding life members, came in at £19,418.

Equity achieved an operating surplus (before pension liability) of £286,107, compared to £169,237 in 2017. On Page 5, immediately below “operating surplus” are various sections comprising pension adjustments, non-operational items, tax credit and other comprehensive income. Most of these items are negative. When they are taken into consideration, our total comprehensive income for the year was a minus figure of £2,841,031.

Turning to the statement of financial position on Page 6, our net assets excluding pension liability are shown as £19,462,138. From this we have to deduct the pension liability of £7,848,000. I should draw your attention to the note on Page 14 relating to the future funding obligation re the Equity Staff Pension Scheme. This shows that, at the time of the full valuation of the Scheme in April 2018, there was a deficit of £689,000. This deficit was calculated on how the funds within the Scheme are actually invested. Under

government regulations, Equity is required to show the pension liability in our Annual Accounts as though all the funds of the Scheme were invested in bonds, even though this is not the case. This means that the declared deficit of £7,848,000 bears little relationship to how the funds of the Scheme are actually invested. Deducting this pension liability from the net assets figure of £19,462,138 results in a figure for funds employed of £11,614,138.

Note 20 deals with our investments with two investment houses, Charles Stanley and Adam & Co. In the past I have stated 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 stress that, towards the end of 2018, world stock markets were particularly volatile. Equity also withdrew a total of £500,000 in cash from our investments. This has led to the market value as at 31 December 2018 falling to £13,800,166 compared to £15,364,739 a year earlier. Both these figures include some monies held in cash rather than invested.

I should draw your attention to the paragraph on Page 7. This refers to the “unknown funds” of £1,333,889 held since the mid-1990s and for which the union had incomplete records. As reported in the 2016 Annual Accounts, a hearing in the High Court 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 £135,840 of these monies was spent in 2018, leaving a balance of £602,276 to be spent in future years.

I wish to refer also to Notes 22 and 23. This shows that, at the end of the year, Equity was holding a total of £22,754,840 for distribution to performers. Having brought back in house the distribution of all contractual monies previously distributed by BECS on our behalf, the first distributions took place in November and December 2017 and have continued during 2018. Processing these payments is time-consuming and is dependent on accurate data being received. But it is worth pointing out that we distributed a total of £8,829,154 to performers in 2018 compared to £4,145,516 in 2017.

In 2018 Equity’s membership figures increased to 45,575. We again achieved an operating surplus before pension adjustments, this time of £286,107. Our net assets now stand at £11,614,138. The union’s financial position therefore remains strong and I commend these accounts to you.

Bryn Evans
HONORARY TREASURER
29 January 2019

Statement of comprehensive income

	note	2018	2017
INCOME			
subscriptions from members		5,556,406	5,273,556
income related to members and other performers	2	1,688,465	1,365,688
investment income	3	535,646	532,865
rental income	4	19,977	46,242
other income	5	231,204	195,600
TOTAL INCOME		8,031,698	7,413,951
expenditure			
staff costs	6	3,849,787	3,882,484
benefits to members	7	1,150,395	968,939
democratic costs	8	134,174	175,796
administrative expenses	9	424,841	319,438
affiliation fees	10	201,832	192,548
grants	11	60,217	55,321
organising expenses	12	345,416	360,446
professional costs	13	506,116	377,573
property and equipment costs	14	537,691	466,524
depreciation	19	303,400	169,173
vat irrecoverable		231,722	176,472
exceptional costs	16	nil	100,000
TOTAL EXPENDITURE		7,745,591	7,244,714
OPERATING SURPLUS BEFORE PENSION ADJUSTMENTS		286,107	169,237
interest cost		-146,000	-194,000
administration expenses		-77,000	-66,000
pension adjustments	29	-223,000	-260,000
profit / (loss) on sale of investments	20	-5,176	219,323
unrealised gain / (loss) on investments	20	-1,533,114	812,432
non operational items		-1,538,290	1,031,755
income tax repayable		3,375	1,798
deferred tax		248,777	-8,913
tax credit / (charge)	15	252,152	-7,115
actuarial gain / (loss) on the pension scheme	29	-1,618,000	1,574,000
other comprehensive income		-1,618,000	1,574,000
TOTAL COMPREHENSIVE INCOME /(EXPENSE) FOR THE YEAR-		-£2,841,031	£2,507,877

Statement of financial position

	note	2018	2017
tangible fixed assets	19	7,778,422	7,269,025
investments	20	13,239,549	15,285,570
FIXED ASSETS		21,017,971	22,554,595
sundry debtors and prepayments	21	665,720	898,631
cash with stockbrokers	20	560,617	79,169
cash at bank and in hand	22	24,239,093	18,973,503
CURRENT ASSETS		25,465,430	19,951,303
amounts collected for distribution	23	-22,754,840	-17,809,513
subscriptions received in advance		-1,423,313	-1,076,291
sundry creditors and accruals	24	-2,098,548	-2,034,055
CURRENT LIABILITIES		-26,276,701	-20,919,859
NET CURRENT LIABILITIES		-811,271	-968,556
PROVISION FOR LIABILITIES	27	-744,562	-998,870
NET ASSETS EXCLUDING PENSION LIABILITY		19,462,138	20,587,169
PENSION LIABILITY	29	-7,848,000	-6,132,000
net assets including pension liability		£11,614,138	£14,455,169
FINANCED BY			
members' funds		11,614,138	14,455,169
FUNDS EMPLOYED		£11,614,138	£14,455,169

Approved by Equity Council on 29 January 2019

Christine Payne, General Secretary

Bryn Evans, Honorary Treasurer

Statement of changes in equity

	general fund (a)	revaluation reserve	benevolent fund (b)	designated reserve / legal defence costs	designated reserve / industrial disputes	Total
at 1 January 2017	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
income	8,013,135		18,563			8,031,698
expenditure	-7,721,636		-23,955			-7,745,591
pension adjustments	-223,000					-223,000
non operational items	-1,538,290					-1,538,290
tax	252,152					252,152
other comprehensive expense	-1,618,000					-1,618,000
at 31 December 2018	6,696,228	4,244,705	373,205	200,000	100,000	£11,614,138

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. 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 £135,840 of these monies was spent in 2018 (2017 - £62,217), leaving a balance of £602,276 to be spent in future years.

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

Statement of cash flows

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
operating surplus for the year	286,107	169,237
adjustments for depreciation	303,400	169,173
frs 102 pension adjustment included in staff costs	-125,000	25,000
changes in		
(increase) / decrease in debtors	232,911	-923,841
increase / (decrease) in creditors	5,356,842	13,568,104
increase / (decrease) in provision for liabilities	-5,530	80,227
net cash inflow from operating activities	6,048,730	13,087,900
CASH FLOWS FROM INVESTING ACTIVITIES		
net interest and dividends received reinvested	-473,717	-460,948
cash withdrawn from the investment portfolio	500,000	434,000
purchase of fixed assets	-812,797	-839,341
tax	3,374	1,798
net cash outflow from investing activities	-783,140	-864,491
increase in cash and cash equivalents	5,265,590	12,223,409
cash and cash equivalents at 1 January	18,973,503	6,750,094
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	£24,239,093	£18,973,503

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 2018 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.

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 2018 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

	2018	2017
1 NUMBER OF MEMBERS		
female	23,487	22,164
male	22,082	21,391
other gender identity	6	nil
	45,575	43,555
2 INCOME RELATED TO MEMBERS AND OTHER PERFORMERS		
educational recording agency (era)	1,376,400	1,261,700
services sound and vision corporation	16,000	16,000
income from distributions	277,502	84,761
donations to the benevolent fund	18,563	3,227
	£1,688,465	£1,365,688
3 INVESTMENT INCOME		
bank interest	1,548	nil
interest and dividends received from investments	534,090	532,862
other	8	3
	£535,646	£532,865
4 RENTAL INCOME		
rental income	10,638	24,640
rebilled services	9,339	21,602
	£19,977	£46,242

Notes to the accounts

	2018	2017
5 OTHER INCOME		
advertising	22,940	25,516
advertising on the website	nil	8,333
contribution to costs / us film studios	83,164	83,164
facility payments (recorded media department)	43,000	39,750
industry information service	8,622	7,803
legal recoveries (collective conditional fee agreement)	nil	2,300
merchandise	85	90
reimbursement of audit fees for royalty project	5,300	nil
sale of contract forms	12	8
sponsorship	16,036	11,457
other	52,045	17,179
	£231,204	£195,600
6 STAFF COSTS		
salaries	2,758,932	2,681,762
provision for holiday pay	2,000	2,000
provision for long term compensated absence	20,000	nil
national insurance	310,777	304,774
pension contributions	809,251	793,885
frs 102 adjustment (refer note 29)	-125,000	25,000
pension charge calculated in accordance with frs 102	684,251	818,885
pension scheme regulatory levy	18,499	15,832
recruitment	16,276	19,628
temporary staff agency fees	15,969	nil
training	15,835	25,648
welfare	7,248	13,955
	£3,849,787	£3,882,484
7 BENEFITS TO MEMBERS		
funeral benefits payable to non life members (a)	19,418	23,293
grants from the benevolent fund	23,955	30,736
benefits and grants	43,373	54,029
diaries	24,168	34,558
equity magazine	206,450	161,408
holiday pay guide	620	nil
young members' guide	788	nil
insurance booklet	nil	925
networking events	513	nil
new member guides	4,320	1,925
newspaper cutting service	1,834	1,449
website	22,048	9,875
communications	260,741	210,140
accident and backstage insurance (a)	313,950	301,340
equipment	nil	8,333
public liability insurance	141,848	139,584
insurance	455,798	449,257
legal aid / contractual disputes	229,249	165,117
legal aid / variety barring claim	nil	-15,186
legal aid / personal accident claims (a)	nil	1,313
legal aid	229,249	151,244
theatre awards	13,284	8,711
other	nil	500
live performance department	13,284	9,211
bursaries to students and young people	2,000	2,000
campaigning	26,580	34,298
conferences	nil	2,974
equity tennis tournament	250	250
professional fees (related to members)	86,415	43,057
training	4,729	12,479
unknown funds	27,976	nil
other	147,950	95,058
	£1,150,395	£968,939

(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

	2018	2017
8 DEMOCRATIC COSTS		
annual conference	75,876	75,914
annual report / review of the year	9,318	20,756
council election (a)	37,989	nil
national, area and specialist committee elections	nil	57,951
elections	37,989	57,951
rule change referendum	10,991	21,175
	£134,174	£175,796
(a) includes the elections of the Council, President, Appeals and Standing Orders Committees.		
9 ADMINISTRATIVE EXPENSES		
advertising and marketing	23,651	20,823
bank charges	68,905	51,473
books and publications	7,841	6,758
computer support	133,168	126,375
costs of distribution (refer note 16)	nil	-80,000
general expenses	17,271	14,700
printing, postage & stationery	145,295	147,070
telecommunications	28,710	32,239
	£424,841	£319,438
10 AFFILIATION FEES		
TUC	121,249	116,001
FIA	64,898	62,345
Federation of entertainment unions	2,500	2,500
Irish congress of trade unions	3,363	3,464
Scottish TUC	3,783	3,441
welsh TUC	236	148
trade unions	196,029	187,899
Amnesty	120	120
Association of British theatre technicians	250	250
Bafta	271	271
British screen advisory council	2,000	nil
Justice for Columbia	300	300
Liberty	450	431
Maternity action	nil	120
Radio academy	nil	900
trades councils and sundry	752	762
Unions 21	1,660	1,495
	£201,832	£192,548
11 GRANTS		
actors' centres	15,000	15,000
British association for performing arts medicine	30,000	30,000
Council for dance education and training	3,125	3,079
Dance UK / healthier dance program	3,092	2,792
Equal representation for actresses	3,000	2,000
Parents in performing arts	500	nil
Stage sight technical theatre	5,000	nil
other grants	500	2,450
	£60,217	£55,321
12 ORGANISING EXPENSES		
organising / staff	87,085	89,098
organising / international	14,815	27,523
organising / retention and recruitment	52,616	63,235
council members	24,935	24,354
general branches	53,519	58,087
variety branches	21,662	19,034
meetings	15,624	13,838
meetings	115,740	115,313
motor car expenses	68,254	61,437
commission (5% for subscriptions collected)	4,226	964
branch funding	2,680	2,876
	£345,416	£360,446

Notes to the accounts

	2018	2017			
13 PROFESSIONAL COSTS					
amounts paid to auditors / audit	30,000	24,350			
amounts paid to auditors / other services	23,175	16,481			
legal & professional	383,304	267,334			
property management	21,269	9,507			
stockbroker management	48,368	59,901			
	£506,116	£377,573			
14 PROPERTY AND EQUIPMENT COSTS					
office occupancy (rent, rates, light, heat and cleaning)	345,970	309,147			
hire and maintenance of office equipment	148,519	113,618			
building maintenance and external repairs	8,822	7,400			
decoration and internal repairs	14,077	15,048			
insurance	20,303	21,311			
	£537,691	£466,524			
15 TAX					
income tax repayable	-3,375	-1,798			
deferred tax	-248,777	8,913			
	-£252,152	£7,115			
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	£nil	£100,000			
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	76,367	83,395			
within two to five years	103,583	65,159			
	£179,950	£148,554			
18 KEY MANAGEMENT					
key management compensation of £311,106 was paid in the year (2017 - £308,164).					
19 TANGIBLE FIXED ASSETS					
	freehold land and buildings	freehold improvements	computer equipment	office equipment	total
cost or deemed cost					
at 1 January 2018	6,290,000	90,017	1,439,874	44,507	7,864,398
additions	246,836	74,426	456,728	34,807	812,797
disposals	nil	nil	-53,023	-12,886	-65,909
at 31 December 2018	6,536,836	164,443	1,843,579	66,428	8,611,286
depreciation					
at 1 January 2018	106,400	45,008	413,834	30,131	595,373
disposals	nil	nil	-53,023	-12,886	-65,909
charge for the year	26,600	17,685	240,564	18,551	303,400
at 31 December 2018	133,000	62,693	601,375	35,796	832,864
net book value					
at 31 December 2018	6,403,836	101,750	1,242,204	30,632	£7,778,422
at 31 December 2017	6,183,600	45,009	1,026,040	14,376	£7,269,025
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

	2018	2017
20 INVESTMENTS		
market value at 1 January	15,364,739	14,306,036
realised profits / (losses)	-5,176	219,323
movement in unrealised gains / (losses)	-1,533,114	812,432
dividends received	534,090	532,862
management fees charged	-59,879	-70,368
other	-494	-1,546
cash withdrawn	-500,000	-434,000
market value at 31 December	£13,800,166	£15,364,739
shown as		
investments	13,239,549	15,285,570
cash with stockbrokers	560,617	79,169
	£13,800,166	£15,364,739
All investments relate to quoted investments on readily accessible markets, primarily the London stock exchange. Investments are carried at their fair value. The basis of fair value for quoted investments is equivalent to the market value. Asset sales and purchases are recognised at their transaction value. The main investment risk lies in the combination of uncertain investment markets and volatility in yield. The union manages these risks by retaining expert advisors (Charles Stanley & Co Limited and Adam & Company) and operating an investment policy that provides for a high degree of diversification of holdings within investment asset classes that are quoted on recognised stock exchanges. The union does not make use of derivatives and similar complex financial instruments.		
There are no investments held in companies involved in the production, sale or distribution of armaments and no direct investment in companies that produce tobacco products.		
21 SUNDRY DEBTORS AND PREPAYMENTS		
income tax repayable	3,376	1,799
season ticket loans to staff	32,476	26,809
sundry debtors	18,506	313,953
prepayments and accrued income	611,362	556,070
	£665,720	£898,631
22 CASH AT BANK AND IN HAND		
bank deposit accounts	10	10
bank current accounts	1,468,529	1,147,246
cash held for distribution	22,754,840	17,809,513
cash in hand	15,714	16,734
	£24,239,093	£18,973,503
Included within cash at bank and in hand is £613,534 (2017 - £393,275) in relation to amounts held under escrow (refer note 24).		
23 AMOUNTS COLLECTED FOR DISTRIBUTION		
monies held for distribution at 1 January	17,809,513	4,207,670
monies received from 3rd parties	13,774,481	10,643,524
monies received from BECS	nil	7,103,835
monies distributed	-8,829,154	-4,145,516
monies held for distribution at 31 December	£22,754,840	£17,809,513
24 SUNDRY CREDITORS AND ACCRUALS		
amounts held in escrow	613,534	393,275
trade creditors	246,944	180,745
sundry creditors	296,756	133,653
taxation and social security	150,102	263,507
accruals and deferred income	791,212	1,062,875
	£2,098,548	£2,034,055
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 (2017 - £nil).		

Notes to the accounts

	2017	2018	
27 PROVISION FOR LIABILITIES			
	balance at 1 January	movement during the year	balance at 31 December
funeral benefits payable to life members	387,190	-27,530	359,660
holiday pay	63,000	2,000	65,000
long term compensated absence	60,000	20,000	80,000
provision for discretionary settlement payable to becs	100,000	nil	100,000
capital losses carry forward	nil	-6,120	-6,120
fixed asset timing differences	-1,674	46,550	44,876
funeral benefits payable to life members	-65,822	4,680	-61,142
other losses carry forward	-75,860	-33,260	-109,120
unrealised gains on the investment portfolio	532,036	-260,628	271,408
deferred tax	388,680	-248,778	139,902
	£998,870	-£254,308	£744,562

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 has been 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 2018 Equity recognised rental income and service charges of £nil (2017 - £22,508) due from BECS for the occupancy of offices within Guild House.

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 2018 Equity received licence revenues (x-vat) of £1,376,400 (2017 - £1,261,700).

Grants to related parties

During the year Equity made grants to the British Association for Performing Arts Medicine (2018 - £30,000, 2017 - £30,000), the Council for dance education and training (2017 - £3,125, 2017 - £3,079), where a member of Council or a member of staff serves on the governing body of the organisation.

Notes to the accounts

29 PENSION FUND

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

FUTURE FUNDING OBLIGATION

The trustees are required to carry out an actuarial valuation every 3 years. The last actuarial valuation of the Scheme was performed by the Scheme Actuary for the Trustees as at 6 April 2018. This valuation revealed a funding shortfall of £689,000. The Union agreed to pay annual contributions of 16.6% of members' pensionable salaries each year, as well as 7% of members' pensionable salaries in respect of the salary sacrifice arrangement. In respect of the deficit in the scheme as at 6 April 2018, the union has agreed to pay 4.2% of members' pensionable salaries plus £8,000 each year. The union therefore expects to pay around £800,000 to the scheme during the accounting year beginning 1 January 2019.

Significant actuarial assumptions

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

	2018 £'000	2017 £'000
discount rate	2.7%	2.4%
rpi inflation	3.1%	3.1%
cpi inflation	2.0%	2.0%
Life expectancies (years)		
for a male aged 65 in 2018	22.9	23.0
for a female aged 65 in 2018	23.9	24.0
at age 65 for a male aged 45 in 2018	23.9	24.1
at age 65 for a female aged 45 in 2018	25.1	25.2

Assets

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

	2018 £'000	2017 £'000
equities	9,278	10,031
bonds	9,361	9,673
dgfs	2,379	2,450
property	2,551	2,486
cash	139	239
annuities	1,260	961
	£24,968	£25,840

Reconciliation to the statement of financial position

market value of assets (unaudited)	24,968	25,840
present value of defined benefit obligation (dbo)	-32,816	-31,972

Pension liability recognised in the statement of financial position	-£7,848	-£6,132
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The assumptions used to calculate the dbo may take a range of values. Adopting different assumptions would lead to different results being disclosed. The value of assets and dbo are a "snapshot" view reflecting the market conditions on one day. The pension figures are therefore expected to be quite volatile from year to year.

Notes to the accounts

29 PENSION FUND cont'd

Analysis of the change in the statement of financial position

	2018 £'000	2017 £'000
at 1 January	-6,132	-7,421
employer contributions	687	684
current service cost	-529	-709
past service cost (a)	-33	nil
amounts recognised in income and expenditure (note 6)	125	-25
administration expenses	-77	-66
interest cost	-146	-194
amounts recognised as pension adjustments	-223	-260
actuarial gains / (losses)	-325	-123
return on assets excluding interest income	-1,293	1,697
amounts recognised in other comprehensive income	-1,618	1,574
at 31 December	-£7,848	-£6,132

(a) gmp equalisation

On 26 October 2018, the High Court ruled in the Lloyds Banking Group case that the trustees are under a duty to make sure that equal benefits are paid, including where these benefits are in the form of a guaranteed minimum pension ("gmp"). As a result, all schemes with gmp rights will have to act to allow for equalisation of benefits for the effect of unequal gmp's. This is known as gmp equalisation. In the year ended 31 December 2018, an allowance for gmp equalisation of £33,000 was allowed for as a past service cost in the statement of comprehensive income.

30 OFFICIALS' SALARIES AND OTHER BENEFITS

	2018	2017
Executive	nil	nil
President / Malcolm Sinclair (a)	nil	nil
President / Maureen Beattie (b)	nil	nil
General Secretary / Christine Payne	117,195	115,504
	£117,195	£115,504

The General Secretary and members of Equity Council are reimbursed for expenses incurred by them in the performance of their duties on behalf of the Union.

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

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

IRREGULARITY STATEMENT

Under section 32A (6A) of the Trade Unions & Labour Relations (Consolidation) Act 1992, we are obliged to publish the following statement: A member who is concerned that some irregularity may be occurring, or has occurred, in the conduct of the financial affairs of the union may take steps with a view to investigating further, obtaining clarification and, if necessary, securing regularisation of that conduct. The member may raise any such concern with such one or more of the following as it seems appropriate to raise it with: the officials of the union, the trustees of the property of the union, the auditor or auditors of the union, the Certification Officer (who is an independent officer appointed by the Secretary of State) and the police. Where a member believes that the financial affairs of the union have been or are being conducted in breach of the law or in breach of the rules of the union and contemplates bringing civil proceedings against the union or responsible officials or trustees, he should consider obtaining independent legal advice.

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