

EQUITY ACCOUNTS 2021

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 2021 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 2021 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

other ethical responsibilities in accordance with these requirements.

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

We also completed the following procedures:

- Performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- In addressing the risk of fraud through management override of controls, we tested journal entries and other adjustments for inappropriate or unusual journals outside of our expectations, as well as for any significant transactions outside the normal course of business, taking into consideration the scope for management to manipulate financial results;
- Assessed the appropriateness of key estimates and judgements made by management and challenged the assumptions used in accounting estimates. We considered the key estimates to be the valuation of the defined benefit pension scheme liability and the carrying value of the Union's assets.

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, statutory auditor London, UK

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Report of the Honorary Treasurer

The last two years have been difficult for everyone. In particular the entertainment industry has been hit severely by the COVID-19 pandemic. Equity and its members have endured two years of profound disruption to their normal spheres of activity. In 2020 the union declared an operating deficit of £110,209 as a consequence of distributing £1,249,504 in welfare and subscription grants to its members who were experiencing financial hardship related to the pandemic. In 2021 Equity again had an operating deficit following the decision of the Council to make an extraordinary one-off payment of £2 million into the Equity Staff Pension Scheme.

However it is not all bad news. At the end of 2020 our Net Assets had fallen to a figure of £8,963,094. As at 31 December 2021 the Net Assets have increased to £13,740,772 even after the extraordinary payment to the Staff Pension Scheme.

On Page 8 you will see that our subscription income - the core funding of the union - was £6,139,072, an increase of £62,201 or 1.02%. This is disappointing and is a consequence of our membership figures remaining broadly static at 46,683. There are early signs that our membership numbers are starting to recover but there is still a long way to go.

Income related to members and other performers was £1,759,718 compared to £1,993,429 in 2020. The reduction relates to Benevolent Fund donations of only £25,274 in 2021; the 2020 figure was £309,766. Note 3 shows that our investment income increased to £518,453. Other income (Note 4) came in at £235,117. This was largely because of a reduction in the furlough grants received from the Government, £89,486 rather than £265,279 in 2020.

Our total income in 2021 was £8,652,160, a reduction of £250,372 or 2.81%. Total expenditure was £8,065,144, down by £947,597 or 10.51%. Total staff costs (Note 5) came to £4,482,850, an increase of £97,272 or 2.22%. Equity spent a total of £918,017 providing benefits to its members (Note 6). This figure is much lower than in 2020 because of less expenditure on grants from the Benevolent Fund, the Equity magazine and projects within both the live performance and recorded media departments.

In 2021 Equity had an initial operating surplus of £587,016. This becomes an operating deficit of £1,412,984 when you take note of the extraordinary payment of £2 million made to the Staff Pension Scheme. I will return to this matter later in my Report.

On Page 8 immediately below "operating deficit" are various sections comprising pension adjustments, non-operational items and other

comprehensive income. I am pleased to report that most of these figures are positive. When these figures are taken into consideration, our total comprehensive income for 2021 was £4,777,678.

Turning to the statement of financial position on Page 9, our Net Assets excluding pension liability are shown as £22,655,772. From this we have to deduct the pension liability of £8,915,000. This figure is calculated using a rigid formula (FRS 102) required by the Pensions Regulator. This formula does not relate accurately to how the funds within the Equity Staff Pension Scheme are invested. I should draw your attention to the Note on Page 19 relating to the future funding obligation of the Scheme. This shows that there was a full triennial valuation of the Scheme as at 5 April 2021, a much more accurate measure than the FRS 102 figures. The triennial valuation revealed a funding shortfall of £2,666,000. When there is a shortfall, the union is required legally to agree a Recovery Plan. Equity decided that the most prudent course of action to take was to transfer £2 million from the union's investments into the Staff Pension Scheme as a one-off extraordinary contribution. It has had the effect that, as shown, Equity expects to pay £450,000 into the Scheme during 2022. This figure is much lower than in previous years. Deducting the FRS 102 pension liability of £8,915,000 from the net assets figure of £22,655,772 results in a figure for funds employed of £13,740,772.

Note 18 shows that the market value of our investments as at 31 December 2021 was £16,884,563. This figure was achieved despite the removal of £2 million from the investments. It includes some monies held in cash rather than invested.

Note 21 shows that at the end of the year Equity was holding a total of £12,760,549 for distribution. 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 £12,751,824 to performers in 2021.

Before concluding my Report, I wish to thank the two members of our Finance Department, Beccy Reese and Gareth Rawlings. Their diligent work and advice to me has been invaluable.

On a personal note, I shall not be seeking re-election to Equity Council in the forthcoming elections. Consequently I shall cease to be Honorary Treasurer once the incoming Council has elected a successor. I was first elected as Honorary Treasurer in February 2004 and will have served continuously for over 18 years. I have enjoyed those years and it has been a privilege to serve the union. I wish Equity and its finances well for the years ahead.

In 2021 the union had an operating deficit of £1,412,984 following the extraordinary payment of £2 million into the Equity Staff Pension Scheme. But there was a significant increase in our Net Assets to a figure of £13,740,772 as at 31 December 2021. I consider the union's financial position therefore to be strong. There is however a great deal of uncertainty about the future. The pandemic has not gone away and inflation within the UK is high. It is currently difficult to gauge what impact the Russian invasion of Ukraine will have on the UK economy. Despite the continuing uncertainty, I consider the union to be a going concern as consideration has been given to the impacts of these factors 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
22 March 2022

Statement of comprehensive income

	note	2021	2020
INCOME			
subscriptions from members		6,139,072	6,076,871
income related to members and other performers	2	1,759,518	1,993,429
investment income	3	518,453	420,097
other income	4	235,117	412,135
TOTAL INCOME		8,652,160	8,902,532
EXPENDITURE			
staff costs	5	4,482,850	4,385,578
benefits to members	6	918,017	2,192,370
democratic costs	7	150,261	84,544
administrative expenses	8	402,081	395,706
affiliation fees	9	227,931	221,559
grants	10	34,728	70,828
organising expenses	11	91,686	140,774
professional costs	12	418,860	491,473
property and equipment costs	13	710,257	511,266
depreciation	17	444,916	422,539
vat irrecoverable		183,557	96,104
TOTAL EXPENDITURE		8,065,144	9,012,741
OPERATING SURPLUS / (DEFICIT) BEFORE PENSION ADJUSTMENTS		587,016	(110,209)
Exceptional employer contribution to pension scheme	5	2,000,000	nil
operating (deficit)		(1,412,984)	(110,209)
interest cost		-147,000	-144,000
administration expenses		-109,000	-70,000
adjustment for exceptional contribution		2,000,000	nil
pension adjustments	27	1,744,000	-214,000
profit / (loss) on sale of investments	18	1,145,711	-212,930
unrealised gain on investments	18	1,034,631	133,286
loss on sale of assets	17	nil	-1,736
non operational items		2,180,342	-81,380
income tax repayable / (payable)		6,573	-5,962
deferred tax	25	-451,253	-9,099
tax (charge)	14	-444,680	-15,061
actuarial gain / (loss) on the pension scheme	27	2,711,000	-5,221,000
other comprehensive income / (expense)		2,711,000	-5,221,000
TOTAL COMPREHENSIVE INCOME / (EXPENSE) FOR THE YEAR		£4,777,678	(£5,641,650)

Statement of financial position

	note	2021	2020
tangible fixed assets	17	7,583,283	7,797,915
investments	18	16,635,132	15,642,552
FIXED ASSETS		24,218,415	23,440,467
sundry debtors and prepayments	19	546,873	224,716
cash with stockbrokers	18	249,431	614,545
cash at bank and in hand	20	14,758,071	14,643,490
CURRENT ASSETS		15,554,375	15,482,751
amounts collected for distribution	21	-12,760,549	-12,981,559
subscriptions received in advance		-1,775,733	-1,329,969
sundry creditors and accruals	22	-1,142,357	-1,535,061
CURRENT LIABILITIES		-15,678,639	-15,846,589
NET CURRENT LIABILITIES		-124,264	-363,838
PROVISION FOR LIABILITIES	25	-1,438,379	-1,053,535
NET ASSETS EXCLUDING PENSION LIABILITY		22,655,772	22,023,094
PENSION LIABILITY	27	-8,915,000	-13,060,000
net assets including pension liability		£13,740,772	£8,963,094
FINANCED BY			
members' funds		13,740,772	8,963,094
FUNDS EMPLOYED		£13,740,772	£8,963,094

Approved by Equity Council on 22-March-2022

Paul W Fleming, General Secretary
Bryn Evans, Honorary Treasurer

Statement of changes in equity

	general fund (a)	revaluation reserve (b)	benevolent fund (c)	designated reserve / legal defence costs (d)	designated reserve / industrial disputes (e)	Total
at 1 January 2020	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
income	8,626,886		25,274			8,652,160
expenditure	-8,011,516		-53,628			-8,065,144
exceptional expenditure	-2,000,000					-2,000,000
pension adjustments	1,744,000					1,744,000
non operational items	2,180,342					2,180,342
tax	-444,680					-444,680
other comprehensive income	2,711,000					2,711,000
at 31 December 2021	9,237,649	4,171,215	31,908	200,000	100,000	£13,740,772

Revaluation reserve:

(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.

(b) 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 revaluation reserve to emphasise that such gains are not realised.

(c) Benevolent Fund

To provide assistance to members who are in need of financial support

(d) Legal Defence costs

Designated reserve set aside to enable exceptional legal costs to be incurred.

(e) Industrial Disputes

Designated reserve to allow for sustenance to members or cover other costs incurred by taking industrial action

Statement of cash flows

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
operating (deficit) for the year	-1,412,984	-110,209
adjustments for depreciation	444,916	422,539
frs 102 pension adjustment included in staff costs	310,000	79,000
(increase) / decrease in debtors	-322,157	488,442
(decrease) in creditors	-167,950	-6,681,558
(decrease) / increase in provision for liabilities	-66,409	49,825
net cash (outflow) from operating activities	-1,214,584	-5,751,961
CASH FLOWS FROM INVESTING ACTIVITIES		
net interest and dividends received reinvested	-447,122	-351,749
cash withdrawn from the investment portfolio	2,000,000	200,000
purchase of fixed assets	-230,757	-242,788
sale of fixed assets	471	100
tax	6,573	-15,061
net cash inflow / (outflow) from investing activities	1,329,165	-409,498
increase / (decrease) in cash and cash equivalents	114,581	-6,161,459
cash and cash equivalents at 1 January	14,643,490	20,804,949
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	£14,758,071	£14,643,490

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

These accounts have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 ("FRS 102"). The accounts have been prepared under historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to the financial statements.

Trade Unions are governed by the Trade Union and Labour Relations (Consolidation Act) 1992 Amended. Under that Act the accounts of Trade Unions are required to give a true and fair view. Therefore, the accounts of Trade Unions are prepared under FRS102. However, as a Trade Union is not a company the Regulations that form the basis of disclosures under FRS102 have been adapted as considered necessary to ensure the accounts give a true and fair view to the members of the Trade Union.

The financial statements have been prepared in sterling, which is the functional currency of the Union. The monetary amounts of these financial statements are rounded to the nearest thousand. Income and expenditure is dealt with in the various fund accounts of the union.

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 2021 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.

Current and deferred tax

Corporation tax is payable on the excess of interest income, rental income and chargeable gains arising on the disposal of properties and investments over expenditure on the provident benefits and reinvested chargeable gains for the year. Provident benefits comprise of payments as set out in the rules of the Union, which relate to death benefit and legal assistance, and a proportion of the costs of administering the Union in relation to those benefits.

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.

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 2021 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.

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:

Defined benefit pension scheme - the cost of the defined benefit pension scheme is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates.

Investments - quoted investments are disclosed at market values at the balance sheet date.

Provisions for liabilities - provisions for liabilities included at the year end have been calculated using the best available knowledge at the time of preparing the financial statements, adjusted for information subsequently received. An element of estimation is therefore required when calculating the provisions.

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% and rose by 0.08% in 2021. In preparing budgets and forecasts for the financial year 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. 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

	2021	2020
1 NUMBER OF MEMBERS		
female	24,501	24,513
male	22,041	22,066
other gender identity	141	66
	46,683	46,645
2 INCOME RELATED TO MEMBERS AND OTHER PERFORMERS		
educational recording agency (era)	1,410,810	1,350,593
services sound and vision corporation	16,000	16,000
income from distributions	307,434	317,070
donations to the benevolent fund	25,274	309,766
	£1,759,518	£1,993,429
3 INVESTMENT INCOME		
bank interest	nil	832
interest and dividends received from investments	518,453	419,265
	£518,453	£420,097
4 OTHER INCOME		
facility payments (recorded media department)	113,076	52,000
furlough grants	89,486	265,279
industry information service	11,735	9,067
sponsorship	8,771	7,063
other	12,049	78,726
	£235,117	£412,135
5 STAFF COSTS		
salaries	2,900,973	2,970,363
provision for holiday pay	-47,383	70,000
national insurance	304,776	327,391
apprenticeship levy	1,972	1,822
pension contributions	961,233	892,358
frs 102 adjustment (refer to note 27)	310,000	79,000
pension charge calculated in accordance with frs 102	1,271,233	971,358
pension scheme regulatory levy	13,616	23,473
recruitment	16,501	7,056
training	11,820	5,885
welfare	9,342	8,230
	£4,482,850	£4,385,578

Following the latest actuarial valuation report on the Equity Staff Pension Scheme as at April 2021 an exceptional employer contribution of £2,000,000 was paid into the Scheme. This contribution is shown separately on the face of the statement of comprehensive income.

Notes to the accounts

	2021	2020
6 BENEFITS TO MEMBERS		
funeral benefits payable to non life members (a)	19,245	27,418
grants from the benevolent fund	53,628	1,249,504
benefits and grants	72,873	1,276,922
diaries	32,067	30,025
equity magazine	90,585	160,722
networking events	nil	334
newspaper cutting service	615	1,804
website	42,791	22,710
communications	166,058	215,595
accident and backstage insurance (a)	348,057	321,330
public liability insurance	153,848	149,378
insurance	501,905	470,708
legal aid / contractual disputes	3,586	3,379
legal aid / personal accident claims (a)	116,788	127,221
legal aid	120,374	130,600
bursaries to students and young people	nil	2,000
campaigning	495	4,699
professional fees (related to members)	26,250	27,375
special royalty projects	28,930	55,292
theatre awards	1,132	8,140
training	nil	1,039
other	56,807	98,545
	£918,017	£2,192,370
(a) deemed provident benefits		
The salary costs of staff involved in the provision of benefits to members are included in note 5 (staff costs).		
7 DEMOCRATIC COSTS		
special representative conference	73,345	2,380
council election (a)	nil	40,234
general secretary election	nil	38,130
national, area and specialist committee elections	28,819	3,800
elections	28,819	82,164
rule change referendum	48,097	nil
	£150,261	£84,544

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

Notes to the accounts

	2021	2020
8 ADMINISTRATIVE EXPENSES		
advertising and marketing	6,309	21,927
bank charges	76,949	81,123
books and publications	4,001	3,649
computer support	135,019	115,466
general expenses	19,772	11,397
printing, postage & stationery	119,891	116,285
telecommunications	40,140	45,859
	£402,081	£395,706
9 AFFILIATION FEES		
TUC	138,653	141,306
FIA	74,252	66,429
Irish Congress of Trade Unions	3,592	3,542
Scottish TUC	4,746	5,754
Welsh TUC	412	486
Trade Unions	221,655	217,517
Amnesty	120	120
Association of British Theatre Technicians	250	250
Trades councils and sundry	4,130	2,003
Unions 21	1,776	1,669
	£227,931	£221,559
10 GRANTS		
Actors' centres	nil	15,000
Alrowwad Arts & Cultural Centre	nil	2,000
British Association for Performing Arts Medicine	30,000	45,000
Council for Dance, Drama and Musical Theatre (x cdet)	3,236	3,236
Dance UK / Healthier Dance Program	292	3,092
other grants	1,200	2,500
	£34,728	£70,828
11 ORGANISING EXPENSES		
council members	3,065	6,585
general branches	4,570	22,293
variety branches	5,641	7,692
meetings	3,219	5,796
meetings	16,495	42,365
organising / staff	15,631	30,720
motor car expenses	46,843	53,645
commission (5% for subscriptions collected)	1,078	2,704
branch funding	11,639	11,340
	£91,686	£140,774

Notes to the accounts

	2021	2020			
12 PROFESSIONAL COSTS					
amounts paid to auditors / audit	55,447	29,950			
amounts paid to auditors / other services	nil	48,793			
legal & professional	278,400	348,717			
property management	21,635	9,500			
stockbroker management	63,378	54,513			
	£418,860	£491,473			
13 PROPERTY AND EQUIPMENT COSTS					
office occupancy (rent, rates, light, heat and cleaning)	400,964	365,715			
hire and maintenance of office equipment	95,723	98,682			
building maintenance and external repairs	1,199	nil			
decoration and internal repairs	186,864	23,147			
insurance	25,507	23,722			
	£710,257	£511,266			
14 TAX					
income tax (repayable)/payable	-6,573	5,962			
deferred tax	451,253	9,099			
	£444,680	£15,061			
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 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	102,162	101,940			
within two to five years	115,067	212,326			
over 5 years	nil	nil			
	£217,229	£314,266			
16 KEY MANAGEMENT					
key management compensation of £260,106 was paid in the year (2020 = £337,941)					
17 TANGIBLE FIXED ASSETS					
	freehold land and buildings	freehold improvements	computer equipment	office equipment	total
cost or deemed cost					
at 1 january 2021	6,377,754	707,525	2,092,173	99,243	9,276,695
additions	nil	nil	212,091	18,666	230,757
disposals	nil	-2,555	-516,034	-41,406	-559,995
at 31 december 2021	6,377,754	704,970	1,788,230	76,503	8,947,457
depreciation					
at 1 january 2021	182,486	200,430	1,040,128	55,736	1,478,780
disposals	nil	-2,555	-515,561	-41,406	-559,522
charge for the year	27,778	80,589	302,329	34,220	444,916
at 31 december 2021	210,264	278,464	826,896	48,550	1,364,174
net book value					
at 31 december 2021	6,167,490	426,506	961,334	27,953	£7,583,283
at 31 december 2020	6,195,268	507,095	1,052,045	43,507	£7,797,915

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. This value has been used as the deemed cost and the property has not been revalued for financial purposes since and is held at cost basis

Notes to the accounts

	2021	2020
18 INVESTMENTS		
market value at 1 January	16,257,097	16,184,993
realised gains / (losses)	1,145,711	-212,930
movement in unrealised gains	1,034,631	133,286
dividends received	518,453	419,265
management fees charged	-71,331	-63,537
other	2	-3,980
cash withdrawn	-2,000,000	-200,000
market value at 31 December	£16,884,563	£16,257,097
shown as		
investments	16,635,132	15,642,552
cash with stockbrokers	249,431	614,545
	£16,884,563	£16,257,097

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.

19 SUNDRY DEBTORS AND PREPAYMENTS		
income tax repayable	9,067	2,494
season ticket loans to staff	nil	1,449
sundry debtors	401,533	28,316
prepayments and accrued income	136,273	192,457
	£546,873	£224,716

20 CASH AT BANK AND IN HAND		
bank deposit accounts	10	10
bank current accounts	1,978,637	1,643,524
cash held for distribution	12,760,549	12,981,559
cash in hand	18,875	18,397
	£14,758,071	£14,643,490

Included within cash at bank and in hand is £394,306 (2020 - £353,068) in relation to amounts held under escrow (refer note 22).

21 AMOUNTS COLLECTED FOR DISTRIBUTION		
monies held for distribution at 1 January	12,981,559	18,564,910
monies received from 3rd parties	12,530,814	3,173,231
monies distributed	-12,751,824	-8,756,582

monies held for distribution at 31 December	£12,760,549	£12,981,559
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22 SUNDRY CREDITORS AND ACCRUALS		
amounts held in escrow	394,306	353,068
trade creditors	151,655	134,613
sundry creditors	148,195	205,071
taxation and social security	174,560	524,985
accruals and deferred income	273,641	317,324
	£1,142,357	£1,535,061

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

24 CAPITAL COMMITMENTS
At the end of the year there were £631,140 authorised and contracted for (2020 - £nil).

Notes to the accounts

	balance at 1 January 2021	movement during the year	balance at 31 December 2021
25 PROVISION FOR LIABILITIES			
funeral benefits payable to life members	309,861	-19,026	290,835
holiday pay	137,000	-47,383	89,617
long term compensated absence	50,000	nil	50,000
fixed asset timing differences	65,346	45,246	110,592
funeral benefits payable to life members	-58,874	-12,372	-71,246
other losses carry forward	-223,584	-84,998	-308,582
unrealised gains on the investment portfolio	773,786	503,377	1,277,163
deferred tax	556,674	451,253	1,007,927
	£1,053,535	£384,844	£1,438,379

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.

26 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 2021 Equity received licence revenues (excl.vat) of £1,410,810 (2020 - £1,350,592).

Grants to related parties

During the year the union made grants to the British Association for Performing Arts Medicine (2021 - £30,000, 2020 - £45,000), the Council for dance, drama and musical theatre (2021 - £3,236, 2020 - £3,236), where a member of Council or a member of staff serves on the governing body of the organisation.

27 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 5 April 2021. This valuation revealed a funding shortfall of £2,666,000. The Union agreed to pay annual contributions of 17.0% of members' pensionable salaries until 30 June 2025 to meet the cost of future service accrual, death-in-service premiums and expenses of administering the Scheme, and contributions of 21.0% of members' pensionable salaries from 1 July 2025 until 31 December 2026. In respect of the Scheme as at 5 April 2021, the Union has paid a one-off additional contribution of £2 million in December 2021. The Union expects to pay £450,000 to the Scheme during the accounting year beginning 1 January 2022.

Notes to the accounts

Significant actuarial assumptions

The results of the most recent formal actuarial valuation as at 6 April 2021 have been updated to 31 December 2021 by a qualified independent actuary. The significant assumptions used were as follows:

	2021 £'000	2020 £'000
discount rate	1.8%	1.2%
rpi inflation	3.4%	2.9%
cpi inflation	2.9%	2.1%

Life expectancies (years)

for a male aged 65 in 2020	21.9	21.6
for a female aged 65 in 2020	24.3	23.3
at age 65 for a male aged 45 in 2020	23.2	22.6
at age 65 for a female aged 45 in 2020	25.7	24.5

Assets

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

equities	11,213	10,150
bonds	10,510	10,532
diversified growth funds (dgfs)	4,330	3,964
property	3,074	2,561
cash	2,135	188
secured annuities	1,084	1,207

£32,346 **£28,602**

Reconciliation to the statement of financial position

	2021 £'000	2020 £'000
market value of assets	32,346	28,602
present value of defined benefit obligation	-41,261	-41,662

Pension liability recognised in the statement of financial position **-£8,915** **-£13,060**

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

	2021 £'000	2020 £'000
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at 1 january -13,060 -7,546

normal employer contributions	848	818
current service cost	-1,158	-897
amounts recognised in income and expenditure (note 5)	-310	-79
amount recognised as exceptional pension contribution	2,000	

administration expenses	-109	-70
interest cost	-147	-144
amounts recognised as pension adjustments	-256	-214

actuarial losses	518	-5,644
return on assets excluding interest income	2,193	423
amounts recognised in other comprehensive income	2,711	-5,221

at 31 december **-£8,915** **-£13,060**

Reconciliation of Scheme's assets and defined benefit obligation (£'000s)

	Assets	DBO	Net position
At 1 January 2021	28,602	-41,662	-13,060
Benefits paid:			
Pensions	-818	818	
Transfers	-441	441	
Other	-280	280	
Employer contributions	2,848		2,848
Member contributions			
Current service cost		-1,158	-1,158
Administration expenses	-109		-109
Interest income/cost	351	-498	-147
Remeasurement gains/ (losses)			
Actuarial gains/ (losses): Change of basis		560	560
Actuarial gains/ (losses): Experience		-42	-42
Return on assets excluding interest income	2,193		2,193
As at 31 December 2021	32,346	-41,261	-8,915

28 OFFICIALS' SALARIES AND OTHER BENEFITS

	2021	2020
Executive	nil	nil
President / Maureen Beattie	nil	nil
General Secretary (a) / Christine Payne	nil	98,401
General Secretary (b) / Paul Fleming	114,390	38,130
	£114,390	£136,531

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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