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FORM AR21

To be used for reporting years starting on or after 6 April 2015

Trade Union and Labour Relations (Consolidation) Act 1992

ANNUAL RETURN FOR A TRADE UNION

Name of Trade Union:	Prospect
Year ended:	31 DECEMBER 2016
List no:	771T
Head or Main Office:	8 Leake Street LONDON SE1 7NN
Website address (if available)	Enquiries: Prospect.org.uk
Has the address changed during the year to which the return relates?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> (Click the appropriate box)
General Secretary:	Mr M Clancy
Telephone Number:	0207 902 6600
Contact name for queries regarding	Maria McLaughlin / David Pelly
Telephone Number:	0207 902 6675 / 0207 902 6600
E-mail:	Maria.Mclaughlin@prospect.org.uk / David.Pelly@prospect.org.uk

PLEASE FOLLOW THE GUIDANCE NOTES IN THE COMPLETION OF THIS RETURN.

Any difficulties or problems in the completion of this return should be directed to the Certification Officer as below or by telephone to: 020 7210 3734

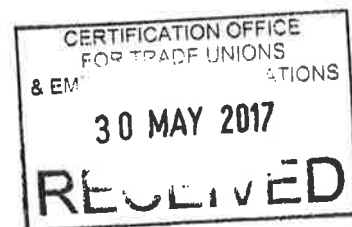
The address to which returns and other documents should be sent are:

For Unions based in England and Wales:

Certification Office for Trade Unions and Employers' Associations
22nd Floor, Euston Tower, 286 Euston Road, London NW1 3JJ

For Unions based in Scotland:

Certification Office for Trade Unions and Employers' Associations
Melrose House, 69a George Street, Edinburgh EH2 2JG



(Revised February 2017)

PRESIDENTIAL TEAM

1 January – 12 May 2016

President

Alan Grey

Vice-president

Denise McGuire

Deputy vice-president

Craig Marshall

13 May to 31 Dec 2016

President

Denise McGuire

Vice-president

Craig Marshall

Deputy vice-president

Eleanor Wade

OFFICERS

General secretary

Mike Clancy

RETURN OF MEMBERS

(see notes 10 and 11)

NUMBER OF MEMBERS AT THE END OF THE YEAR					
	Great Britain	Northern Ireland	Irish Republic	Elsewhere Abroad (including Channel Islands)	TOTALS
MALE	79,351	1,270	14	2,512	83,147
FEMALE	26,724	398	1	2,306	29,429
TOTAL	106,075	1,668	15	4,818	A 112,576

Number of members included in totals box 'A' above for whom no home or authorised address is held:

313

Number of members at end of year contributing to the General Fund

104,392

OFFICERS IN POST

(see note 12)

Please attach as an annexe to this form a complete list of all officers in post at the end of the year to which this form relates, with the title of each persons office.

RETURN OF CHANGE OF OFFICERS

Please complete the following to record any changes of officers during the twelve months covered by this return.

Title of Office	Name of Officer ceasing to hold office	Name of Officer Appointed	Date
President	Alan Grey	Denise McGuire	13 May 2016
Vice-President	Denise McGuire	Craig Marshall	13 May 2016
Deputy Vice-President	Craig Marshall	Eleanor Wade	13 May 2016

State whether the union is:

a. A branch of another trade union?

Yes

No

If yes, state the name of that other union:

b. A federation of trade unions?

Yes

No

If yes, state the number of affiliated unions:

and names:

GENERAL FUND

(see notes 13 to 18)

	£000's	£000's
INCOME		
From Members: Contributions and Subscriptions		15,620
From Members: Other income from members (specify)		
Total other income from members		15,620
Total of all income from members		
Investment income (as at page 13)		3,289
Other Income		
Income from Federations and other bodies (as at page 5)		
Income from any other sources (as at page 5)	72	
Total of other income (as at page 5)		72
	TOTAL INCOME	18,981
EXPENDITURE		
Benefits to members (as at page 6)		602
Administrative expenses (as at page 11)		15,643
Federation and other bodies (specify) see page 5	438	
Donations	13	
Net FRS 17 pensions movement	42	
Total expenditure Federation and other bodies		493
Remeasurement of defined benefit liability		17,293
	TOTAL EXPENDITURE	34,031
Deficit for year		15,050
Amount of general fund at beginning of year		33,060
Transfer of Engagements		82
Amount of general fund at end of year		18,092

AFFILIATION & MEMBERSHIP FEES	£
Aircraft Engineers International (AEI)	4,272
Confederation of Shipbuilding & Engineering Unions (CSEU)	1,950
European Federation of Public Service Unions (EPSU)	13,169
European Transport Federation (ETF)	3,412
General Federation of Trade Unions	9,500
International Federation of Air Traffic Safety Electronics Associations (IFATSEA)	1,500
International Transport Workers Federation	7,229
Irish Congress of Trade Unions	6,184
National Pensioners Convention	2,250
Royal Aeronautical Society	1,236
Scottish TUC	13,908
Share Action	2,000
Trade Union Congress	310,995
UNI Europa	9,904
UK Flight Safety Commission	1,200
UNI Global Union	45,853
Work Foundation	1,050
Other Affiliation & Membership Fees under £1,000 (11)	3,114
	438,726
	438,726

ANALYSIS OF INCOME FROM FEDERATION AND OTHER BODIES AND OTHER INCOME

(see notes 19 and 20)

DESCRIPTION	£000's	£000's
Federation and other bodies		
TOTAL FEDERATION AND OTHER BODIES		
Other income		
Membership Services/net VAT recovered	55	
Net Journal Income	6	
Other Income	11	
TOTAL OTHER INCOME		72
TOTAL OF ALL OTHER INCOME		72

ANALYSIS OF BENEFIT EXPENDITURE SHOWN AT GENERAL FUND

(see notes 21 to 23)

	£000's		£000's
Representation – Employment Related Issues	1	brought forward	473
		Education and Training services	129
Representation – Non Employment Related Issues		Negotiated Discount Services	
Communications – Journal/Annual Report	382	Salary Costs	
Advisory Services		Other Benefits and Grants (specify)	
Dispute Benefits			
Other Cash Payments	90		
carried forward	473	Total (should agree with figure in General Fund)	602

(See notes 24 and 25)

FUND 2		Fund Account	
Name:		£000's	£000's
Income	From members		
	Investment income (as at page 13)		
	Other income (specify)		
	Total other income as specified		
	Total Income		
Expenditure	Benefits to members		
	Administrative expenses and other expenditure (as at page 11)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
Amount of fund at the end of year (as Balance Sheet)			
Number of members contributing at end of year			

FUND 3		Fund Account	
Name:		£000's	£000's
Income	From members		
	Investment income (as at page 13)		
	Other income (specify)		
	Total other income as specified		
	Total Income		
Expenditure	Benefits to members		
	Administrative expenses and other expenditure (as at page 11)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
Amount of fund at the end of year (as Balance Sheet)			
Number of members contributing at end of year			

(See notes 24 and 25)

FUND 4		Fund Account	
Name:		£	£
Income	From members		
	Investment income (as at page 13)		
	Other income (specify)		
	Total other income as specified		
	Total Income		
Expenditure	Benefits to members		
	Administrative expenses and other expenditure (as at page 11)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		
	Number of members contributing at end of year		

FUND 5		Fund Account	
Name:		£	£
Income	From members		
	Investment income (as at page 13)		
	Other income (specify)		
	Total other income as specified		
	Total Income		
Expenditure	Benefits to members		
	Administrative expenses and other expenditure (as at page 11)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		
	Number of members contributing at end of year		

(See notes 24 and 25)

FUND 6		Fund Account	
Name:		£	£
Income	From members		
	Investment income (as at page 13)		
	Other income (specify)		
	Total other income as specified		
	Total Income		
Expenditure	Benefits to members		
	Administrative expenses and other expenditure (as at page 11)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		
	Number of members contributing at end of year		

FUND 7		Fund Account	
Name:		£	£
Income	From members		
	Investment income (as at page 13)		
	Other income (specify)		
	Total other income as specified		
	Total Income		
Expenditure	Benefits to members		
	Administrative expenses and other expenditure (as at page 11)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		
	Number of members contributing at end of year		

(see notes 26 to 31)

POLITICAL FUND ACCOUNT 1		To be completed by trade unions which maintain their own fund	
		£000's	£000's
Income	Members contributions and levies		61
	Investment income (as at page 13)		
	Other income (specify)		
	Total other income as specified		
	Total income		61
Expenditure	Expenditure under section 82 of the Trade Union and Labour Relations (Consolidation) Act 1992 (specify) Affiliations, donations		
	Administration expenses in connection with political objects (specify) Members attending conferences and meetings		84
	Non-political expenditure		
	Total expenditure		84
	Surplus (deficit) for year		(23)
	Amount of political fund at beginning of year		631
	Amount of political fund at the end of year (as Balance Sheet)		608
	Number of members at end of year contributing to the political fund		100,755
	Number of members at end of the year not contributing to the political fund		11,821
	Number of members at end of year who have completed an exemption notice and do not therefore contribute to the political fund		

POLITICAL FUND ACCOUNT 2		To be completed by trade unions which act as components of a central trade union	
		£	£
Income	Contributions and levies collected from members on behalf of central political fund		
	Funds received back from central political fund		
	Other income (specify)		
	Total other income as specified		
	Total income		
Expenditure	Expenditure under section 82 of the Trade Union and Labour Relations (Consolidation) Act 1992 (specify)		
	Administration expenses in connection with political objects (specify)		
	Non-political expenditure		
	Total expenditure		
	Surplus (deficit) for year		
	Amount held on behalf of trade union political fund at beginning of year		
	Amount remitted to central political fund		
	Amount held on behalf of central political fund at end of year		
	Number of members at end of year contributing to the political fund		
	Number of members at end of the year not contributing to the political fund		
Number of members at end of year who have completed an exemption notice and do not therefore contribute to the political fund			

ANALYSIS OF ADMINISTRATIVE EXPENSES AND OTHER OUTGOINGS EXCLUDING AMOUNTS CHARGED TO POLITICAL FUND ACCOUNTS

(see notes 32 and 33)

		£000's
Administrative Expenses		
Remuneration and expenses of staff		11,369
Salaries and Wages included in above	£7,692,764	
Auditors' fees		59
Legal and Professional fees		167
Occupancy costs		1,001
Stationery, printing, postage, telephone, etc.		599
Expenses of Executive Committee (Head Office)		16
Expenses of conferences		428
Other administrative expenses (specify)		
Branch exps 407, Insurance 74, Motor exps 40	951	
Donations 16, Bank charges 9, Sundry exps 20	89	
Badges / Regalia	<u>351</u>	1,391
Other Outgoings		
Interest payable:		
Bank loans (including overdrafts)		
Mortgages		
Other loans		
Depreciation		613
Taxation		
Outgoings on land and buildings (specify)		
Other outgoings (specify)		
	Total	15,643
Charged to:	General Fund (Page 3)	15,643
	Fund (Account)	
	Fund (Account)	
	Fund (Account)	
	Total	

ANALYSIS OF OFFICIALS SALARIES AND BENEFITS

(see notes 34 to 44 below)

Office held	Gross Salary	Employers N.I. contributions	Benefits			Total	
			Pension Contributions £	Other Benefits			£
				Description	Value £		
General Secretary	£ 112	£ 13	£ 13	Car	£ 4	£ 142	

ANALYSIS OF INVESTMENT INCOME

(see notes 45 and 46)

	Political Fund £		Other Fund(s) £000's
Rent from land and buildings			382
Dividends (gross) from:			
Equities (e.g. shares)			687
Interest (gross) from:			
Gilts, Debentures, Bonds			
Mortgages			
Local Authority Bonds			
Bank and Building Societies			
Other investment income (specify)			
Surplus on sale of investments including £27,000 fund manager charges			16
Change in investment values			2,204
			3,289
		Total investment income	3,289
Credited to:			
		General Fund (Page 3)	3,289
		Fund (Account)	
		Fund (Account)	
		Fund (Account)	
		Fund (Account)	
		Fund (Account)	
		Political Fund	
		Total Investment Income	3,289

BALANCE SHEET as at 31 December 2016

(see notes 47 to 50)

Previous Year		£000's	£000's
13,182	Fixed Assets (at page 14)		13,098
	Investments (as per analysis on page 15)		
24,568	Quoted (Market value £ 26,532)	26,532	
666	Unquoted	594	27,126
<u>38,416</u>	Total Investments		40,224
	Other Assets		
	Loans to other trade unions		
4,057	Sundry debtors & prepayments		3,968
2,024	Cash at bank and in hand		1,827
	Income tax to be recovered		
	Stocks of goods		
	Others (specify)		
<u>6,081</u>	Total of other assets		5,795
44,497	TOTAL ASSETS		46,019
33,060	General Fund (Account)		18,092
	Fund (Account)		
	Fund (Account)		
	Superannuation Fund (Account)		
631	Political Fund (Account)		608
	Revaluation Reserve		
	LIABILITIES		
	Amount held on behalf of central trade union political fund		
	Loans: From other trade unions		
	Loans: Other		
	Bank overdraft		
	Tax payable		
1,582	Sundry creditors		760
	Accrued expenses		
	Provisions		
<u>9,224</u>	Other liabilities FRS 17 Pensions		26,559
44,497	TOTAL LIABILITIES		46,019
44,497	TOTAL ASSETS		46,019

FIXED ASSETS ACCOUNT

(see notes 51 to 55)

	Land and Buildings		Furniture and Equipment £	Motor Vehicles £	Not used for union business £	Total £
	Freehold £	Leasehold £				
Cost or Valuation						
At start of year	14,293		1,616	844		16,753
Additions	-		364	220		584
Disposals	-		(386)	(206)		(592)
Revaluation/Transfer s	-		-	-		
At end of year	14,293		1,594	858		16,745
Accumulated Depreciation						
At start of year	1,977		1,201	393		3,571
Charges for year	210		271	123		604
Disposals	-		(385)	(143)		(528)
Revaluation/Transfer s	-		-	-		-
At end of year	2,187		1,087	373		3,647
Net book value at end of year	12,106		507	485		13,098
Net book value at end of previous year	12,316		415	451		13,182

ANALYSIS OF INVESTMENTS

(see notes 56 and 57)

QUOTED	All Funds Except Political Funds £'000	Political Fund £'000
Equities (e.g. Shares)	5,123	
Government Securities (Gilts)		
Other quoted securities (to be specified)		
Unit Trusts	21,409	
TOTAL QUOTED (as Balance Sheet)	26,532	
Market Value of Quoted Investment	26,532	
UNQUOTED		
Equities		
Government Securities (Gilts)		
Mortgages		
Bank and Building Societies	273	
Other unquoted investments (to be specified)		
Unquoted Shares	321	
TOTAL UNQUOTED (as Balance Sheet)	594	
Market Value of Unquoted Investments	594	

ANALYSIS OF INVESTMENT INCOME (CONTROLLING INTERESTS)

(see notes 58 and 59)

Does the union, or any constituent part of the union, have a controlling interest in any limited company?		YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
If YES name the relevant companies:			
COMPANY NAME	COMPANY REGISTRATION NUMBER (if not registered in England & Wales, state where registered)		
Prospect Custodian Trustees Ltd	3836445		
Are the shares which are controlled by the union registered in the names of the union's trustees?		YES <input type="checkbox"/>	NO <input type="checkbox"/>
If NO, state the names of the persons in whom the shares controlled by the union are registered.			
COMPANY NAME	NAMES OF SHAREHOLDERS		

SUMMARY SHEET

(see notes 60 to 71)

	All funds except Political Funds £	Political Funds £	Total Funds £
INCOME			
From Members	15,620	61	15,681
From Investments	3,290		3,290 ₈₉
Other Income (including increases by revaluation of assets)	72	-	72
Total Income	18,982	61	19,043 ₂
EXPENDITURE (including decreases by revaluation of			
Total Expenditure	34,032	84	34,116 ₅
Funds at beginning of year (including reserves)	33,060	631	33,691
Transfer of engagements (APFO)	82		82
Funds at end of year (including reserves)	18,092	608	18,700
ASSETS			
Fixed Assets			13,098
Investment Assets			27,126
Other Assets			5,795
		Total Assets	46,019
LIABILITIES			
		Total Liabilities	27,319
NET ASSETS (Total Assets less Total Liabilities)			18,700

NOTES TO THE ACCOUNTS

(see notes 72 and 73)

All notes to the accounts must be entered on or attached to this part of the return.

PROSPECT NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2016

1 JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Union's accounting policies, the Union is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Union considers that there were no estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

The Union is involved in numerous ongoing legal cases on behalf of its members, the outcome of which is inevitably uncertain. Provision has been made for the estimated unbilled costs where the Union considers that they may not be totally recovered.

	2016 £'000	2015 £'000
2 COMMITTEES AND CONFERENCES		
National Committees	127	131
National and Sector Conferences	428	103
	<u>555</u>	<u>234</u>
3 LOCAL DEMOCRATIC ORGANISATION AND EDUCATION		
Professional, departmental and other groups	109	124
Branches and sections	731	779
Education and training	129	173
	<u>969</u>	<u>1,076</u>
4 EMPLOYMENT COSTS		
Staff salary costs	9,486	9,641
Additional pension contributions	1,067	1,559
Travel, subsistence and mobile phones	645	698
Other staffing costs	303	259
	<u>11,501</u>	<u>12,157</u>
5 PROPERTY COSTS		
Rent, rates and service charges	537	507
Light and heat	91	97
Decoration, repairs and maintenance	143	141
Cleaning and security	168	165
Property depreciation	210	210
Insurance and health and safety	62	63
	<u>1,211</u>	<u>1,183</u>

PROSPECT NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2016

	2016 £'000	2015 £'000
10 EXCEPTIONAL ITEMS		
Profit on disposal	—	2,464
Provision for claims	—	(201)
	<u>—</u>	<u>2,263</u>

The exceptional profit on disposal in the prior year is the result of a property originally held in land and buildings at a cost of £1,192m and a carrying amount of £1,98m. The property was disposed of on 24 November 2015 for total consideration of £4.5m, £2.5m of which is deferred consideration included within debtors (note 13). The property was originally bought at a cost of £1.08m by the union, Connect, in 1998 before Connect merged with Prospect on 1 January 2010.

Provision for claims relates to amounts due in respect of legal claims at 31 December 2015, which were settled subsequent to the year end.

	Land and Buildings £'000	Office Equipment £'000	Motor Vehicles £'000	Total £'000
11 TANGIBLE FIXED ASSETS				
COST				
At 1 January 2016	14,293	1,616	844	16,753
Additions	—	364	220	584
Disposals	—	(386)	(206)	(592)
AT 31 DECEMBER 2016	<u>14,293</u>	<u>1,594</u>	<u>858</u>	<u>16,745</u>
DEPRECIATION				
At 1 January 2016	1,977	1,201	393	3,571
Charge for the year	210	271	123	604
Disposals	—	(885)	(143)	(528)
AT 31 DECEMBER 2016	<u>2,187</u>	<u>1,087</u>	<u>373</u>	<u>3,647</u>
NET BOOK VALUE AT 31 DECEMBER 2016	<u>12,106</u>	<u>507</u>	<u>485</u>	<u>13,098</u>
At 31 December 2015	12,316	415	451	13,182

PROSPECT NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2016

	2016 £'000	2015 £'000
6 ADMINISTRATION AND OTHER SUPPLIES		
Equipment maintenance and repairs	56	57
Printing, stationery and postage	201	174
Telephone	82	75
Computer services	373	378
Intranet	18	17
Other office services	97	85
Bank charges and collection of subscriptions	15	13
Research, publications and subscriptions	36	35
Editorial publishing and publicity	53	96
Legal, professional and audit fees	257	120
	<u>1,178</u>	<u>1,059</u>
7 BENEFIT TO MEMBERS		
Affiliations and donations	452	451
Members benefits	597	816
Recruitment and organisation	234	173
	<u>1,283</u>	<u>1,440</u>
8 OTHER INCOME		
Membership services/net VAT recovered	55	75
Net journal income	6	12
Other income	11	15
	<u>72</u>	<u>102</u>

	Prospect Pension Scheme		Connect Pension Scheme	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
9 OTHER PENSION SCHEME EXPENDITURE				
Current service cost	(1,800)	(2,000)	(315)	(369)
Admin costs	(200)	(200)	—	—
Contributions	2,000	2,400	535	519
Interest scheme assets	3,000	2,700	514	457
Interest on scheme liabilities	(3,000)	(2,900)	(776)	(717)
Net interest on defined benefit liability	—	(200)	(262)	(260)
Other net pension scheme (expenditure)/income	—	—	(42)	(110)

PROSPECT NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2016

	2016 £'000	2015 £'000
12 INVESTMENTS		
Market Value		
At 1 January 2016	—	25,234
Additions	—	2,334
Disposals	—	(2,617)
Net movement in cash deposits	—	(72)
Surplus on sale of investments	—	43
Change in investment values	—	2,204
	<u>—</u>	<u>27,126</u>
At 31 December 2016		
	Cost Value £'000	Market Value £'000
Quoted equities and gifts	4,250	5,123
Unit trusts	15,652	21,409
Bank deposits	273	273
Unquoted Shares	321	321
	<u>20,496</u>	<u>27,126</u>

As set out in the accounting policies, no provision has been made for deferred tax due to the reinvestment policy adopted by the Union.

	2016 £'000	2015 £'000
13 DEBTORS		
Trade debtors	1,055	1,107
Other debtors	136	121
Prepayments and accrued income	277	329
Deferred consideration (Wimbledon property)	2,500	2,500
	<u>3,968</u>	<u>4,057</u>

	2016 £'000	2015 £'000
14 CREDITORS		
Trade creditors	230	374
Other creditors	33	58
Other taxes and social security	292	664
Accruals and deferred income	205	486
	<u>760</u>	<u>1,582</u>

15 TRANSFER OF ENGAGEMENTS (APFO)

This arose from the merger by transfer of engagements of Association of Principal Fire Officers (APFO) to Prospect on 7 November 2016.

PROSPECT NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2016

16 STAFF PENSION SCHEMES

The Union currently operates two defined benefit pension schemes (Prospect and Connect) for its employees and officials. The assets for both are held in trustee administered funds separate from the Union's finances. This note sets out the pension cost information required for Prospect to meet its pension obligations as specified under FRS 102. The accounting date to which these disclosures relate is 31 December 2016.

The Prospect Pension Scheme (PPS) employs a building block approach in determining the long-term rate of return on pension plan assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed long-term rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Scheme at 31 December 2016.

The Connect Pension Scheme (CPS) assets are all invested in unit-linked policies. The expected return on assets is obtained by considering the expected return on risk free investments (primarily government bonds), the historic level of the risk premium associated with other asset classes and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the underlying distribution of assets at 31 December 2016.

The last full actuarial valuation of the pension schemes was carried out using the projected unit method on 1 July 2014 for the Connect Scheme (showed an actuarial deficit of £3.9m) and 31 December 2014 for the Prospect Scheme (showed an actuarial deficit of £8m). The next full valuation is scheduled for 1 July 2017 for the Connect Scheme and 31 December 2017 for the Prospect Scheme.

Regular employer contributions to the Prospect Scheme in 2017 are estimated to be £1.7m including deficit contributions and £0.6m to the Connect Scheme.

The union's contributions for the year were as follows:

	PPS		CPS	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
There were no contributions outstanding at the year end.	2,000	2,400	535	519

The main financial assumptions used were:

	PPS		CPS	
	2016 %	2015 %	2016 %	2015 %
Rate of increase in pensionable salaries	3.1	2.8	2.6	2.4
Rate of increase in pensions in payments	3.5	3.2	5.0	5.0
Discount rate for scheme liabilities	2.7	3.9	2.7	3.8
Rate of inflation	3.6	3.3	3.6	3.4

MORTALITY ASSUMPTION

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member currently age 65 will live on average for a further 22.2 years (PPS) and 22.2 years (CPS) if they are male, and for a further 24.5 years (PPS) and 24.3 years (CPS) if they are female.

PROSPECT NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2016

NET LIABILITIES OF THE SCHEME

The net pension liabilities recognised in the Union's balance sheet as at 31 December 2016 is as follows:

	PPS		CPS	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Diversified Growth Funds	16,796	16,569	—	—
Equities	24,752	22,881	9,674	8,848
Bonds & Gilts	38,012	32,349	1,330	995
Property	7,956	7,101	847	664
Cash/Other	884	0	242	553
Total Market Value of Assets	88,400	78,900	12,093	11,060
Present value of liabilities	(100,900)	(78,800)	(26,152)	(20,384)
Scheme (Deficit)/Surplus	(12,500)	100	(14,059)	(9,324)

The return on scheme assets for the year was £11.1m (2015: £15m) for PPS, and £723,000 (£2015: £331,000) for CPS

ANALYSIS OF FRS102 PENSION MOVEMENT:

	PPS		CPS	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Other pension scheme expenditure (Note 9)	—	—	(42)	(110)
Remeasurement of defined benefit pensions	(12,600)	6,400	(4,693)	637
Pension asset/(liability) brought forward	100	(6,300)	(4,735)	527
Pension (liability)/asset carried forward	(12,500)	100	(14,059)	(9,324)

CHANGES TO THE PRESENT VALUE OF THE DERIVED BENEFIT OBLIGATION DURING THE YEAR

	PPS		CPS	
	Year ended 31/12/16 £'000	Year ended 31/12/15 £'000	Year ended 31/12/16 £'000	Year ended 31/12/15 £'000
Opening defined benefit obligation	78,800	84,300	20,384	20,429
Current service cost	1,800	2,000	315	369
Interest cost	3,000	2,900	776	717
Contributions by scheme participants	0	200	87	82
Actuarial (gains)/losses on scheme liabilities and changes to demographic and financial assumptions	20,700	(7,600)	4,902	(763)
Net benefits paid out	(3,400)	(3,000)	(312)	(450)
Closing defined benefit obligation	100,900	78,800	26,152	20,384

PROSPECT NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2016

CHANGES TO THE FAIR VALUE OF SCHEME ASSETS DURING THE YEAR

	PPS		CPS	
	Year ended 31/12/16 £'000	Year ended 31/12/15 £'000	Year ended 31/12/16 £'000	Year ended 31/12/15 £'000
Opening fair value of scheme assets	78,900	78,900	11,060	10,578
Expected return on scheme assets (interest on assets)	3,000	2,700	514	457
Return on plan assets excluding interest income	8,100	(1,200)	209	(126)
Contributions by the employer	2,000	2,400	535	519
Contributions by scheme participants	0	200	87	82
Net benefits paid out	(3,400)	(3,000)	(312)	(450)
Administration costs	(200)	(200)	—	—
Closing fair value of scheme assets	88,400	78,900	12,093	11,060

17 COMMITMENTS UNDER OPERATING LEASES

LESSEE

At 31 December 2016, Prospect had obligations of total future minimum lease payments under non-cancellable operating leases for the following periods:

	Land & Buildings		Other	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Expiry date				
No later than one year	108	102	8	7
Later than one, no later than five years	135	190	9	12
Later than five years	—	—	—	1
	243	292	17	20

The lease payments recognised as an expense during the year were £12,000 (2015: £12,000).

LESSOR

At 31 December 2016, Prospect had contractual future minimum lease receipts under non-cancellable operating leases for the following periods:

	Land & Buildings	
	2016 £'000	2015 £'000
Expiry date		
No later than one year	382	364
Later than one, no later than five years	97	111
Later than five years	—	—
	479	475

The lease receipts recognised as rental income during the year were £382,000 (2015: £364,000)

18 POST BALANCE SHEET EVENTS

Subsequent to the year end on 1 January 2017, the Broadcasting Entertainment Cinematograph and Theatre Union (BECTU) merged into Prospect.

ACCOUNTING POLICIES

(see notes 74 and 75)

PROSPECT ACCOUNTING POLICIES YEAR ENDED 31 DECEMBER 2016

Union Information

The registered office of Prospect is New Prospect House, 8 Leake Street, London SE1 7NN

The accounts have been prepared in accordance with applicable accounting standards. The specific accounting policies adopted are set out below.

Accounting Convention

The financial statements have been prepared in accordance with FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS102). 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 Union is a public benefit entity. The financial statements have been prepared in sterling, which is the functional currency of the Union. Monetary amounts of these financial statements are rounded to the nearest thousand.

Going concern

The National Executive Committee considers that there are no material uncertainties about the Union's ability to continue as a going concern.

Subscriptions

Subscriptions are accounted for on an accruals basis.

Rental Income

Rental income is accounted for on an accruals basis and derived from properties classified within land and buildings.

Expenditure

All expenditure in the accounts is inclusive of VAT where applicable.

Tangible Fixed Assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. At each reporting date, the Union reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that those assets have suffered an impairment loss (if any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any)).

A proportion of the land and buildings within tangible fixed assets are let to tenants. The Union generates income from letting agreements and hence a proportion of these properties are investment properties. However, due to the quantum of the amounts involved and the disproportionate cost and effort involved, the Union has taken the decision to not separately disclose the proportion of properties owned and let to tenants.

Depreciation

Depreciation is provided on all tangible fixed assets, except freehold land, to write off the cost less estimated residual value in equal annual instalments over the estimated useful economic lives of the assets. The estimated useful economic lives are as follows:

Freehold buildings – 50 years

Office equipment – 4-10 years

Motor vehicles are depreciated to reduce the book value of the vehicles to their realisable value at the balance sheet date.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price unless the arrangement constitutes a financing transaction.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of the activity of the Union from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. Trade payables are initially recognised at transaction price and derecognised when, and only when, the Union's obligations are discharged, cancelled or they expire.

Branches

The transactions of the branches during the period are included in these accounts as are the net assets held directly by them at the balance sheet date.

Fixed asset investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price (where applicable). The income and expenditure account includes the net gains and losses arising on realisation and disposals throughout the year. The Union does not acquire put options, derivatives or other complex financial instruments. The main form of financial risk faced by the Union is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub-sectors.

Realised gains and losses

All gains and losses are taken to the income and expenditure account as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are separated between 'surplus on sale of investments' and 'change in investment values' in the income and expenditure account.

Leases

Assets held under finance leases and hire purchase contracts are capitalised and depreciated over the shorter period of the lease and the estimated useful economic lives of the assets. The finance charges are allocated over the period of the lease in proportion to the capital outstanding and are charged to the income and expenditure account. Rentals payable under operating leases, including any lease incentives received, are charged to the income and expenditure account on a straight line basis over the term of the relevant lease.

Pension Costs

The Union operates two defined benefit pension schemes, both of which require contributions to be made to separately administered funds. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of the defined benefit obligations) and is based on actuarial advice.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate at the start of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in the income and expenditure accounts as pension movement.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability (excluding amounts included in the net interest) are recognised immediately in other comprehensive income in the period in which they occur. Remeasurements are not reclassified to income and expenditure in subsequent periods.

The defined net benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Corporation Tax

Corporation tax is payable on interest income, rental income and chargeable gains arising on the disposal of properties and investments but only to the extent that these exceed expenditure on provident benefits.

Deferred Tax

Deferred tax liabilities arise in relation to the difference between the fair value of investments and their original cost less any indexation applicable.

Deferred tax is calculated at the tax rates that are expected to apply in the period where the liability is settled or the asset is realised. Deferred tax is charged or credited in the income and expenditure account.

The Union has adopted a reinvestment policy whereby all realised proceeds on disposal of fixed asset investments are reinvested into fixed asset investments, thereby eliminating the need for the recognition of a deferred tax asset or liability.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term investments with original maturities of three months or less, and bank overdrafts.

Financial Instruments

Financial assets are recognised in the Union's balance sheet when the Union becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value recognised in the income and expenditure account, except that investments in equity instruments that are not publicly traded, and whose fair value cannot be measured reliably, are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through income and expenditure account, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment is recognised in the income and expenditure accounts.

SIGNATURES TO THE ANNUAL RETURN

(see notes 76 and 77)

including the accounts and balance sheet contained in the return.

Secretary's Signature: <u>Michael Clancy</u> Name: <u>MIKE CLANCY</u> Date: <u>18 MAY 2017</u>	Chairman's Signature: <u>Denise Mcguire</u> (or other official whose position should be stated) <u>PRESIDENT</u> Name: <u>DENISE MCGUIRE</u> Date: <u>18 MAY 2017</u>
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CHECK LIST

(see notes 78 to 80)

(please tick as appropriate)

IS THE RETURN OF OFFICERS ATTACHED? (see Page 2 and Note 12)	YES (see page 37)	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
HAS THE RETURN OF CHANGE OF OFFICERS BEEN COMPLETED? (see Page 2 and Note 12)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
HAS THE RETURN BEEN SIGNED? (see Pages 19 and 21 and Notes 76 and 77)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
HAS THE AUDITOR'S REPORT BEEN COMPLETED? (see Pages 20 and 21 and Notes 2 and 77)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
IS A RULE BOOK ENCLOSED? (see Notes 8 and 78)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
A MEMBER'S STATEMENT IS: (see Note 80)	ENCLOSED	<input checked="" type="checkbox"/>	TO FOLLOW	<input checked="" type="checkbox"/>
HAS THE SUMMARY SHEET BEEN COMPLETED (see Page 17 and Notes 7 and 59)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
IS A MEMBERSHIP AUDIT CERTIFICATE PROVIDED (See Pages 23 and 24 and Notes 88 to 94)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>

AUDITOR'S REPORT

(see notes 81 to 86)

made in accordance with section 36 of the Trade Union and Labour Relations (Consolidation) Act 1992.

1. In the opinion of the auditors or auditor do the accounts they have audited and which are contained in this return give a true and fair view of the matters to which they relate?
(See section 36(1) and (2) of the 1992 Act and notes 83 and 84)

YES/NO

If "No" please explain below.

2. Have the auditors or auditor carried out such investigations in the preparation of their audit report as will enable them to form an opinion as to:
- (a) whether the trade union has kept proper accounting records in accordance with section 28 of the 1992 Act;
 - (b) whether it has maintained a satisfactory system of control over its transactions in accordance with the requirements of that section; and
 - (c) whether the accounts to which the report relates agree with the accounting records?
(See section 36(3) of the 1992 Act, set out in note 83)

YES/NO

If "No" please explain below.

3. Are the auditors or auditor of the opinion that the union has complied with section 28 of the 1992 Act and has:
- (a) kept proper accounting records with respect to its transactions and its assets and liabilities; and
 - (b) established and maintained a satisfactory system of control of its accounting records, its cash holding and all its receipts and remittances.
(See section 36(4) of the 1992 Act set out in rule 83)

YES/NO

If "No" please explain below.

4. Please set out a copy of the report made by the auditors or auditor to the union on the accounts to which this AR21 relates. The report is to set out the basis upon which the audit has been conducted and/or such other statement as the auditor considers appropriate. Such a statement may be provided as a separate document.
(See note 85) ✓

AUDITOR'S REPORT (section one)

Report of the independent auditors to the members of Prospect

We have audited the financial statements of Prospect for the year ended 31 December 2016, set out on pages 24 to 44. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

This report is made solely to the Union's members, as a body. Our audit work has been undertaken so that we might state to the Union's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Union and the Union's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Union's National Executive Committee and auditors

As explained more fully in the Statement of Responsibilities of the National Executive Committee on page 23, the Union's National Executive Committee is responsible

for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Union's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Union's National Executive Committee; and the overall presentation of the financial statements.

Opinion on financial statements
In our opinion the financial

statements give a true and fair view of the state of the Union's affairs as at 31 December 2016 and of its income and expenditure for the year then ended.

Matters on which we are required to report by exception

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

- A satisfactory system of control over transactions has not been maintained.
- The Union has not kept proper accounting records.
- The financial statements 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.

H W FISHER & COMPANY
Chartered Accountants
Statutory Auditor
Acre House
11/15 William Road
London NW1 3ER
Dated: 8 March 2017

Signature(s) of auditor or auditors:

H W FISHER & COMPANY

Name(s):

H W FISHER & COMPANY

Profession(s) or Calling(s):

CHARTERED ACCOUNTANTS

Address(es):

ACRE HOUSE
11-15 WILLIAM ROAD
LONDON NW1 3ER

Date:

25 MARCH 2017

Contact name and telephone number:

SALWESH PHOENIX
020 7388 7000

N.B. When notes to the accounts are referred to in the auditor's report a copy of those notes must accompany this return.

MEMBERSHIP AUDIT CERTIFICATE

(see notes 88 to 94)

made in accordance with section 24ZD of the
Trade Union and Labour Relations (Consolidation) Act 1992.

At the end of the reporting period preceding the one to which this audit relates was the total membership of the trade union greater than 10,000?

YES

If "YES" please complete SECTION ONE below or provide the equivalent information on a separate document to be submitted with the completed AR21.

If "NO" please complete SECTION TWO below or provide the equivalent information on a separate document to be submitted with the completed AR21.

MEMBERSHIP AUDIT CERTIFICATE SECTION ONE

For a trade union with more than 10,000 members, required by section 24ZB of the 1992 Act to appoint an independent assurer

5. In the opinion of the assurer appointed by the trade union was the union's system for compiling and maintaining its register of the names and addresses of its members satisfactory to secure, so far as is reasonably practicable, that the entries in its register were accurate and up-to-date throughout the reporting period?

YES


6. In the opinion of the assurer has he/she obtained the information and explanations necessary for the performance of his/her functions?

YES

If the answer to **either** questions 5 or 6 is "NO" the assurer must:

- (a) set out below the assurer's reasons for stating that
- (b) provide a description of the information or explanation requested or required which has not been obtained
- (c) state whether the assurer required that information or those explanations from the union's officers, or officers of any of its branches or sections under section 24ZE of the 1992 Act
- (d) **send a copy of this certificate to the Certification Officer as soon as is reasonably practicable after it is provided to the union.**

MEMBERSHIP AUDIT CERTIFICATE (continued)

Signature of assurer	
Name	Ian Robinson
Address	Electoral Reform Services Ltd The Election Centre 33 Clarendon Road London N8 0NW
Date	09.05.17
Contact name and telephone number	Ian Robinson, Director and Head of Quality Control 020 8365 8909

MEMBERSHIP AUDIT CERTIFICATE

SECTION TWO

For a trade union with no more than 10,000 members at the end of the reporting period preceding the one to which this audit relates.

To the best of your knowledge and belief has the trade union during this reporting period complied with its duty to compile and maintain a register of the names and addresses of its members and secured, so far as is reasonably practicable, that the entries in the register are accurate and up-to-date?

YES/NO

If "NO" Please explain below:

Signature	
Name	
Office held	
Date	