

- DO NOT STAPLE
- PRINT ON ONE SIDE ONLY

FORM AR21

Trade Union and Labour Relations (Consolidation) Act 1992

ANNUAL RETURN FOR A TRADE UNION

Name of Trade Union:	Prospect					
Year ended:	31 December 2015					
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?	<table><tr><td>Yes</td><td><input type="checkbox"/></td><td>No</td><td><input checked="" type="checkbox"/></td><td>(Click the appropriate box)</td></tr></table>	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	(Click the appropriate box)
Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	(Click the appropriate box)		
General Secretary:	Mr M Clancy					
Telephone Number:	02079026600					
Contact name for queries regarding	Maria McLaughlin					
Telephone Number:	02079026675					
E-mail:	Maria.mclaughlin@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 2011)

List of all Officers in Post at the end of the year to which this form relates

PRESIDENTIAL TEAM

1 January – 22 May 2015

President

Alan Grey

Vice-president

Denise McGuire

Deputy vice-president

Craig Marshall

22 May – 31 December 2015

President

Alan Grey

Vice-president

Denise McGuire

Deputy vice-president

Craig Marshall

OFFICERS

General secretary

AFFILIATION & MEMBERSHIP FEES	£
Aircraft Engineers International (AEI)	4,097
Confederation of Shipbuilding & Engineering Unions (CSEU)	1,950
Council for Disabled Children	1,000
Employee Relations Institute	1,000
European Federation of Public Service Unions (EPSU)	12,307
European Transport Federation (ETF)	2,683
General Federation of Trade Unions	9,200
International Federation of Air Traffic Safety Electronics Associations	1,500
International Transport Workers Federation	7,003
Irish Congress of Trade Unions	6,366
National Pensioners Convention	1,500
Royal Aeronaut Society	1,236
Scottish TUC	12,704
Share Action	2,000
Trades Union Congress	313,094
UNI Europa	9,051
UK Flight Safety Commission	1,200
UNI Global Union	42,398
Work Foundation	1,800
Other Affiliation & Membership Fees under £1,000 (11)	3,682
	<u>436,171</u>

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	80,887	1,248	12	2,369	84516
FEMALE	26,493	371	2	2,120	28986
TOTAL	107,380	1,619	14	4,489	A 113,502

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

331

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

104,965

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.

NO CHANGES

Title of Office	Name of Officer ceasing to hold office	Name of Officer Appointed	Date

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	£'000
INCOME		
From Members: Contributions and Subscriptions		16,140
From Members: Other income from members (specify)		
Total other income from members		
Total of all income from members		16,140
Investment income (as at page 13)		542
Exceptional Income (as at page 13)		2,464
Other Income		
Income from Federations and other bodies (as at page 5)		
Income from any other sources (as at page 5)	102	
Total of other income (as at page 4)		102
	TOTAL INCOME	19,248
EXPENDITURE		
Benefits to members (as at page 6)		977
Administrative expenses (as at page 11)		15,722
Federation and other bodies (specify) see page 4	436	
Donations	14	
Exceptional Expenditure	201	
Net Pension Scheme Expenditure	110	
Total expenditure Federation and other bodies		761
Remeasurement of defined benefit liability		(7,037)
	TOTAL EXPENDITURE	10,423
Surplus (deficit) for year		8,825
Amount of general fund at beginning of year		24,235
Amount of general fund at end of year		33,060

ANALYSIS OF INCOME FROM FEDERATION AND OTHER BODIES AND OTHER INCOME

(see notes 19 and 20)

DESCRIPTION	£'000	£'000
Federation and other bodies		
TOTAL FEDERATION AND OTHER BODIES		
Other income		
Membership Services Income	21	
Journal Income	12	
Sundry Income	15	
Net VAT Refund	54	
TOTAL OTHER INCOME		102
TOTAL OF ALL OTHER INCOME		102

ANALYSIS OF BENEFIT EXPENDITURE SHOWN AT GENERAL FUND

(see notes 21 to 23)

	£'000		£'000
Representation – Employment Related Issues	122	brought forward	805
		Education and Training services	172
Representation – Non Employment Related Issues		Negotiated Discount Services	
Communications Journal/Annual Report	594	Salary Costs	
Advisory Services		Other Benefits and Grants (specify)	
Dispute Benefits			
Other Cash Payments Death Benefit	89		
carried forward	805	Total (should agree with figure in General Fund)	977

(See notes 24 and 25)

FUND 2		Fund Account	
Name:		£	£
Income	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	Total other income as specified		
	Total Income		
Expenditure	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	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:		£	£
Income	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	Total other income as specified		
	Total Income		
Expenditure	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	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 12)		
	Other income (specify)		
	Total other income as specified		
	Total Income		
Expenditure			
	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	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 12)		
	Other income (specify)		
	Total other income as specified		
	Total Income		
Expenditure			
	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	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 6		Fund Account	
Name:		£	£
Income			
	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	Total other income as specified		
	Total Income		
Expenditure			
	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	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 12)		
	Other income (specify)		
	Total other income as specified		
	Total Income		
Expenditure			
	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	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	£'000
Income	Members contributions and levies		61
	Investment income (as at page 12)		
	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)		
	Administration expenses in connection with political objects (specify)		48
	Non-political expenditure		
	Total expenditure		48
	Surplus (deficit) for year		13
	Amount of political fund at beginning of year		618
	Amount of political fund at the end of year (as Balance Sheet)		631
	Number of members at end of year contributing to the political fund		100,844
	Number of members at end of the year not contributing to the political fund		12,658
	Number of members at end of year who have completed an exemption notice and do not therefore contribute to the political fund		2,588

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
Administrative Expenses		
Remuneration and expenses of staff		11,974
Salaries and Wages included in above	£7,746,372	
Auditors' fees		54
Legal and Professional fees		75
Occupancy costs		973
Stationery, printing, postage, telephone, etc.		579
Expenses of Executive Committee (Head Office)		27
Expenses of conferences		103
Other administrative expenses (specify)		
NEC & Other Committee/Local Democratic Organisations	1,007	
Research/Editorial publishing – Publications	131	
Ballots/Recruitment/Other Admin	198	1,336
Other Outgoings		
Interest payable:		
Bank loans (including overdrafts)		
Mortgages		
Other loans		
Depreciation		580
Loss on sale of Fixed Assets		21
Taxation		
Outgoings on land and buildings (specify)		
Other outgoings (specify)		
	Total	15,722
Charged to:	General Fund (Page 3)	15,722
	Fund (Account)	
	Fund (Account)	
	Fund (Account)	
	Total	

ANALYSIS OF OFFICIALS SALARIES AND BENEFITS

(see notes 34 to 44 below)

Office held	Gross Salary £'000	Employers N.I. contributions £'000	Benefits		Total £'000	
			Pension Contributions £'000	Other Benefits		
				Description		Value £'000
General Secretary	111	13	23	Car	3	150

ANALYSIS OF INVESTMENT INCOME

(see notes 45 and 46)

	Political Fund £		Other Fund(s) £'000
Rent from land and buildings			364
Dividends (gross) from:			
Equities (e.g. shares)			557
Interest (gross) from:			
Government securities (Gilts)			
Mortgages			
Local Authority Bonds			
Bank and Building Societies			
Other investment income (specify)			
Loss on sale of investments including £20K charges			(9)
Change on Investment Values			(370)
Exceptional Income (net profit on sale of Wimbledon Office)			2,464
			3,006
		Total investment income	3,006
		Credited to:	
		General Fund (Page 3)	3,006
		Fund (Account)	
		Fund (Account)	
		Fund (Account)	
		Fund (Account)	
		Fund (Account)	
		Political Fund	
		Total Investment Income	

BALANCE SHEET as at

31 DECEMBER 2015
(2014 Restated re FRS102)

(see notes 47 to 50)

Previous Year			£'000	£'000
£'000	£'000			
	15,328	Fixed Assets (at page 15)		13,182
		Investments (as per analysis on page 16)		
22,644		Quoted (Cost value £ 20,007)	24,568	
153	22,797	Unquoted	666	25,234
	38,125	Total Investments		38,416
		Other Assets		
	1,568	Sundry debtors		4,057
	2,339	Cash at bank and in hand		2,024
		Income tax to be recovered		
		Stocks of goods		
		Others (specify)		
	3,907	Total of other assets		6,081
	42,032	TOTAL ASSETS		44,497
	24,235	Fund (Account)		33,060
		Superannuation Fund (Account)		
	618	Political Fund (Account)		631
		Revaluation Reserve		
		LIABILITIES		
		Loans: Other		
		Bank overdraft		
		Tax payable		
	1,028	Sundry creditors		1,582
		Accrued expenses		
		Provisions		
	16,151	Other liabilities – Pension Scheme		9,224
	42,032	TOTAL LIABILITIES		44,497

FIXED ASSETS ACCOUNT

(see notes 51 to 55)

	Land and Buildings		Furniture and Equipment £'000	Motor Vehicles £'000	Not used for union business £'000	Total £'000
	Freehold £'000	Leasehold £'000				
Cost or Valuation						
At start of year	16,485		1,075	765		18,325
Additions			212	280		492
Disposals	(2,192)		(80)	(201)		(2,473)
Revaluation/Transfers						
At end of year	14,293		1,207	844		16,344
Accumulated Depreciation						
At start of year	1,979		662	356		2,997
Charges for year	210		210	160		580
Disposals	(212)		(80)	(123)		(415)
Revaluation/Transfers	-					
At end of year	1,977		792	393		2,162
Net book value at end of year						
	12,316		415	451		13,182
Net book value at end of previous year						
	14,506		413	409		15,328

ANALYSIS OF INVESTMENTS

(see notes 56 and 57)

QUOTED	All Funds Except Political Funds Market Value £'000	Political Fund £'000
Equities (e.g. Shares)	4,549	
Government Securities (Gilts)		
Other quoted securities (to be specified)		
Unit Trusts	20,019	
TOTAL QUOTED (as Balance Sheet)	24,568	
Cost Value of Quoted Investment	20,007	
UNQUOTED		
Equities		
Government Securities (Gilts)		
Mortgages		
Bank and Building Societies	345	
Other unquoted investments (to be specified)		
Unquoted Shares	321	
TOTAL UNQUOTED (as Balance Sheet)	666	
Cost Value of Unquoted Investments	666	

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 Members Services Ltd (dormant)	4284384		
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 £'000	Political Funds £'000	Total Funds £'000
INCOME			
From Members	16,140	61	16,201
From Investments	3,006	-	3,006
Other Income (including increases by revaluation of assets)	102	-	102
Total Income	19,248	61	19,309
EXPENDITURE (including decreases by revaluation of			
Total Expenditure	10,423	48	10,471
Funds at beginning of year (including reserves)	24,235	618	24,853
Funds at end of year (including reserves)	33,060	631	33,691
ASSETS			
Fixed Assets			13,182
Investment Assets			25,234
Other Assets			6,081
		Total Assets	44,497
LIABILITIES		Total Liabilities	10,806
NET ASSETS (Total Assets less Total Liabilities)			33,691

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 2015

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.

	2015 £'000	2014 £'000
2 COMMITTEES AND CONFERENCES		
National Committees	131	112
National and Sector Conferences	103	380
	<u>234</u>	<u>492</u>
3 LOCAL DEMOCRATIC ORGANISATION AND EDUCATION		
Professional, departmental and other groups	124	148
Branches and sections	779	738
Education and training	173	211
	<u>1,076</u>	<u>1,097</u>
4 EMPLOYMENT COSTS		
Staff salary costs	9,641	9,648
Additional pension contributions	1,559	1,253
Travel, subsistence and mobile phones	698	640
Other staffing costs	259	324
	<u>12,157</u>	<u>11,875</u>
5 PROPERTY COSTS		
Rent, rates and service charges	507	450
Light and heat	97	98
Decoration, repairs and maintenance	141	133
Cleaning and security	165	161
Property depreciation	210	247
Insurance and health and safety	63	62
	<u>1,183</u>	<u>1,151</u>
6 ADMINISTRATION AND OTHER SUPPLIES		
Equipment maintenance and repairs	57	56
Printing, stationery and postage	174	241
Telephone	75	78
Computer services	378	329
Intranet	17	47
Other office services	85	95
Bank charges and collection of subscriptions	13	19
Research, publications and subscriptions	35	42
Editorial publishing and publicity	96	82
Legal, professional and audit fees	129	110
	<u>1,059</u>	<u>1,099</u>

PROSPECT NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2015

11 INVESTMENTS

	2015 £'000	2014 £'000
Market Value		
At 1 January 2015	22,797	3,145
Additions	3,145	(661)
Disposals	—	311
Net movement in cash deposits	—	11
Surplus on sale of investments	—	(370)
Change in Investment Values		<u>25,234</u>
At 31 December 2015		
	Cost value £'000	Market value £'000
Quoted equities and gilts	4,012	4,549
Unit trusts	15,995	20,019
Bank deposits	345	345
Unquoted Shares	321	321
	<u>20,673</u>	<u>25,234</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.

12 DEBTORS

	2015 £'000	2014 £'000
Trade debtors	1,107	1,177
Other debtors	121	89
Prepayments and accrued income	329	302
Deferred consideration (Wimbledon property)	2,500	—
	<u>4,057</u>	<u>1,568</u>

13 CREDITORS

	2015 £'000	2014 £'000
Trade creditors	374	407
Other creditors	58	41
Other taxes and social security	664	272
Accruals and deferred income	486	308
	<u>1,582</u>	<u>1,028</u>

14 CONTINGENT 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.

15 TRANSFER OF ENGAGEMENTS (BACM)

This arose from the merger by transfer of engagements of British Association of Colliery Management (BACM) to Prospect on 1 November 2014.

PROSPECT NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2015

	2015 £'000	2014 £'000
7 BENEFIT TO MEMBERS		
Affiliations and donations	451	438
Members benefits	816	769
Recruitment and organisation	173	128
	<u>1,440</u>	<u>1,335</u>
8 OTHER INCOME		
Membership services/net VAT recovered	75	70
Net Journal Income	12	25
Other income	15	11
	<u>102</u>	<u>106</u>
9 EXCEPTIONAL ITEMS		
Profit on disposal	2,464	—
Provision for claims	(201)	—
	<u>2,263</u>	<u>—</u>

The exceptional profit on disposal is the result of a property originally held in land and buildings at a cost of £2,392m 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 12). The property was originally bought at a cost of £1.05m 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.

10 TANGIBLE FIXED ASSETS

	Land & Buildings £'000	Office Equipment £'000	Motor Vehicles £'000	Total £'000
COST				
At 1 January 2015	16,485	1,075	765	18,325
Additions	—	212	280	492
Disposals	(2,192)	(80)	(201)	(2,473)
At 31 December 2015	<u>14,293</u>	<u>1,207</u>	<u>844</u>	<u>16,344</u>
Depreciation				
At 1 January 2015	1,979	662	356	2,997
Charge for the year	210	210	160	580
Disposals	(212)	(80)	(123)	(415)
At 31 December 2015	<u>1,977</u>	<u>792</u>	<u>393</u>	<u>3,162</u>
Net book value				
At 31 December 2015	<u>12,316</u>	<u>415</u>	<u>451</u>	<u>13,182</u>
At 31 December 2014	<u>14,506</u>	<u>415</u>	<u>409</u>	<u>15,330</u>

PROSPECT NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2015

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 2015.

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 2015.

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 2015.

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 2016 are estimated to be £2.2M including deficit contributions and £0.5M to the Connect Scheme.

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

	PPS		CPS	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
	2,400	2,000	519	507

There were no contributions outstanding at the year end.

The main financial assumptions used were:

	PPS		CPS	
	2015 %	2014 %	2015 %	2014 %
Rate of increase in pensionable salaries	2.8	3.8	2.4	2.3
Rate of increase in pensions in payments	3.2	3.3	5.0	5.0
Discount rate for scheme liabilities	3.9	3.5	3.8	3.5
Rate of inflation	3.3	3.3	3.4	3.3

**PROSPECT NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2015**

16 STAFF PENSION SCHEMES (continued)

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 22.4 years (CPS) if they are male; and for a further 24.5 years (PPS) and 24.5 years (CPS) if they are female.

NET LIABILITIES OF THE SCHEME

The net pension assets recognised in the union's balance sheet as at 31 December 2015 is as follows:

	PPS		CPS	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Diversified Growth Funds	16,569	—	—	—
Equities	22,881	31,200	8,848	8,595
Bonds & Gilts	32,349	39,000	995	827
Property	7,101	4,680	664	826
Cash/Other	—	3,120	553	330
Total Market Value of Assets	78,900	78,000	11,060	10,578
Present value of liabilities	(78,800)	(84,300)	(20,384)	(20,429)
Scheme Surplus/(Deficit)	100	(6,300)	(9,324)	(9,851)

ANALYSIS OF PPS102 PENSION MOVEMENT:

	PPS		CPS	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Current service cost	(2,000)	(1,600)	(369)	(343)
Admin Costs	(200)	(200)	—	—
Contributions	2,400	2,000	519	507
Interest scheme assets	2,700	3,200	457	545
Interest on scheme liabilities	(2,900)	(3,300)	(717)	(738)
Net interest on defined benefit liability	(200)	(100)	(260)	(193)
Net pension scheme (expenditure)/income	6,400	(4,000)	637	(3,67)
Remeasurement of defined benefit pensions	6,400	(3,900)	527	(3,696)
Pension (liability) brought forward	(6,300)	(2,400)	(9,851)	(6,155)
Pension (liability) carried forward	100	(6,300)	(9,324)	(9,851)
Total expense	(2,400)	(1,900)	(629)	(536)

**PROSPECT NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2015**

16 STAFF PENSION SCHEMES (continued)

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

	PPS		CPS	
	Year ended 31/12/15 £'000	Year ended 31/12/14 £'000	Year ended 31/12/15 £'000	Year ended 31/12/14 £'000
Opening defined benefit obligation	84,300	72,100	20,429	15,977
Current service cost	2,000	1,600	369	343
Interest cost	2,900	3,300	717	738
Contributions by Scheme participants	200	400	82	85
Actuarial (gains)/losses on Scheme liabilities & changes to demo & fin assumptions	(7,600)	9,700	(763)	3,610
Net benefits paid out	(3,000)	(2,800)	(450)	(324)
Closing defined benefit obligation	78,800	84,300	20,384	20,429

CHANGES TO THE FAIR VALUE OF SCHEME ASSETS DURING THE YEAR

	PPS		CPS	
	Year ended 31/12/15 £'000	Year ended 31/12/14 £'000	Year ended 31/12/15 £'000	Year ended 31/12/14 £'000
Opening fair value of Scheme Assets	78,000	69,700	10,578	9,822
Expected return on Scheme Assets (interest on assets)	2,700	3,200	457	545
Return on plan assets excluding interest income	(1,200)	5,700	(126)	(57)
Contributions by the employer	2,400	2,000	519	507
Contributions by Scheme participants	200	400	82	85
Net benefits paid out	(3,200)	(3,000)	(450)	(324)
Closing fair value of Scheme assets	78,900	78,000	11,060	10,578

**PROSPECT NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2015**

17 COMMITMENTS UNDER OPERATING LEASES

LESSEE

At 31 December 2015, Prospect had obligations of total future minimum lease payments under non-cancellable operating leases for the following periods:

	Land & Buildings		Other	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Expiry date:				
No later than one year	102	104	7	7
Later than one, no later than five years	190	165	13	19
Later than five years	—	—	—	1
	292	269	20	27

The lease payments recognised as an expense during the year was £122,000 (2014: £117,000).

LESSOR

At 31 December 2015, Prospect had contractual future minimum lease receipts under non-cancellable operating leases for the following periods:

	Land & Buildings	
	2015 £'000	2014 £'000
Expiry date:		
No later than one year	364	339
Later than one, no later than five years	111	475
Later than five years	—	—
	475	814

The lease receipts recognised as rental income during the year was £364,000 (2014: £300,000)

ACCOUNTING POLICIES

(see notes 74 and 75)

PROSPECT ACCOUNTING POLICIES YEAR ENDED 31 DECEMBER 2015

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. These financial statements for the year ended 31 December 2015 are the first financial statements of Prospect prepared in accordance with FRS102. The date of transition to FRS102 was 1 January 2014.

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.

Reconciliation to previous generally accepted accounting policies (UK GAAP)

In preparing the accounts the Union has considered whether in applying the accounting policies required by UK GAAP FRS102 a restatement of comparative items was required. In accordance with the requirements of FRS102 a reconciliation of opening balances and net income/(expenditure) for the year is provided with the net income/(expenditure) under previous UK GAAP adjusted for the presentation of investment gains/(losses) as a component of reported income and movement of defined benefit pension scheme obligations.

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
Furniture and fittings – 10 years

Office equipment – 4 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.

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.

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 revaluation and disposals throughout the year. This is a change from prior period accounts where fixed asset investments were held at historical cost less any provision for impairment. 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 investments and change in market value 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.

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> General Secretary Name: <u>Michael CLANCY</u> Date: <u>7 JUNE 2016</u>	Chairman's Signature: <u>DENISE MCGUIRE</u> (or other official whose position should be stated) PRESIDENT Name: <u>DENISE MCGUIRE</u> Date: <u>7 JUNE 2016</u>
--	--

CHECK LIST

(see notes 78 to 80)

(please tick as appropriate)

	YES	X	NO	
IS THE RETURN OF OFFICERS ATTACHED? (see Page 2 and Note 12)	YES See Page 4	X	NO	<input type="checkbox"/>
HAS THE RETURN OF CHANGE OF OFFICERS BEEN COMPLETED? (see Page 2 and Note 12)	YES	X	NO	<input type="checkbox"/>
HAS THE RETURN BEEN SIGNED? (see Pages 19 and 21 and Notes 76 and 77)	YES	X	NO	<input type="checkbox"/>
HAS THE AUDITOR'S REPORT BEEN COMPLETED? (see Pages 20 and 21 and Notes 2 and 77)	YES	X	NO	<input type="checkbox"/>
IS A RULE BOOK ENCLOSED? (see Notes 8 and 78)	YES	X	NO	<input type="checkbox"/>
A MEMBER'S STATEMENT IS: (see Note 80)	ENCLOSED	X	TO FOLLOW	<input type="checkbox"/>
HAS THE SUMMARY SHEET BEEN COMPLETED (see Page 17 and Notes 7 and 59)	YES	X	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)

ATTACHED

AUDITOR'S REPORT (continued)

Report of the independent auditors to the members of Prospect

We have audited the financial statements of Prospect for the year ended 31 December 2015, set out on pages 3 to 24. 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 1, 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 2015 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: 24 February 2016

Signature(s) of auditor or auditors:		
Name(s):	H.W. FISHER & COMPANY	
Profession(s) or Calling(s):	CHARTERED ACCOUNTANTS STATUTORY AUDITOR	
Address(es):	ACRE HOUSE 11-15 WILLIAM ROAD LONDON N.W.1 3ER UNITED KINGDOM	
Date:	8 JUNE 2016	
Contact name and telephone number:	SAILESH P. MEHTA 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.