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- 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:

PUBLIC COMMERCIAL SERVICES

Year ended:

31 DECEMBER 2014

List no:

753

Head or Main Office:

160 FALCON ROAD  
LONDON  
SW11 2LN

Website address (if available)

www.pcs.org.uk

Has the address changed during  
the  
year to which the return relates?

Yes	<input type="checkbox"/>
-----	--------------------------

No	<input checked="" type="checkbox"/>
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(Click the appropriate box)

General Secretary:

MARK SERWOTKA

Telephone Number:

0207 801 2600

Contact name for queries  
regarding

STELLA DENNIS

Telephone Number:

0207 924 2727 ext 2370

E-mail:

stella@pcs.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

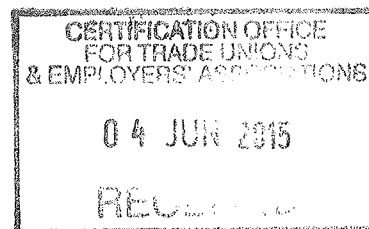
The address to which returns and other documents should be sent are:

For Unions based in England and Wales:

Certification Office for Trade Unions and Employers' Associations  
22<sup>nd</sup> 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)

## OFFICERS OF PCS AT 31 DECEMBER 2014

<b>General Secretary:</b>	Mark Serwotka
<b>President:</b>	Janice Godrich
<b>Deputy President:</b>	Kevin McHugh
<b>Vice President:</b>	John McInally Paula Brown Sue Bond
<b>Assistant General Secretary:</b>	Chris Baugh

## NATIONAL EXECUTIVE COMMITTEE MEMBERS

Ian Albert	Zita Holbourne
Mark Baker	John Jamieson
Clive Bryant	Adam Khalif
Alan Dennis	Neil License
Michael Derbyshire	Mark Leopard
Richard Douglas	Marion Lloyd
Lawrence Dunne	Dominic McFadden
Mary Ferguson	Lorna Merry
Helen Flanagan	Chris Morrison
Cheryl Gedling	Marianne Owens
Jacqueline Green	Clara Paillard
Sam Hall	Ian Pope
Elenor Haven	Karen Watts
Fran Heathcote	Hector Wesley
Declan Hickey	Paul Williams

# 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	91,852	901	6	88	<b>92,847</b>
FEMALE	137,233	1,179	4	60	<b>138,476</b>
TOTAL	229,085	2,080	10	148	A <b>231,323</b>

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

201

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

213,359

## 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
NEC Member	Diane Breen	Richard Douglas	8 May 2014
NEC Member	Lynda Frankland-Barber	Lawrence Dunne	8 May 2014
NEC Member	Christine Galligan	Fran Heathcote	8 May 2014
NEC Member	Andy Magee	Declan Hickey	8 May 2014
NEC Member	Andy Reid	John Jamieson	8 May 2014
NEC Member	Derek Thomson	Mark Leopard	8 May 2014
NEC Member	<i>No outgoing officer</i>	Clara Paillard	8 May 2014
NEC Member	<i>No outgoing officer</i>	Ian Pope	8 May 2014
NEC Member	<i>No outgoing officer</i>	John Jamieson	8 May 2014

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)

	£	£
<b>INCOME</b>		
<b>From Members:</b> Contributions and Subscriptions		26,373,178
<b>From Members:</b> Other income from members (specify)		
<b>Total other income from members</b>		0
<b>Total of all income from members</b>		26,373,178
<b>Investment income (as at page 12)</b>		2,913,053
<b>Potential gains on investments</b>		36,795
<b>Transfer from property fund</b>		279,204
<b>FRS 17 adjustment pension reserve</b>		7,400,000
<b>Other Income</b>		
Income from any other sources (as at page 4)	311,639	
<b>Total of other income (as at page 4)</b>		311,639
	<b>TOTAL INCOME</b>	<b>37,313,869</b>
<b>EXPENDITURE</b>		
<b>Benefits to members (as at page 5)</b>		4,491,893
<b>Administrative expenses (as at page 10)</b>		16,508,108
<b>Affiliation fees</b>		901,230
<b>FRS17 Adjustment actuarial losses</b>		13,000,000
Transfer to Campaigns & Disputes fund	1,154,195	
Transfer to Voluntary & early retirement reserve	800,000	
PCS in the community	6,738	
Donations	8,614	
<b>Total expenditure Federation and other bodies</b>		1,969,547
<b>Taxation</b>		0
	<b>TOTAL EXPENDITURE</b>	<b>36,870,778</b>
	Surplus (deficit) for year	443,091
	Amount of general fund at beginning of year	4,296,449
	Amount of general fund at end of year	4,739,540

# ANALYSIS OF INCOME FROM FEDERATION AND OTHER BODIES AND OTHER INCOME

(see notes 19 and 20)

DESCRIPTION	£	£
<b>Federation and other bodies</b>	0 0 0 0 0 0 0 0 0 0	
<b>TOTAL FEDERATION AND OTHER BODIES</b>		<b>0</b>
<b>Other income</b>		
Advertising	76,225	
Commission	62,594	
Miscellaneous	49,448	
VAT Recovered	123,372	
<b>TOTAL OTHER INCOME</b>		<b>311,639</b>
<b>TOTAL OF ALL OTHER INCOME</b>		<b>311,639</b>

# ANALYSIS OF BENEFIT EXPENDITURE SHOWN AT GENERAL FUND

(see notes 21 to 23)

	£		£
Representation – Employment Related Issues	228,877	<b>brought forward</b>	1,901,685
		Education and Training services	
		National courses	7,959
		Group and Association courses	4,151
		Branch courses	59,875
Representation – Non Employment Related Issues	33,382	Organising & Learning publicity	29,775
		Seminars	59,471
		Lifelong learning projects	315
		<b>Negotiated Discount Services</b>	
		Essential Guide	12,960
<b>Communications</b>			
PCS View	766,362		
Group Publications	98,051		
National Publications	56,060	<b>Salary Costs</b>	
Diaries	109,456	Employment costs	2,413,339
<b>Advisory Services</b>			
Helplines	127,424		
		<b>Other Benefits &amp; Grants (specify)</b>	
		Gold badges	2,363
<b>Dispute Benefits</b>			
<b>Other Cash Payments</b>			
Benevolent Services	49,139		
EX IR Group Sickness Benefit	3,467		
Death and Personal Accident	429,467		
<b>carried forward</b>	1,901,685	<b>Total (should agree with figure in General Fund)</b>	4,491,893

(See notes 24 and 25)

FUND 2		Fund Account	
Name:	Property Fund	£	£
<b>Income</b>			
	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	<b>Total other income as specified</b>		
	<b>Total Income</b>		
<b>Expenditure</b>			
	Transfer to General Fund	279,204	
	Administrative expenses and other expenditure (as at page 10)		
	<b>Total Expenditure</b>		279,204
	<b>Surplus (Deficit) for the year</b>		(279,204)
	<b>Amount of fund at beginning of year</b>		11,772,468
	<b>Amount of fund at the end of year (as Balance Sheet)</b>		11,493,264
	<b>Number of members contributing at end of year</b>		No direct contribution

FUND 3		Fund Account	
Name:	Campaign & Disputes Fund	£	£
<b>Income</b>			
	From members		
	Investment income (as at page 12)		
	Transfer from General Fund		1,154,195
	Donations	5,324	
	<b>Total other income as specified</b>		5,324
	<b>Total Income</b>		1,159,519
<b>Expenditure</b>			
	Benefits to members		
	Fund expenditure (See appendix 1)	892,328	
	<b>Total Expenditure</b>		892,328
	<b>Surplus (Deficit) for the year</b>		267,191
	<b>Amount of fund at beginning of year</b>		0
	<b>Amount of fund at the end of year (as Balance Sheet)</b>		267,191
	<b>Number of members contributing at end of year</b>		No direct contribution

(See notes 24 and 25)

FUND 4		Fund Account	
Name:	Early Retirement Reserve	£	£
<b>Income</b>			
	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	Transfer from General Fund	800,000	
	<b>Total other income as specified</b>		800,000
	<b>Total Income</b>		800,000
<b>Expenditure</b>			
	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	<b>Total Expenditure</b>		0
	<b>Surplus (Deficit) for the year</b>		800,000
	<b>Amount of fund at beginning of year</b>		0
	<b>Amount of fund at the end of year (as Balance Sheet)</b>		800,000
	<b>Number of members contributing at end of year</b>		No direct contribution

FUND 5		Fund Account	
Name:	Pension Reserve	£	£
<b>Income</b>			
	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	<b>Total other income as specified</b>		
	<b>Total Income</b>		
<b>Expenditure</b>			
	Transfer to General Fund	7,400,000	
	Administrative expenses and other expenditure (as at page 10)		
	<b>Total Expenditure</b>		7,400,000
	<b>Surplus (Deficit) for the year</b>		(7,400,000)
	<b>Amount of fund at beginning of year</b>		(3,600,000)
	<b>Amount of fund at the end of year (as Balance Sheet)</b>		(11,000,000)
	<b>Number of members contributing at end of year</b>		No direct contribution



FUND 6		Fund Account	
Name:	Fighting fund	£	£
<b>Income</b>			
	From members	9,202	
	Investment income (as at page 12)		
	Other income (specify)		
	<b>Total other income as specified</b>		9,202
	<b>Total Income</b>		9,202
<b>Expenditure</b>			
	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	<b>Total Expenditure</b>		
	<b>Surplus (Deficit) for the year</b>		9,202
	<b>Amount of fund at beginning of year</b>		0
	<b>Amount of fund at the end of year (as Balance Sheet)</b>		9,202
	<b>Number of members contributing at end of year</b>		425

FUND 7		Fund Account	
Name:		£	£
<b>Income</b>			
	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	<b>Total other income as specified</b>		
	<b>Total Income</b>		
<b>Expenditure</b>			
	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	<b>Total Expenditure</b>		
	<b>Surplus (Deficit) for the year</b>		
	<b>Amount of fund at beginning of year</b>		
	<b>Amount of fund at the end of year (as Balance Sheet)</b>		
	<b>Number of members contributing at end of year</b>		

(see notes 26 to 31)

<b>POLITICAL FUND ACCOUNT 1</b>		<b>To be completed by trade unions which maintain their own fund</b>	
		<b>£</b>	<b>£</b>
<b>Income</b>	Members contributions and levies		266,003
	Investment income (as at page 12)		
	Other income (specify)		
	Total other income as specified		
	Total income		266,003
<b>Expenditure</b>	Expenditure under section 82 of the Trade Union and Labour Relations (Consolidation) Act 1992 (specify)		
	Administration expenses in connection with political objects Fund expenditure (See appendix 2)	152,580	
	Non-political expenditure		
	Total expenditure		152,580
	Surplus (deficit) for year		113,423
	Amount of political fund at beginning of year		0
	Amount of political fund at the end of year (as Balance Sheet)		113,423
	Number of members at end of year contributing to the political fund		213,359
	Number of members at end of the year not contributing to the political fund		17,964
	Number of members at end of year who have completed an exemption notice and do not therefore contribute to the political fund		429

<b>POLITICAL FUND ACCOUNT 2</b>		<b>To be completed by trade unions which act as components of a central trade union</b>	
		<b>£</b>	<b>£</b>
<b>Income</b>	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		
<b>Expenditure</b>	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)

	£
<b>Administrative Expenses</b>	
Remuneration and expenses of staff	11,228,592
Salaries and Wages included in above	£11,228,592
Auditors' fees	41,935
Legal and Professional fees	197,992
Occupancy costs	1,153,734
Stationery, printing, postage, telephone, etc.	433,746
Expenses of Executive Committee (Head Office)	125,485
Expenses of conferences	644,736
Other administrative expenses (specify)	
From General Fund (See appendix 3)	4,340,310
<b>Other Outgoings</b>	
Interest payable:	
Bank loans (including overdrafts)	15,622
Mortgages	
Other loans	
Depreciation	1,125,956
Taxation	
<b>FRS17 adjustments:</b>	
Current service costs of defined benefit pension scheme	2,100,000
Past service benefits of defined benefit pension scheme	(2,100,000)
Pension contribution paid in the year	(2,800,000)
<b>Total</b>	<b>16,508,108</b>
Charged to:	
General Fund (Page 3)	16,508,108
Fund (Account )	
Fund (Account )	
Fund (Account )	
Fund (Account )	
<b>Total</b>	<b>16,508,108</b>



# ANALYSIS OF INVESTMENT INCOME

(see notes 45 and 46)

	Political Fund £		Other Fund(s) £
Rent from land and buildings	0		89,259
Dividends (gross) from:			
Equities (e.g. shares)	0		21,816
Interest (gross) from:			
Government securities (Gilts)	0		
Mortgages	0		
Local Authority Bonds	0		
Bank and Building Societies	0		731
Other investment income (specify)			
Bonds & Interest bearing stock	0		1,247
FRS17 Expected return on pension scheme	0		9,700,000
FRS17 Interest on pension scheme liabilities	0		(6,900,000)
	0		
	0		2,913,053
Total investment income			2,913,053
Credited to:			
		General Fund (Page 3)	2,913,053
		Fund (Account )	
		Fund (Account )	
		Fund (Account )	
		Fund (Account )	
		Fund (Account )	
		Political Fund	
Total Investment Income			2,913,053

# BALANCE SHEET as at 31 December 2014

(see notes 47 to 50)

Previous Year		£	£
<b>13,253,558</b>	<b>Fixed Assets</b> (at page 14)		12,820,697
	<b>Investments</b> (as per analysis on page 15)		
419,888	Quoted (Market value £ 609,988)	606,683	
804,752	Unquoted	678,546	
<b>1,224,640</b>	<b>Total Investments</b>		1,285,229
	<b>Other Assets</b>		
0	Loans to other trade unions		0
3,289,855	Sundry debtors		2,604,111
1,411,454	Cash at bank and in hand		3,169,432
0	Income tax to be recovered		0
0	Stocks of goods		0
161,137	Credit Union Loan		13,206
<b>4,862,446</b>	<b>Total of other assets</b>		5,786,749
<b>19,340,644</b>	<b>TOTAL ASSETS</b>		19,892,675
4,296,449	General Fund		4,739,540
11,772,468	Property Fund		11,493,264
0	Campaign Fund		267,191
0	Voluntary Selective & Early Retirement		800,000
0	Political Fund		113,423
(3,600,000)	Pension Reserve		(11,000,000)
0	Fighting Fund		9,202
	<b>LIABILITIES</b>		
1,400,556	Sundry creditors		478,390
1,621,171	Accrued expenses		1,244,654
250,000	Bank Loans		747,011
3,600,000	Other liabilities		11,000,000
19,340,644	<b>TOTAL LIABILITIES</b>		19,892,675
19,340,644	<b>TOTAL ASSETS</b>		19,892,675

# FIXED ASSETS ACCOUNT

(see notes 51 to 55)

	Land and Buildings		Furniture and Equipment £	Motor Vehicles £	Not used for union business £	Total £
	Freehold £	Leasehold £				
<b>Cost or Valuation</b>						
At start of year	8,500,000	3,346,060	5,032,077	51,408	0	16,929,545
Additions	0	0	693,095	0	0	693,095
Disposals	0	0	(2,648,101)	0	0	(2,648,101)
Revaluation/Transfers	0	0	0	0	0	0
At end of year	8,500,000	3,346,060	3,077,071	51,408	0	14,974,539
<b>Accumulated Depreciation</b>						
At start of year	0	(108,799)	(3,515,780)	(51,408)	0	(3,675,987)
Charges for year	(137,700)	(106,297)	(881,959)	0	0	(1,125,956)
Disposals	0	0	2,648,101	0	0	2,648,101
Revaluation/Transfers	0	0	0	0	0	0
At end of year	(137,700)	(215,096)	(1,749,638)	(51,408)	0	(2,153,842)
<b>Net book value at end of year</b>	8,362,300	3,130,964	1,327,433	0	0	12,820,697
<b>Net book value at end of previous year</b>	8,500,000	3,237,261	1,516,297	0	0	13,253,558

# ANALYSIS OF INVESTMENTS

(see notes 56 and 57)

QUOTED	All Funds Except Political Funds £	Political Fund  £
Equities (e.g. Shares)		
3i Infrastructure PLC	11,468	0
Intern Public Partnership Ltd	8,121	0
iShares GBP Corporate Bond	50,372	0
Lyxor Gold Bullion Securities	2,575	0
Sarasin CI Real Estate	13,968	0
Sarasin Sterling Bond – I Inc	341,295	0
Sarasin Equisar UK Global	78,675	0
Sarasin Equisar UK Thematic	77,568	0
BH Macro Ltd	9,212	0
Various holdings less than £1,500	13,429	0
<b>TOTAL QUOTED (as Balance Sheet)</b>	<b>606,683</b>	<b>0</b>
Market Value of Quoted Investment	609,988	0
<b>UNQUOTED</b>		
Equities		
Unity Trust Bank plc A Ordinary Shares of £1	172,092	0
Unity Trust Bank plc C Ordinary Shares of £1	105,128	0
Civil Service Housing Association 25p ordinary shares	200	0
Energy Prospects Cooperatives Limited	1,000	0
Wesley Hall	1,000	0
Trade Union British Trust	311,619	0
Bank and Building Societies		
Sarasins Money Market	87,507	0
		0
		0
<b>TOTAL UNQUOTED (as Balance Sheet)</b>	<b>678,546</b>	<b>0</b>
Market Value of Unquoted Investments	677,744	0



# ANALYSIS OF INVESTMENT INCOME (CONTROLLING INTERESTS)

(see notes 58 and 59)

<b>Does the union, or any constituent part of the union, have a controlling interest in any limited company?</b>		YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
If YES name the relevant companies:			
COMPANY NAME	COMPANY REGISTRATION NUMBER (if not registered in England & Wales, state where registered)		
<b>Are the shares which are controlled by the union registered in the names of the union's trustees?</b>		YES <input type="checkbox"/>	NO <input checked="" 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 £
<b>INCOME</b>			
From Members	26,382,380	266,003	26,648,383
From Investments	2,913,053	0	2,913,053
Other Income (including increases by revaluation of assets)	9,987,157	0	9,987,157
<b>Total Income</b>	39,282,590	266,003	39,548,593
<b>EXPENDITURE</b> (including decreases by revaluation of			
<b>Total Expenditure</b>	45,442,310	152,580	45,594,890
 <i>See appendix 4 for above breakdowns</i>			
<b>Funds at beginning of year</b> (including reserves)	12,468,917	0	12,468,917
<b>Funds at end of year</b> (including reserves)	6,309,197	113,423	6,422,620
 <b>ASSETS</b>			
	Fixed Assets		12,820,697
	Investment Assets		1,285,229
	Other Assets		5,786,749
		<b>Total Assets</b>	19,892,675
<b>LIABILITIES</b>		<b>Total Liabilities</b>	13,470,055
<b>NET ASSETS (Total Assets less Total Liabilities)</b>			6,422,620

# 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.

See appendix 5

# ACCOUNTING POLICIES

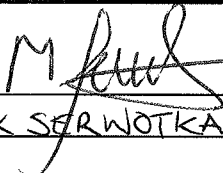

(see notes 74 and 75)

See appendix 5 – Accounting policies are included in note 1 & 2 of the 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></u> Name: <u>MARK SERWOTKA</u> Date: <u>1ST JUNE 2015</u>	Chairman's Signature: <u></u> (or other official whose position should be stated) Name: <u>JANICE GODRICH</u> Date: <u>1ST JUNE 2015</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	✓	NO	<input type="checkbox"/>
HAS THE RETURN OF CHANGE OF OFFICERS BEEN COMPLETED? (see Page 2 and Note 12)	YES	✓	NO	<input type="checkbox"/>
HAS THE RETURN BEEN SIGNED? (see Pages 19 and 21 and Notes 76 and 77)	YES	✓	NO	<input type="checkbox"/>
HAS THE AUDITOR'S REPORT BEEN COMPLETED? (see Pages 20 and 21 and Notes 2 and 77)	YES	✓	NO	<input type="checkbox"/>
IS A RULE BOOK ENCLOSED? (see Notes 8 and 78)	YES	✓	NO	<input type="checkbox"/>
A MEMBER'S STATEMENT IS: (see Note 80)	ENCLOSE D		TO FOLLOW	✓
HAS THE SUMMARY SHEET BEEN COMPLETED (see Page 17 and Notes 7 and 59)	YES	✓	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  
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  
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  
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 (continued)

See appendix 6

Signature(s) of auditor or auditors:

*BDO LLP*

Name(s):

BDO LLP

Profession(s) or Calling(s):

Chartered Accountants and  
Registered Auditors

Address(es):

2 City Place  
Beehive Ring Road  
Gatwick  
West Sussex RH6 0PA

Date:

*2 June 2015*

Contact name and telephone number:

Andrew Stickland  
01293 591000

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

## Appendix 1 Campaign & Disputes Fund expenditure

Anti - jobs cuts campaign	593,704
Strategic legal cases	102,560
Credit Union	63,926
Industrial Action Ballots	52,194
Strike Pay (DWP)	18,633
Department for Education & Skills Group	11,402
Direct debit	11,151
Department of Work & Pensions	10,584
National Pensioners Convention	5,000
Trade Union Co-ordinating Group	5,000
I E R Institute of Employment Rights	4,173
PCS in the community	3,196
NDC Agreed Campaigns	3,145
Greenwich Resource Centre	3,000
Still the Enemy Within	1,000
Revenue and Customs Group	823
Civil Aviation Authority	609
Unite We Stand	500
Associated Society of Locomotive Engineers & Firemen	500
Stop the War Coalition	500
UKLGIG	500
Land Registry	238
MITIE	83
National Gallery	45
Commercial Sector Group	34
Culture Media & Sports Group	20
Pay campaign	- 191
<b>Total C&amp;D fund expenditure</b>	<b>892,328</b>

## Appendix 2 Political Fund expenditure

Parliamentary work	75,347
Scottish Campaigns	51,584
Greening The Workplace	13,055
Unite Against Fascism	4,664
International Campaigns	3,997
Jobs Campaigns	3,933
<b>Total Political Fund Expenditure</b>	<b>152,579</b>

### Appendix 3 Administrative expenses from General Fund

Group and occupational associations	1,107,308
Superannuation fund running costs	666,496
Computer running costs	492,513
Branch grants	443,181
National	290,232
Travel	210,288
Groups, associations and branches	209,206
Office costs	178,114
Credit Union Loan Write off	150,000
Subsistence	117,349
National meetings	72,275
Geographical and other structures	57,946
Research	49,282
Pension Protection Fund Levy	48,360
Staff development costs	45,905
Public relations	33,862
Facility time costs	26,621
Subscription collection costs	25,936
Bank charges	21,391
Branch IT support	20,045
Youth work	19,527
Vehicle running costs	14,539
Miscellaneous	12,229
National organising forums	8,845
International meetings	8,747
Recruitment publicity	6,517
Staff recruitment costs	2,309
Regional organising forums	527
Hospitality	380
TUC organising academy	380
<b>Total administrative costs</b>	<b>4,340,310</b>



**Appendix 4**  
**Workings relating to summary sheet on page 17**

**INCOME**

	Page Ref	Fund	Excl political	Political	Total
Income from members	3	General	26,373,178	-	26,373,178
	9	Political	-	266,003	266,003
		Fighting	9,202	-	9,202
<b>Total Income from members</b>			<b>26,382,380</b>	<b>266,003</b>	<b>26,648,383</b>
<b>From Investments</b>	<b>3 &amp; 10</b>	General	<b>2,913,053</b>		<b>2,913,053</b>
<b>Other income</b>					
Potential gains on investments	3	General	36,795	-	36,795
Transfer from Property Fund	3	General	279,204	-	279,204
FRS17 adjustment on pension scheme	3	General	7,400,000	-	7,400,000
Income from other sources	3 & 4	General	311,639	-	311,639
Transfer from General Fund	6	C&D	1,154,195	-	1,154,195
Donations to C&D Fund	6	C&D	5,324	-	5,324
Transfer from General Fund	7	VSER	800,000	-	800,000
<b>TOTAL</b>			<b>9,987,157</b>	<b>-</b>	<b>9,987,157</b>
<b>TOTAL INCOME</b>			<b>39,282,590</b>	<b>266,003</b>	<b>39,548,593</b>

**EXPENDITURE**

	Page Ref	Fund	Excl political	Political	Total
Benefits to members	3 & 5	General	4,491,893	-	4,491,893
Admin Expenses	3 & 10	General	16,508,108	-	16,508,108
Affiliation Fees	3	General	901,230	-	901,230
FRS17 adjustment on pension scheme	3	General	13,000,000	-	13,000,000
Transfer to C&D fund	3	General	1,154,195	-	1,154,195
Transfer to VSER fund	3 & 6	General	800,000	-	800,000
PCS in the community	3	General	6,738	-	6,738
Donations	3	General	8,614	-	8,614
Transfer to General Fund	6	Property	279,204	-	279,204
C&D Fund expenditure	6	C&D	892,328	-	892,328
FRS17 adjustment on pension scheme	7	Pension	7,400,000	-	7,400,000
Political Fund expenditure	9	Political	-	152,580	152,580
<b>Total Expenditure</b>			<b>45,442,310</b>	<b>152,580</b>	<b>45,594,890</b>

**Appendix 5**  
**Notes to accounts and accounting policies**

**See docs on next pages**

Public and Commercial Services Union

## Notes to the accounts

For the year ended 31 December 2014

### 1 Accounting policies

#### Basis of accounts

The accounts have been prepared under the historical cost convention, as modified by revaluation of land and buildings and investments, and are in accordance with applicable accounting standards. These financial statements incorporate the results of a number of semi-autonomous groups and branches operated by the Union with the estimated balance of funds held by each branch recognised within these financial statements. Movements in branch reserves are included in the year in which they occurred.

#### Going concern disclosure

The officers of the union have considered their obligations to prepare these financial statements on an appropriate basis, having regard to the union's net asset position at 31 December 2014.

The officers have also assessed the impact of the financial budgets in place for 2015 and beyond against working capital available, notably its cash and investments. The anticipated loss of income due to the withdrawal of check off is £3.77 million together with a further £1.8 million due to the loss of civil service jobs, giving a total loss of subscription income in 2015 of £5.6 million. This will be met from existing cash and support from the union's bank and if required the sale of investments.

The officers are currently in the process of negotiating with Unity Trust Bank Plc a loan facility of up to £2 million and an overdraft facility. The loan is required to fund the Voluntary Selective and Early Retirement ("VSER") exercise in 2015 and the overdraft to fund anticipated revenue shortfalls arising from the projected loss of income due to the withdrawal of check off. It is expected that both the loan and overdraft will be repaid from future salary cost savings.

Relations with the union's bankers are sound and officers have kept the bankers fully apprised of both the VSER exercise and the potential financial consequences of the withdrawal of check off, however, given the status of these discussions the provision of sufficient loan finance cannot be guaranteed. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Union's ability to continue as a going

concern. The Officers are confident that all necessary funds will be made available by Unity Trust Bank plc, and as a result, in the opinion of the officers the union will have sufficient resources to meet its obligations as and when they fall due and accordingly the accounts have been prepared on a going concern basis.

The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

#### a Subscriptions

Subscription income received includes amounts remitted by, and due to be remitted from, the following sources:

- (i) Pay centres who operate a payroll deduction scheme on behalf of PCS.
- (ii) Branch and office secretaries.
- (iii) Members directly to headquarters.

Amounts deducted by pay centres at 31 December 2014 but not received have been brought into the income and expenditure account and included in current assets within debtors.

#### b Investment and commercial income

All investment and commercial income is credited to the general fund when receivable. No account is taken of sundry stocks.

#### c Taxation

As an unincorporated association the PCS is liable to corporation tax on its investment income, and realised gains on investments sold. As a trade union relief is available in respect of provident benefits expenditure as statutorily defined.

#### d Depreciation

Depreciation is calculated to write off the cost of an asset over its estimated useful working life.

- (i) Freehold property was revalued at 31 December 2013. Depreciation is charged, on a reducing balance basis, at 2% per annum.
- (ii) Leasehold properties were revalued at the 31 May 2013 and 31 August 2013. Depreciation is being charged over the length of the lease
- (iii) The following are depreciated on a straight line basis at 20% per annum.

Public and Commercial Services Union

## Notes to the accounts

For the year ended 31 December 2014 (continued)

- a. Office furniture, machinery and equipment.
- b. Computer equipment and software.
- c. Company cars.

### e Property

Freehold and long leasehold properties are included at valuations, less depreciation as detailed above, and in accordance with FRS15 'Tangible fixed assets' are subject to a full revaluation every five years, with an interim valuation every three years. Short leasehold property and essential improvements is stated at cost less depreciation.

### f Investments

Investments are shown at market value and any appreciation or diminution in value between cost and market price at the end of the period is shown in the general fund statement of recognised gains and losses. Gains and losses on disposal are calculated as the difference between gross cost and net proceeds and accounted for when realised. Certain investments that are held for political rather than investment purposes are stated at cost rather than market value. These are shown separately.

### g Operating Leases

Operating lease rentals are charged to the income and expenditure account evenly over the term of the lease.

### h Liquid Resources

For the purposes of the cashflow statement, liquid resources are defined as short term deposits.

### i Pension costs

The difference between the fair value of the assets held in the group's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the group's balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme. The pension scheme balance is recognised net of any related deferred tax balance, with the recognition of any deferred tax asset following the principles described in the

deferred tax accounting policy above. Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the group are charged to the profit and loss account or the statement of total recognised gains and losses in accordance with Financial Reporting Standard 17 'Retirement benefits'.

## 2 Purpose of the funds and reserves

### a General fund

Established to receive the subscription income and all other receipts which are intended to be used for the general purposes and meet all normal expenses and outgoings of the PCS.

### b Campaign and disputes fund

Established by rule 9.11 to provide funds for special campaigns, including disputes, or highlight special issues concerning the PCS's membership.

### c Political fund

Established by rule 9.12 to provide funds for campaigns which could include the furtherance of the political objectives to which section 72 of the Trade Union and Labour Relations (Consolidation) Act 1992 applies.

### d Property fund

Established to account for any capital costs, profits or losses, incurred in the future purchase or disposal of property.

### e Voluntary selective and early retirement reserve (formerly the early retirement reserve)

Established to meet the identifiable costs of a voluntary selective early retirement scheme that allows PCS to release surplus staff.

### f Fighting fund

Established to support members taking targeted industrial action, as agreed by the 2014 annual delegate conference.

### g Pension reserve

Established to account for any FRS17 revaluations on pension assets and liabilities.

**Public and Commercial Services Union**  
**Notes to the accounts**  
**For the year ended 31 December 2014 (continued)**

<b>3 Investment income</b>	<b>2014</b>		<b>2013</b>	
	£	£	£	£
Dividends and credits		<b>23,063</b>		17,145
Net capital gains		-		51,100
Interest from investment managers		<u>731</u>		<u>653</u>
		<b>23,794</b>		<b>68,898</b>
<b>FRS17 adjustment</b>				
Expected return on pension scheme assets	<b>9,700,000</b>		8,800,000	
Interest on pension scheme liabilities	<u>(6,900,000)</u>		<u>(6,600,000)</u>	
		<u><b>2,800,000</b></u>		<u>2,200,000</u>
		<u><b>2,823,794</b></u>		<u><b>2,268,898</b></u>
 <b>4 Commercial activities</b>				
Advertising income		<b>76,225</b>		69,576
Rent		<b>89,259</b>		12,327
Commission received:				
Liverpool Victoria		<b>49,043</b>		54,918
BHSF		<b>6,880</b>		5,522
Union Income Benefit		<b>6,393</b>		3,660
The People's Operator		<b>150</b>		-
The Mortgage Force		<b>128</b>		-
HBOS credit card		-		<u>5,776</u>
		<u><b>228,078</b></u>		<u><b>151,779</b></u>
 <b>5 Miscellaneous income</b>				
Other		<b>49,448</b>		<u>150,373</u>

**Public and Commercial Services Union**  
**Notes to the accounts**  
**For the year ended 31 December 2014 (continued)**

<b>6 Network administration</b>	<b>2014</b>		<b>2013</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>(summary)</b>				
<b>(See appendix C)</b>				
Superannuation fund running costs	<b>666,496</b>		471,409	
Pension Protection Fund Levy	<b>48,360</b>		49,309	
Legal & professional fees	<b>197,992</b>		315,262	
Credit Union Loan written off	<b>150,000</b>		-	
Audit fees	<b>41,935</b>		47,180	
Bank charges and interest	<b>37,013</b>		8,807	
Staff development costs	<b>45,905</b>		33,793	
Staff recruitment costs	<b>2,309</b>		22,554	
Computer running costs	<b>492,513</b>		545,878	
Vehicle running costs	<b>14,539</b>		12,273	
<b>FRS17 adjustment</b>				
Current service costs of defined benefit schemes	<b>2,100,000</b>		2,600,000	
Past service costs of defined benefit schemes	<b>(2,100,000)</b>		100,000	
Pension contributions paid in year	<b><u>(2,800,000)</u></b>		<b><u>(3,500,000)</u></b>	
	<b>(2,800,000)</b>		<b>(800,000)</b>	
Employment costs	<b>11,228,592</b>		13,400,286	
Accommodation running costs*	<b>1,154,827</b>		1,261,643	
Maintenance of buildings	<b>(1,093)</b>		13,515	
Printing, stationery and photocopying	<b>129,090</b>		156,569	
Postage	<b>150,967</b>		131,356	

**Public and Commercial Services Union**  
**Notes to the accounts**  
**For the year ended 31 December 2014 (continued)**

<b>7 Members representative costs</b>	<b>2014</b>	<b>2013</b>
<b>Appendix</b>	<b>£</b>	<b>£</b>
<b>Organising and learning</b>		
Recruitment publicity	6,517	4,235
National organising forums	8,845	1,882
Group organising forums	-	2,647
Regional organising forums	527	174
TUC organising academy	380	5,260
Youth work	19,527	16,741
National courses	7,959	4,379
Group and associations courses	4,151	14,207
Branch courses	59,875	83,294
Lifelong learning projects	315	-
Organising and learning publicity	29,775	24,427
Employment costs	<u>306,754</u>	<u>379,461</u>
	<b>444,625</b>	
<b>Other meetings</b>		
International meetings	8,747	12,560
Seminars	59,471	65,111
National meetings	<u>72,275</u>	<u>71,532</u>
	<b>140,493</b>	
<b>National representatives</b>		
Annual delegate conference	644,736	729,770
Facility time costs	26,621	26,830
Subsistence	48,771	59,911
Travel	<u>76,714</u>	<u>85,059</u>
	<b>796,842</b>	
<b>Elections</b>		
National	290,232	306,841

**Public and Commercial Services Union**  
**Notes to the accounts**  
**For the year ended 31 December 2014 (continued)**

<b>8 Members benefits</b>	<b>Appendix</b>	<b>2014</b>	<b>2013</b>
		<b>£</b>	<b>£</b>
Death and personal accident		<b>429,467</b>	555,855
Benevolence service		<b>49,139</b>	108,940
Legal Services		<b>262,259</b>	59,216
PCS Care		-	92,448
Ex IR group sickness benefit		<b>3,467</b>	4,915
Diaries		<b>109,456</b>	-
Helplines		<b>127,424</b>	77,468
Essential guide		<b>12,960</b>	26,912
Gold badges		<b>2,363</b>	15,941
Employment costs		<b>686,902</b>	680,838
		<b><u>1,683,437</u></b>	<b><u>1,622,533</u></b>

**9 Members communications**

PCS View/PCS People		<b>766,362</b>	724,860
Public relations		<b>33,862</b>	32,047
National publications		<b>56,060</b>	93,261
Group publications		<b>98,051</b>	122,512
Employment costs		<b>1,419,683</b>	1,259,171
		<b><u>2,374,018</u></b>	<b><u>2,231,851</u></b>

**10 Affiliations and donations**

Affiliation fees	<b>G</b>	<b>901,230</b>	975,117
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**Public and Commercial Services Union**  
**Notes to the accounts**  
**For the year ended 31 December 2014 (continued)**

**11 Tangible fixed assets**

**Property**

	<b>Freehold Property</b>	<b>Long Leasehold properties</b>	<b>Short Leasehold Properties</b>
	£	£	
<b>Valuation/cost</b>			
<b>Brought forward at 1 January 2014</b>	<b>8,500,000</b>	<b>3,063,500</b>	<b>282,560</b>
Additions	-	-	-
Disposals	-	-	-
Revaluation in year	-	-	-
<b>Carried forward at 31 December 2014</b>	<b>8,500,000</b>	<b>3,063,500</b>	<b>282,560</b>
<b>Depreciation</b>			
<b>Brought forward at 1 January 2014</b>	-	<b>(31,563)</b>	<b>(77,236)</b>
Depreciation for year	<b>(137,700)</b>	<b>(79,707)</b>	<b>(26,590)</b>
Disposals	-	-	-
Depreciation on revaluation	-	-	-
<b>Carried forward at 31 December 2014</b>	<b>(137,700)</b>	<b>(111,270)</b>	<b>(103,826)</b>
<b>Net book value at 31 December 2014</b>	<b>8,362,300</b>	<b>2,952,230</b>	<b>178,734</b>
<i>Net book value at 31 December 2013</i>	<i>8,500,000</i>	<i>3,031,937</i>	<i>205,324</i>

The unions long leasehold property, Vauxhall Bridge Road, London, was revalued by KJ Chartered Surveyors, an external valuer, on the basis of open market using standard RICS at 31 May 2013. Vauxhall Bridge Road is currently surplus to the requirements of the union and is currently being leased to a 3rd party. As at the 31 December 2014 the Unity Trust Bank was the mortgagee.

The unions long leasehold property, 5 Falcon Mews, London, was revalued by Foxtons, an external valuer, on the basis of open market using standard RICS terms, as at 31 August 2013.

<b>EQUIPMENT</b>	<b>Office equipment £</b>	<b>Computer equipment £</b>	<b>Company cars £</b>	<b>Total £</b>
<b>Cost</b>				
<b>Brought forward at 1 January 2014</b>	<b>2,545,754</b>	<b>2,486,323</b>	<b>51,408</b>	<b>5,083,485</b>
Elimination of fully depreciated assets	(2,030,158)	(617,943)	-	(2,648,101)
Additions in year	130,544	562,551	-	693,095
Disposals	-	-	-	-
<b>Carried forward at 31 December 2014</b>	<b>646,140</b>	<b>2,430,931</b>	<b>51,408</b>	<b>3,128,479</b>
<b>Depreciation</b>				
<b>Brought forward at 1 January 2014</b>	<b>(2,233,815)</b>	<b>(1,281,965)</b>	<b>(51,408)</b>	<b>(3,567,188)</b>
Elimination of fully depreciated assets	2,030,158	617,943	-	2,648,101
Depreciation for year	(193,974)	(687,985)	-	(881,959)
<b>Carried forward at 31 December 2014</b>	<b>(397,631)</b>	<b>(1,352,007)</b>	<b>(51,408)</b>	<b>(1,801,046)</b>
<b>Net book value at 31 December 2014</b>	<b>248,509</b>	<b>1,078,924</b>	<b>-</b>	<b>1,327,433</b>
<i>Net book value at 31 December 2013</i>	<b>311,939</b>	<b>1,204,358</b>	<b>-</b>	<b>1,516,297</b>

**Public and Commercial Services Union**  
**Notes to the accounts**  
**For the year ended 31 December 2014 (continued)**

**12 Investments**

Market value:	Equity	Bonds and Interest bearing stock	Unit Trusts and funds	Money market	Miscellaneous holdings at cost	Total Investment movement
	£	£	£	£	£	£
<b>Cost brought forward 1 January 2014</b>	13,658	46,185	348,937	213,713	604,469	<b>1,226,962</b>
Unrealised Gains/(Losses)	4,032	(53)	(6,301)	-	-	<b>(2,322)</b>
<b>Market value carried forward 1 January 2014</b>	<b>17,690</b>	<b>46,132</b>	<b>342,636</b>	<b>213,713</b>	<b>604,469</b>	<b>1,224,640</b>
<b>Movement in year-cost</b>						
Purchases-cost	-	-	150,000	-	-	150,000
Disposals-cost	-	-	-	-	-	-
Cash Drawdown	-	-	-	(126,206)	-	(126,206)
Miscellaneous	-	-	-	-	-	-
<b>Cost carried forward 31 December 2014</b>	13,658	46,185	498,937	87,507	604,469	<b>1,250,756</b>
Unrealised gains/(losses) in year	5,931	4,187	24,355	-	-	<b>34,473</b>
<b>Market value carried forward 31 December 2014</b>	<b>19,589</b>	<b>50,372</b>	<b>523,292</b>	<b>87,507</b>	<b>604,469</b>	<b>1,285,229</b>

	Appendix	2014 £	2013 £
Equities	H	19,589	17,690
Bonds and interest bearing stock	I	50,372	46,132
Unit trusts and funds	J	523,292	342,636
Money market	K	87,507	213,713
Miscellaneous holdings at cost	L	604,469	604,469
		<b>1,285,229</b>	<b>1,224,640</b>

**13 Debtors**

**Recoverable in less than one year:**

Membership subscription debtor	1,024,057	1,349,424
Other debtors	1,276,022	1,654,911
Prepayments	304,032	285,520

**Recoverable in more than one year:**

Credit Union	13,206	161,137
	<b>2,617,317</b>	<b>3,450,992</b>

**Public and Commercial Services Union**  
**Notes to the accounts**  
**For the year ended 31 December 2014 (continued)**

<b>14 Cash at bank and in hand</b>	<b>2014</b>	2013
	<b>£</b>	£
Cash	1,445	5,213
Bank	2,671,647	882,033
Balances in hands of groups and branches	496,340	524,208
	<u><b>3,169,432</b></u>	<u>1,411,454</u>

**15 Creditors: amounts falling due within less than one year**

Trade creditors	478,390	1,400,556
Accruals	1,244,654	1,621,171
Creditors- Unity Trust Bank Plc	522,155	14,881
	<u><b>2,245,199</b></u>	<u>3,036,608</u>

**Creditors: amounts falling due after one year**

Creditors- Unity Trust Bank Plc	224,856	235,119
	<u><b>224,856</b></u>	<u>235,119</u>

Included in long term creditors and debtors is a loan obligation and liability to Unity Trust Bank signed on 15th June 2011. The loan was to assist in the initial set up costs of PCS Credit Union and is for a period not exceeding 13 years. The repayment is on an interest only basis for a period of three years with interest charged at 2.5% per annum

**Public and Commercial Services Union**  
**Notes to the accounts**  
**For the year ended 31 December 2014 (continued)**

**16 Commitments**

The PCS has the following rental agreements net of VAT:

<b>Property leased</b>	<b>Date of Expiry</b>	<b>Annual Commitment</b>
46 Priestgate, Peterborough PE1	<b>21 November 2015</b>	<b>18,250</b>
1 Islington Liverpool, L3	<b>30 June 2025</b>	<b>52,230</b>
16 Waterloo St, Birmingham, B2	<b>19 August 2018</b>	<b>39,666</b>
Quintana Gate, Exeter, EX4	<b>30 May 2015</b>	<b>23,500</b>
John Dobson St, Newcastle, NE1	<b>24 March 2025</b>	<b>34,500</b>
145 West Regent, St Glasgow G2	<b>1 December 2027</b>	<b>52,800</b>
21 Logie Mill, Beaverbank Business Park, Edinb	<b>30 June 2015</b>	<b>3,000</b>
		<i>Term will automatically extend until relocation to York Place</i>
Towncentre House, Wood house lane, Leeds	<b>24 May 2020</b>	<b>86,903</b>
		<i>Rent review at 2015. Rent free period in 2016.</i>
1 Cathedral Street, Cardiff, CF1	<b>9 Dec 2025</b>	<b>38,651</b>
		<i>Rent review 1 July 2016</i>
Part 2nd Floor Tony Benn House, Victoria Street, Bristol, BS1 6AY	<b>30 June 2020</b>	<b>14,225</b>
		<i>Rent free period to June Rent review at 2018</i>
<b>Leasehold</b>		
231 Vauxhall Bridge Road	<b>2080</b>	<b>10</b>
5 Falcon Mews	<b>2113</b>	<b>2,524</b>

## **17 Contingent liabilities**

On 16 December 2004 the union gave its commitment to a charge over the freehold property (Note 11) of £4.5 million to the PTC pension scheme.

On 19 January 2009 the charge was revised up to a maximum amount of £7.825 million.

## **18 Related party transactions**

At 31 December 2014 PCS had prepaid under the current schedule of contributions to the PTC pension scheme, and was owed £350,000 by the PTC pension scheme (2013: £400,000).

At 31 December 2014 PCS had prepaid under the current schedule of contributions to the CPSA pension scheme and was owed £390,000 by the CPSA Pension Scheme (2013: £445,000).

At 31 December 2014 the PTC pension scheme had a charge over the Unions freehold property (Note 11).

At 31 December 2014 PCS had a long term creditor and debtor in relation to a loan obligation used to assist in the set up costs for PCS Credit Union (Note 15).

At 31 December 2014 the Unity Trust Bank had a charge over the Unions leasehold

**Public and Commercial Services Union**  
**Notes to the accounts**  
**For the year ended 31 December 2014 (continued)**

**19 Reconciliation of operating surplus to net cash movement from operating activities**

	2014		2013	
	£	£	£	£
<b>Surplus for the year- general fund</b>		<b>6,006,297</b>		<b>3,064,787</b>
Appropriation to campaign and disputes fund	<b>1,154,195</b>		1,016,532	
Campaign and disputes fund expenditure	<b>(892,328)</b>		(1,022,750)	
Donations	<u>5,324</u>		<u>4,074</u>	
		<b>267,191</b>		(2,144)
Appropriation to political fund	<b>266,003</b>		310,276	
Release of reserves from the political fund	-		(235,388)	
Political fund expenditure	<u>(152,580)</u>		<u>(96,329)</u>	
		<b>113,423</b>		(21,441)
Appropriation to fighting fund	<b>9,202</b>		-	
Fighting fund expenditure	<u>-</u>		<u>-</u>	
		<b>9,202</b>		-
Allocation to designated reserves	<b>800,000</b>		1,164,452	
Transfer from property fund	<b>(279,204)</b>		(5,749)	
Expenditure from reserves	<u>-</u>		<u>(1,240,867)</u>	
		<b>520,796</b>		(82,164)
Depreciation		<b>1,125,956</b>		559,409
Pension costs	-		2,700,000	
Pension contributions paid in year	<u>(2,800,000)</u>		<u>(3,500,000)</u>	
		<b>(2,800,000)</b>		(800,000)

**Public and Commercial Services Union**  
**Notes to the accounts**  
**For the year ended 31 December 2014 (continued)**

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**20 Financial Reporting Standard 17**

The Union is required to comply fully with FRS17 in these accounts; this requires the following disclosures to be made.

The PCS operates two funded defined benefit pension schemes providing benefits based on length of service and final pensionable salary. The assets of each scheme are held separately by means of an independent trust advised by professional actuaries. In addition since the incorporation of the Association of Magisterial Officers, PCS has been a member of the General Federation of Trade Unions Pension Scheme, a defined benefit scheme.

The pension charge to the general fund for all schemes for the period was £2,713,295 (2013: £2,700,000).

**The PTC Pension Scheme**

PCS operates this as a defined benefit scheme. The assets of the scheme are held, almost entirely, by Sarasin & Partners LLP in the form of individual holdings of equities, unit trusts, government securities and cash. An actuarial valuation of the scheme was carried out at 31 December 2012.

Employer contributions to the scheme charged to the general fund amounted to £1,976,522. Additional employer contributions will be required if there are any redundancies or augmentations during the year.

**The main actuarial assumptions were:**

Rate of pay increases	1.5% pa
Rate of pension increases	3.1% pa
Investment return while an active member	3.4% pa
Investment return at all other times	4.4% pa

Expenses incurred in operating the scheme are charged to the PCS general fund income and expenditure account.

An interim valuation has been performed as at 31 December 2014 for FRS 17 purposes and the assumptions used and the deficit within the scheme are disclosed as follows

The principal assumptions used by the independent qualified actuaries to calculate the liabilities under FRS17 are set out below:

**Main financial assumptions**

	<b>at 31 December 2014 (% p.a.)</b>	<i>at 31 December 2013 (% p.a.)</i>	<i>at 31 December 2012 (% p.a.)</i>
Inflation assumption-RPI	3.1	3.4	3.0
Rate of general long-term increase in salaries	1.4	2.4	3.25
Rate of increases to pensions in payment	3.1	3.4	3.0
Discount rate for scheme liabilities	3.6	4.4	4.4

The scheme rules link to RPI not CPI.



**Public and Commercial Services Union**  
**Notes to the accounts**  
**For the year ended 31 December 2014 (continued)**

**20 Financial reporting standard 17 (continued)**

**The PTC Pension Scheme (continued)**

**Mortality assumption**

The mortality assumptions are based on standard mortality tables which allow for expected future mortality improvement. A member currently aged 60 will live on average for a further 27.0 years if they are male and for a further 29.4 years if they are female. A member who retires in 2028 at age 60 the assumptions are that they will live on average for a further 28.5 years after retirement if they are male and for a further 30.9 years after retirement if they are female.

The assets in the scheme and the expected rates of return were:

	<b>Long-term rate of return expected</b>	<b>Value at 31 December 2014</b>	<i>Long-term rate of return expected at 31 December 2013</i>	<i>Value at 31 December 2013</i>
	( <b>% p.a.</b> )	<b>£m</b>	( <b>% p.a.</b> )	<b>£m</b>
Equities	<b>3.6</b>	<b>53.4</b>	7.7	61.1
Property	<b>3.6</b>	<b>5.9</b>	1.1	4.5
Government bonds	<b>3.6</b>	<b>5.0</b>	3.6	3.8
Sun Life annuity contracts	<b>3.6</b>	<b>9.2</b>	4.4	9.0
Corporate bonds	<b>3.6</b>	<b>4.6</b>	3.9	5.1
Asset backed bonds	<b>3.6</b>	<b>1.8</b>	-	-
Alternative Investments	<b>3.6</b>	<b>7.6</b>	-	-
Other	<b>3.6</b>	<b>1.1</b>	0.9	0.2
Combined	<b>3.6</b>	<b>88.6</b>	6.87	83.7

\*The overall expected rate of return on scheme assets is a weighted average of the individual expected rates of return.

**Narrative description of the basis used to determine expected return**

**Public and Commercial Services Union**  
**Notes to the accounts**  
**For the year ended 31 December 2014 (continued)**

**20 Financial reporting standard 17 (continued)**

**The PTC Pension Scheme (continued)**

**Analysis of income and expenditure charge**

	<b>Year ended</b>	<i>Year ended</i>
	<b>31 December</b>	<i>31 December</i>
	<b>2014</b>	<i>2013</i>
	<b>£m</b>	<i>£m</i>
Current service cost	<b>0.9</b>	<i>1.1</i>
Past service cost	<b>(0.9)</b>	<i>0.1</i>
Interest cost	<b>4.3</b>	<i>4.1</i>
Expected return on scheme assets	<b>(5.7)</b>	<i>(5.2)</i>
Expenses recognised in income and expenditure	<b>(1.4)</b>	<i>0.1</i>

**Changes to the present value of the defined benefit obligation during the year**

	<b>Year ended</b>	<i>Year ended</i>
	<b>31 December</b>	<i>31 December</i>
	<b>2014</b>	<i>2013</i>
	<b>£m</b>	<i>£m</i>
<b>Opening defined benefit obligation</b>	<b>100.0</b>	<i>95.4</i>
Current service cost	<b>0.9</b>	<i>1.1</i>
Interest cost	<b>4.3</b>	<i>4.1</i>
Contributions by scheme participants	<b>0.3</b>	<i>0.3</i>
Actuarial gains on scheme liabilities*	<b>10.1</b>	<i>1.6</i>
Net benefits paid out	<b>(2.7)</b>	<i>(2.6)</i>
Past service cost	<b>(0.9)</b>	<i>0.1</i>
<b>Closing defined benefit obligation</b>	<b>112.0</b>	<i>100.0</i>

\*Includes changes to the actuarial assumptions

**Changes to the fair values of scheme assets during the year**

	<b>Year ended</b>	<i>Year ended</i>
	<b>31 December</b>	<i>31 December</i>
	<b>2014</b>	<i>2013</i>
	<b>£m</b>	<i>£m</i>
<b>Opening fair value of scheme assets</b>	<b>83.7</b>	<i>73.7</i>
Expected return on scheme assets	<b>5.7</b>	<i>5.2</i>
Actuarial gains/(losses) on scheme assets	<b>(0.6)</b>	<i>4.5</i>

**Public and Commercial Services Union**  
**Notes to the accounts**  
**For the year ended 31 December 2014 (continued)**

**20 Financial reporting standard 17 (continued)**

**The PTC Pension Scheme (continued)**

**Analysis of amounts recognised in statement of total recognised gains and losses (STRGL)**

	<b>Year ended</b>	<i>Year ended</i>
	<b>31 December</b>	<i>31 December</i>
	<b>2014</b>	<i>2013</i>
	<b>£m</b>	<i>£m</i>
Total actuarial (losses)/gains	<b>(10.7)</b>	<i>2.9</i>
Total (loss)/gain in STRGL	<b>(10.7)</b>	<i>2.9</i>
Cumulative amount of (losses) recognised in STRGL	<b>(32.6)</b>	<i>(22.2)</i>

**History of asset values, defined benefit obligation and surplus/(deficit) in scheme**

	<b>Year ended</b>	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>
	<b>31 December</b>	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>
	<b>2014</b>	<i>2013</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>
	<b>£m</b>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Fair value of scheme assets	<b>88.6</b>	<i>83.7</i>	<i>73.7</i>	<i>66.4</i>	<i>69.4</i>
Defined benefit obligation	<b>(112.0)</b>	<i>(100.0)</i>	<i>(95.4)</i>	<i>(89.8)</i>	<i>(84.4)</i>
<b>Deficit in scheme</b>	<b>(23.4)</b>	<i>(16.3)</i>	<i>(21.7)</i>	<i>(23.4)</i>	<i>(15.0)</i>

**History of experience gains and losses**

	<b>Year ended</b>	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>
	<b>31 December</b>	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>
	<b>2014</b>	<i>2013</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>
	<b>£m</b>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Experience (losses)/gains on scheme assets	<b>(0.6)</b>	<i>4.5</i>	<i>2.1</i>	<i>(7.9)</i>	<i>43.0</i>
Experience (losses)/gains on scheme liabilities*	<b>(1.1)</b>	<i>0.6</i>	<i>(1.0)</i>	<i>0.2</i>	<i>4.0</i>

**Public and Commercial Services Union**  
**Notes to the accounts**  
**For the year ended 31 December 2014 (continued)**

**20 Financial reporting standard 17 (continued)**

**The CPSA Pension Scheme**

PCS operates this as a defined benefit scheme. A full actuarial valuation of the scheme was carried out as at 31 December 2012.

The assets of the scheme are held by Legal & General and Hermes in the form of managed funds.

**The main actuarial assumptions are:**

Rate of pay increases	1.5% pa
Rate of pension increases	2.0% pa
Investment return while an active member	2.3% pa
Investment return at all other times	4.4% pa

The pension fund meets expenses incurred in operating the scheme.

Employer contributions to the scheme amounted to £640,670. Additional employer contributions will be required if there are any redundancies or augmentations during the year.

An interim valuation has been performed as at 31 December 2014 for FRS 17 purposes and the assumptions used and the surplus within the scheme are disclosed as follows:

The principal assumptions used by the independent qualified actuaries to calculate the liabilities under FRS17 are set out below:

**Main financial assumptions**

	<b>31 December 2014 (% p.a.)</b>	<i>31 December 2013 (% p.a.)</i>	<i>31 December 2012 (% p.a.)</i>
Inflation assumption - CPI	<b>2.0</b>	<i>2.4</i>	<i>2.3</i>
Rate of general long-term increase in salaries	<b>1.4</b>	<i>2.4</i>	<i>3.25</i>
Rate of increases to pensions in payment	<b>2.0</b>	<i>2.3</i>	<i>2.3</i>
Discount rate for scheme liabilities	<b>3.6</b>	<i>4.4</i>	<i>4.4</i>

The scheme rules link inflation assumptions to CPI.

**Mortality assumption**

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member currently aged 60 will live on average for a further 27 years if they are male and for a further 29.4 years if they are female. For a member who retires in 2028 at age 60 the assumptions are that they will live on average for a further 28.5 years after retirement if they are male and for a further 30.9 years after retirement if they are female.

**Public and Commercial Services Union**  
**Notes to the accounts**

**For the year ended 31 December 2014 (continued)**

**20 Financial reporting standard 17 (continued)**

**The CPSA pension scheme (continued)**

**The assets in the scheme and the expected rates of return were:**

	<b>Long-term rate of return expected</b>	<b>Value</b>	<i>Long-term rate of return</i>	<i>Value</i>	<i>Long-term rate of return expected</i>	<i>Value</i>
	<b>at 31 December 2014</b>	<b>at 31 December 2014</b>	<i>at 31 December 2013</i>	<i>at 31 December 2013</i>	<i>at 31 December 2012</i>	<i>at 31 December 2012</i>
	<b>(% p.a.)</b>	<b>£m</b>	<b>(% p.a.)</b>	<b>£m</b>	<b>(% p.a.)</b>	<b>£m</b>
Equities	<b>3.6</b>	<b>31.5</b>	7.7	36.6	8.3	34.4
Property	<b>3.6</b>	<b>8.6</b>	7.1	7.5	7.3	3.8
Government bonds	<b>3.6</b>	<b>19.8</b>	3.6	17.6	2.7	15.6
Corporate bonds	<b>3.6</b>	<b>11.8</b>	3.9	10.6	3.6	9.3
Diversified Growth Fund	<b>3.6</b>	<b>7.4</b>	0	0	0	0.0
Other	<b>3.6</b>	<b>(0.2)</b>	0.9	(0.2)	1.0	-
Combined	<b>3.6</b>	<b>78.8</b>	6.1	72.1	6.5*	60.6

\*The overall expected rate of return on scheme assets is a weighted average of the individual expected rates of return on each asset class.

**Narrative description of the basis used to determine expected return**

PCS employs a building block approach in determining the long-term rate of return on scheme 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

**Reconciliation of funded status to balance sheet**

	<b>Value at 31 December 2014</b>	<i>Value at 31 December 2013</i>	<i>Value at 31 December 2012</i>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Fair value of scheme assets	<b>78.8</b>	72.1	65.2
Present value of funded defined benefit obligations	<b>(66.4)</b>	(59.4)	(58.6)
Asset recognised on balance sheet	<b>12.4</b>	12.7	6.6

**Analysis of income and expenditure charge**

	<b>Year ended 31 December 2014</b>	<i>Year ended 31 December</i>
	<b>£m</b>	<b>£m</b>
Current service cost	<b>1.2</b>	1.5
Past service cost	<b>(1.2)</b>	0
Interest cost	<b>2.6</b>	2.5
Expected return on scheme assets	<b>(4.0)</b>	(3.6)
Expenses recognised in income and expenditure	<b>(1.4)</b>	0.4

**Public and Commercial Services Union**  
**Notes to the accounts**  
**For the year ended 31 December 2014 (continued)**

**20 Financial reporting standard 17 (continued)**

**The CPSA pension scheme  
(continued)**

**Changes to the present value of the defined benefit obligation during the year**

	Year ended	Year ended
	31 December	31
	2014	December
	£m	2013
		£m
<b>Opening defined benefit obligation</b>	<b>59.4</b>	<b>58.6</b>
Current service cost	1.2	1.5
Interest cost	2.6	2.5
Contributions by scheme participants	0.4	0.4
Actuarial(gains) /losses on scheme liabilities*	5.9	-1.7
Net benefits paid out	(1.9)	-1.9
Past service cost	(1.2)	0
	<b>66.4</b>	<b>59.4</b>

\*Includes changes to the actuarial assumptions

**Changes to the fair values of scheme assets during the year**

	Year ended	Year ended
	31 December	31
	2014	December
	£m	2013
		£m
<b>Opening fair value of scheme assets</b>	<b>72.1</b>	<b>65.2</b>
Expected return on scheme assets	4.0	3.6
Actuarial gains/(losses) on scheme assets	3.6	3.9
Contributions by the employer from all funds	0.6	0.9
Contributions by scheme participants	0.4	0.4
Net benefits paid out	(1.9)	(1.9)
<b>Closing fair value of scheme assets</b>	<b>78.8</b>	<b>72.1</b>

**Actual return on scheme assets**

	Year ended	Year ended
	31 December	31
	2014	December
	£m	2013
		£m
Expected return on scheme assets	4.0	3.6
Actuarial gain/(loss) on scheme assets	3.6	3.9
Actual return on scheme assets	<b>7.6</b>	<b>7.5</b>

**Analysis of amounts recognised in statement of total recognised gains and losses (STRGL)**

	Year ended	Year ended
	31 December	31
	2014	December
	£m	2013
		£m
Total (loss)/gain in STRGL	<b>(2.3)</b>	<b>5.6</b>
Total actuarial (loss)/gain in STRGL	<b>(2.3)</b>	<b>5.6</b>
Cumulative amount of (losses) recognised in STRGL	<b>(4.8)</b>	<b>(2.5)</b>

**Public and Commercial Services Union**  
**Notes to the accounts**  
**For the year ended 31 December 2014 (continued)**

**20 Financial reporting standard 17 (continued)**

**The CPSA pension scheme  
(continued)**

**History of asset values, defined benefit obligation and surplus in scheme**

	<b>Year ended 31 December 2014 £m</b>	<i>Year ended 31 December 2013 £m</i>	<i>Year ended 31 December 2012 £m</i>	<i>Year ended 31 December 2011 £m</i>	<i>Year ended 31 December 2010 £m</i>
Fair value of scheme assets	<b>78.8</b>	72.1	65.2	60.6	58.5
Defined benefit obligation	<b>(66.4)</b>	(59.4)	(58.6)	(52.1)	(48.9)
<b>Surplus in scheme</b>	<b>12.4</b>	12.7	6.6	8.5	9.6

<b>History of experience gains and losses</b>	<b>Year ended 31 December 2014 £m</b>	<i>Year ended 31 December 2013 £m</i>	<i>Year ended 31 December 2012 £m</i>	<i>Year ended 31 December 2011 £m</i>	<i>Year ended 31 December 2010 £m</i>
Experience gains/(losses) on scheme assets	<b>3.6</b>	3.9	1.4	(1.7)	3.5
Experience (losses)/gains on scheme liabilities*	<b>(1.3)</b>	0.5	(0.9)	0.2	2.7

\* This item consists of gains/(losses) in respect of liability experience only, and excludes any change in liabilities in respect of changes to the actuarial assumptions used.

**The General Federation of Trade Unions Pension Scheme (GFTU)**

The union participates in the GFTU defined benefit pension scheme, a multi-employer scheme. Previously it was not possible to identify the union's share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis and as a result contributions were charged to the income and expenditure account as they were paid. Following discussions with the scheme actuary it has now been established that it is possible to identify the assets and liabilities attributable to the union. However, the officers of the union are of the opinion that the cost of obtaining the precise value of their share of the scheme deficit as at 31 December 2014 along with disclosures required to fully comply with FRS 17 "Retirement Benefits" outweighs the benefits given the known immaterial value of the union's share of assets and liabilities. Therefore these financial statements have continued to treat this scheme as if it were a defined contribution scheme.

The charge to PCS general fund for the year was £96,103 (2013: £120,098).

<b>Reserves</b>	<b>Year ended 31 December 2014 £m</b>	<i>Year ended 31 December 2013 £m</i>
Funds as stated excluding pension assets/(liabilities)	<b>17.4</b>	15.6
FRS 17 liability	<b>(23.4)</b>	(16.3)
FRS 17 asset	<b>12.4</b>	12.7
Adjusted funds figure including pension assets/(liabilities)	<b>6.4</b>	12.0

## **Appendix 6**

### **Auditors report**

#### **Independent Auditors Report to the members of the Public & Commercial Services Union**

We have audited the AR21 of the Public & Commercial Services Union for the year ended 31 December 2014 on pages 3 to 57, excluding pages 11 and 32. The AR21 has been prepared under the accounting policies set out on pages 37 to 38.

This report is made solely to the Union's members, as a body, in accordance with the Trade Union and Labour Relations (Consolidation) Act 1992. Our audit work has been undertaken so that we might state to the Union's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Union and the Union's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### ***Respective responsibilities of officers and auditors***

As explained more fully in the statement of officers' responsibilities, the officer's are responsible for the preparation of the financial statements and AR21 and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

#### **Scope of the audit of the AR21**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

#### **Opinion on the AR21**

In our opinion the AR21:

- gives a true and fair view of the state of the Union's affairs as at 31 December 2014 and of its surplus for the year then ended; and
- has been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Trade Union and Labour Relations (Consolidation) Act 1992.

#### **Emphasis of matter – Going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the Union's ability to continue as a going concern. Further funds will be required to finance ongoing activities and the Union's planned Voluntary Selective and Early Retirement ('VSER') programme. The Union is in discussions with its principal bankers, Unity Trust Bank plc over the provision of an overdraft facility and a short term debt facility to fund the VSER programme, however the offer of these facilities is at this time uncertain. The Officers' are confident that all necessary funds will be made available by Unity Trust Bank plc, however given the status of these discussions the provision of sufficient loan finance cannot be guaranteed. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Union's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Union was unable to continue as a going concern.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Trade Union and Labour Relations (Consolidation) Act 1992 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or



- the union has not maintained a satisfactory system of control over transactions; or
- the AR21 does not agree with the accounting records; or
- we have not received all the information and explanations we require for our audit.

*BDO LLP*

BDO LLP  
*Chartered accountants &  
Statutory auditors*  
Gatwick  
United Kingdom

Date: *2 June 2015*

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