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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 2015					
List no:	753					
Head or Main Office:	160 FALCON ROAD LONDON SW11 2LN					
Website address (if available)						
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:	MARK SERWOTKA					
Telephone Number:	0207 801 2600					
Contact name for queries regarding	JES SCIORTINO					
Telephone Number:	0207 801 267619					
E-mail:	jess@pcs.org.uk					

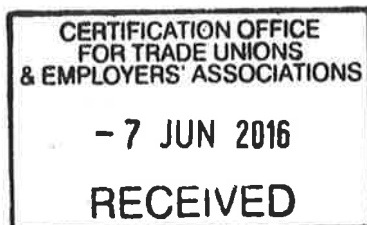
PLEASE FOLLOW THE GUIDANCE NOTES IN THE COMPLETION OF THIS RETURN.

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
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)

OFFICERS OF PCS AT 31 DECEMBER 2015

General Secretary:	Mark Serwotka
President:	Janice Godrich
Deputy President:	Kevin McHugh
Vice President:	John McInally Paula Brown Cheryl Gedling
Assistant General Secretary:	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
Jacqueline Green	Marianne Owens
Sam Hall	Clara Paillard
Elenor Haven	Ian Pope
Fran Heathcote	Karen Watts
Declan Hickey	Hector Wesley
	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	77,652	675	0	47	78,374
FEMALE	115,796	881	0	40	116,717
TOTAL	193,448	1,556	0	87	195,091

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

201
191,721

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

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
VICE PRESIDENT	SUE BOND	CHERYL GEDLING	July 2015
NEC	CHERYL GEDLING	N/A	N/A

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)

	£	£
INCOME		
From Members: Contributions and Subscriptions		23,339,074
Total other income from members		0
Total of all income from members		23,339,074
Investment income (as at page 12)		(54,518)
Other Income		
Potential losses on investments		(15,732)
Transfer from property fund		164,656
Unrealised gains on 2015 revaluation of property		500,000
FRS 102 adjustment actuarial gains on pensions		9,100,000
Total of other income (as at page 4)	188,174	
		188,174
		TOTAL INCOME
		33,221,654
EXPENDITURE		
Benefits to members (as at page 5)		3,965,571
Administrative expenses (as at page 10)		18,303,875
Affiliation fees		842,881
Trf Property fund 2015 unrealised gains on reval of property		500,000
FRS 102 adjustment to pension reserve		9,700,000
Transfer to Campaigns and disputes fund	740,000	1
PCS in the community	4,519	
Donations	3,370	
Total expenditure Federation and other bodies		747,889
Taxation		61,152
	TOTAL EXPENDITURE	34,121,368
		Surplus (deficit) for year
		(899,714)
		Amount of general fund at beginning of year
		4,499,540
		Amount of general fund at end of year
		3,599,826

ANALYSIS OF INCOME FROM FEDERATION AND OTHER BODIES AND OTHER INCOME

(see notes 19 and 20)

DESCRIPTION	£	£
Federation and other bodies		
TOTAL FEDERATION AND OTHER BODIES		
Other income		
Advertising	65,104	
Commission	62,549	
Miscellaneous	23,563	
VAT Recovered	36,958	
TOTAL OTHER INCOME		188,174
TOTAL OF ALL OTHER INCOME		188,174

ANALYSIS OF BENEFIT EXPENDITURE SHOWN AT GENERAL FUND

(see notes 21 to 23)

	£		£
Representation –		brought forward	1,440,729
Employment Related Issues	199,880	Education and Training services	
		National courses	4,802
		Group & Association courses	7,133
		Branch Courses	47,500
Representation –		Organising Learning & publicity	24,731
		Seminars	3,214
Non Employment Related Issues	12,883	Negotiated Discount Services	
		Essential guide	14,972
Communications			
PCS View	521,516		
Group publications	29,987		
National publications	9,355	Salary Costs	
		Employment costs	2,422,490
Advisory Services			
Helplines	102,494		
		Other Benefits and Grants (specify)	
Dispute Benefits			
Other Cash Payments			
Benevolent Services	69,704		
EX IR Group Sickness	3,422		
Death & personal accident	491,488		
carried forward	1,440,729	Total (should agree with figure in General Fund)	3,965,571

(See notes 24 and 25)

FUND 2		Fund Account	
Name:	Property Fund	£	£
Income			
	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	From General Fund 2015 revaluation Investment property	500,000	
	Total other income as specified		500,000
	Total Income		500,000
Expenditure			
	Transfer to general fund	164,654	
	Total Expenditure		164,654
	Surplus (Deficit) for the year		335,346
	Amount of fund at beginning of year		12,343,264
	Amount of fund at the end of year (as Balance Sheet)		12,678,610
	Number of members contributing at end of year		No direct Contribution

FUND 3		Fund Account	
Name:	Campaigns & Disputes Fund	£	£
Income			
	From members		
	Investment income (as at page 12)		
	Transfer from General Fund		740,000
	Donations	2,136	
	Total other income as specified		2,136
	Total Income		742,136
Expenditure			
	Fund expenditure (see appendix 1)	849,098	
	Total Expenditure		849,098
	Surplus (Deficit) for the year		(106,962)
	Amount of fund at beginning of year		267,191
	Amount of fund at the end of year (as Balance Sheet)		160,229
	Number of members contributing at end of year		No direct Contribution

(See notes 24 and 25)

FUND 4		Fund Account	
Name:	Early retirement reserve	£	£
Income			
	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	Total other income as specified		
	Total Income		
Expenditure			
	Costs associated with early retirement program		800,000
	Total Expenditure		800,000
	Surplus (Deficit) for the year		(800,000)
	Amount of fund at beginning of year		800,000
	Amount of fund at the end of year (as Balance Sheet)		0
	Number of members contributing at end of year		No direct Contribution

FUND 5		Fund Account	
Name:	Pension Reserve	£	£
Income			
	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	Transfer from General fund	9,100,000	
	Total other income as specified		9,100,000
	Total Income		9,100,000
Expenditure			
	Total Expenditure		
	Surplus (Deficit) for the year		9,100,000
	Amount of fund at beginning of year		(10,400,000)
	Amount of fund at the end of year (as Balance Sheet)		(1,300,000)
	Number of members contributing at end of year		No Direct contribution

(See notes 24 and 25)

FUND 6		Fund Account	
Name:	Fighting Fund	£	£
Income			
	From members	19,429	
	Investment income (as at page 12)		
	Other income (specify)		
	Total other income as specified		
	Total Income		19,429
Expenditure			
	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	Total Expenditure		
	Surplus (Deficit) for the year		19,429
	Amount of fund at beginning of year		9,202
	Amount of fund at the end of year (as Balance Sheet)		28,631
	Number of members contributing at end of year		300

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			
	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	
		£	£
Income	Members contributions and levies		217,639
	Investment income (as at page 12)		
	Other income (specify)		
	Total other income as specified		
	Total income		217,639
Expenditure	Expenditure under section 82 of the Trade Union and Labour Relations (Consolidation) Act 1992 (specify)		
	Funs expenditure (see appendix 2)	89,256	
	Non-political expenditure		
	Total expenditure		89,256
	Surplus (deficit) for year		138,383
	Amount of political fund at beginning of year		113,423
	Amount of political fund at the end of year (as Balance Sheet)		251,806
	Number of members at end of year contributing to the political fund		191,721
	Number of members at end of the year not contributing to the political fund		3,370
	Number of members at end of year who have completed an exemption notice and do not therefore contribute to the political fund		408

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)

		£
Administrative Expenses		
Remuneration and expenses of staff		12,811,263
Salaries and Wages included in above	£12,811,263	
Auditors' fees		47,791
Legal and Professional fees		233,030
Occupancy costs		940,006
Stationery, printing, postage, telephone, etc.		461,738
Expenses of Executive Committee (Head Office)		117,305
Expenses of conferences		550,677
Other administrative expenses (specify)		
From General Fund (see appendix 3)		3,269,581
Other Outgoings		
Interest payable:		
Bank loans (including overdrafts)		14,771
Mortgages		
Other loans		
Depreciation		757,713
FRS 102 pension adjustments:		
Current service costs of defined benefit schemes		900,000
Administrative expenses		500,000
Pension contributions paid in the year		(2,300,000)
Total		18,303,875
Charged to:	General Fund (Page 3)	18,303,875
	Fund (Account)	
	Fund (Account)	
	Fund (Account)	
	Fund (Account)	
Total		18,303,875

ANALYSIS OF INVESTMENT INCOME

(see notes 45 and 46)

	Political Fund £		Other Fund(s) £
Rent from land and buildings	0		217,354
Dividends (gross) from:			
Equities (e.g. shares)	0		26,075
Interest (gross) from:			
Government securities (Gilts)	0		0
Mortgages	0		0
Local Authority Bonds	0		0
Bank and Building Societies	0		376
Other investment income (specify)			
Net capital gains	0		25
Bonds and Interest bearing stock	0		1,652
FRS 102 expected return pension scheme assets	0		6,000,000
FRS 102 interest pension scheme liabilities	0		(6,300,000)
	0		(54,518)
		Total investment income	(54,518)
		Credited to:	
		General Fund (Page 3)	(54,518)
		Fund (Account)	
		Fund (Account)	
		Fund (Account)	
		Fund (Account)	
		Fund (Account)	
		Political Fund	
		Total Investment Income	(54,518)

BALANCE SHEET as at 31 DECEMBER 2015

(see notes 47 to 50)

Previous Year		£	£
13,670,697	Fixed Assets (at page 14)		14,115,524
	Investments (as per analysis on page 15)		
606,683	Quoted (Market value £ 566,120)	561,174	
678,546	Unquoted	736,451	
1,285,229	Total Investments		1,297,625
	Other Assets		
2,604,111	Sundry debtors		3,252,854
3,169,432	Cash at bank and in hand		2,431,767
13,206	Credit Union Loan		17,416
5,786,749	Total of other assets		5,702,037
20,742,675	TOTAL ASSETS		21,115,186
4,499,540	General Fund (Account 1)		3,599,826
12,343,264	Property Fund (Account 2)		12,678,610
267,191	Campaign Fund (Account 3)		160,229
800,000	Voluntary Selective & Early Retirement (Account 4)		0
113,423	Political Fund (Account 1)		251,806
(10,400,000)	Pension Reserve (Account 5)		(1,300,000)
9,202	Fighting Fund (Account 6)		28,631
	LIABILITIES		
747,011	Bank loans		224,856
0	Tax payable		61,152
478,390	Sundry creditors		970,659
1,484,654	Accrued expenses		3,139,417
10,400,000	Other liabilities		1,300,000
20,742,675	TOTAL LIABILITIES		21,115,186
20,742,675	TOTAL ASSETS		21,115,186

FIXED ASSETS ACCOUNT

(see notes 51 to 55)

	Land and Buildings		Furniture and Equipment £	Motor Vehicles £	Not used for union business £	Total £
	Freehold £	Leasehold £				
Cost or Valuation						
At start of year	8,500,000	846,060	3,077,071	51,408	3,250,000	15,724,539
Additions	0	0	702,542	0	0	702,542
Disposals	0	0	(473,158)	(10,250)	0	(483,408)
Revaluation/Transfer	0	0	0	0	500,000	500,000
At end of year	8,500,000	846,060	3,306,455	41,158	3,750,000	16,443,673
Accumulated Depreciation						
At start of year	(137,700)	(115,096)	(1,749,638)	(51,408)	0	(2,053,842)
Charges for year	(134,946)	(29,710)	(593,059)	0	0	(757,715)
Disposals	0	0	473,158	10,250	0	483,408
Revaluation/Transfers	0	0	0	0	0	0
At end of year	(272,646)	(144,806)	(1,869,539)	(41,158)	0	(2,328,149)
Net book value at end of year	8,227,354	701,254	1,436,916	0	3,750,000	14,115,524
Net book value at end of previous year	8,362,300	730,964	1,327,433	0	3,250,000	13,670,697

ANALYSIS OF INVESTMENTS

(see notes 56 and 57)

QUOTED	All Funds Except Political Funds £	Political Fund £
Equities (e.g. Shares)		
3i Infrastructure PLC	11,620	0
Intern Public Partnership Ltd	8,370	0
iShares GBP Corporate Bond	48,679	0
Lyxor Gold Bullion Securities	2,401	0
Sarasin CI Real Estate	14,583	0
Sarasin Sterling Bond – I Inc	298,140	0
Sarasin Equisar Global Thematic	79,039	0
Sarasin Equisar UK Thematic	75,795	0
BH Macro Ltd	9,119	0
Various holdings less than £1,500	13,428	0
TOTAL QUOTED (as Balance Sheet)	561,174	0
Market Value of Quoted Investment	566,120	0
UNQUOTED		
Equities:		
Unity Trust Bank plc A Ordinary Shares of £1	172,093	0
Unity Trust Bank plc C Ordinary Shares of £1	105,129	0
Unity Trust Bank plc A Ordinary Shares of £1	100,000	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	45,610	0
TOTAL UNQUOTED (as Balance Sheet)	736,451	0
Market Value of Unquoted Investments	718,604	0

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 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)		
Are the shares which are controlled by the union registered in the names of the union's trustees?		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 £
INCOME			
From Members	23,358,503	227,639	23,586,142
From Investments	(54,518)	0	(54,518)
Other Income (including increases by revaluation of assets)	20,279,234	0	20,279,234
Total Income	43,583,219	227,639	43,810,858
EXPENDITURE (including decreases by revaluation of			
Total Expenditure	35,935,120	89,256	36,024,376
 SEE APPENDIX 4 FOR BREAKDOWNS			
Funds at beginning of year (including reserves)	7,519,197	113,423	7,632,620
Funds at end of year (including reserves)	15,167,296	251,806	15,419,102
 ASSETS			
Fixed Assets			14,115,524
Investment Assets			1,297,625
Other Assets			5,702,037
		Total Assets	21,115,186
LIABILITIES		Total Liabilities	5,696,084
NET ASSETS (Total Assets less Total Liabilities)			15,419,102

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

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>6/6/16</u>	Chairman's Signature: <u></u> (or other official whose position should be stated) Name: <u>C. J. BAUGH</u> Date: <u>31.5.2016</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	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
HAS THE RETURN OF CHANGE OF OFFICERS BEEN COMPLETED? (see Page 2 and Note 12)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
HAS THE RETURN BEEN SIGNED? (see Pages 19 and 21 and Notes 76 and 77)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
HAS THE AUDITOR'S REPORT BEEN COMPLETED? (see Pages 20 and 21 and Notes 2 and 77)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
IS A RULE BOOK ENCLOSED? (see Notes 8 and 78)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
A MEMBER'S STATEMENT IS: (see Note 80)	ENCLOSED	<input type="checkbox"/>	TO FOLLOW	<input checked="" type="checkbox"/>
HAS THE SUMMARY SHEET BEEN COMPLETED (see Page 17 and Notes 7 and 59)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>

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)

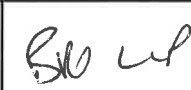
YES

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:		
Name(s):	BDO LLP	
Profession(s) or Calling(s):	Chartered Accountants & Registered Auditors	
Address(es):	2 City Place Beehive Ring Road Gatwick West Sussex, RH6 0PA	
Date:	1 June 2016 01293 591 083	
Contact name and telephone number:	Laurence Elliott	

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 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 2015 on pages 3 to 55, excluding pages 11. The AR21 has been prepared under the accounting policies set out on pages 36 to 37.

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.

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 2015 and of its deficit 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.

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: *1 June 2016*

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

**Appendix 1
Campaign & Disputes Fund expenditure**

Anti - jobs cuts campaign	177,355
Strike Pay	269,502
Policy Ballots	117,300
Strategic legal cases	120,332
Direct debit	93,906
Credit Union	44,906
Industrial Action Ballots	22,254
Culture Media & Sports Group	2,392
Greenwich Resource Centre	500
National Gallery	352
Health & Safety Campaign	300
Total	849,098

**Appendix 2
Political Fund expenditure**

Parliamentary work	67,638
Unite Against Fascism	3,626
Greening The Workplace	12,405
Scottish Campaigns	3,288
Jobs Campaigns	2,179
International Campaigns	120
	89,256

Appendix 3
Other admin expenses (page 10)

Group and occupational associations	771,485
Superannuation fund running costs	577,313
Computer running costs	512,008
Branch grants	450,125
Travel	226,671
Office costs	165,864
Subscription collection costs	124,109
Subsistence	94,756
National meetings	59,531
Pension Protection Fund Levy	48,040
Research	47,154
Geographical and other structures	37,951
Staff development costs	26,364
Branch IT support	22,100
Public relations	21,693
Bank charges and interest	15,922
Youth work	15,266
Miscellaneous	13,880
Vehicle running costs	11,122
Facility time costs	11,076
Recruitment publicity	7,159
International meetings	5,430
Maintenance of buildings	1,963
TUC organising academy	1,035
Staff recruitment costs	845
Groups, associations and branches	588
Hospitality	69
Regional organising forums	61
Total	3,269,581

Appendix 4 Summary sheet

INCOME						
	Page R	Fund	Excl political	Political	Total	
Income from members	3	General	23,339,074	-	23,339,074	
	9	Political	-	227,639	227,639	
	8	Fighting	19,429	-	19,429	
Total Income from members			23,358,503	227,639	23,586,142	
From Investments	3	General	-	54,518	-	54,518
Other Income						
Potential gains on investments	3	General	-	15,732	-	15,732
Transfer from Property Fund	3	General	164,656	-	164,656	
Unrealised gains on revaluation of property	3	General	500,000	-	500,000	
FRS 102 adjustment actuarial gains on pensions	3	General	9,100,000	-	9,100,000	
Income from other sources	3	General	188,174	-	188,174	
2015 revaluation of property	6	Property	500,000	-	500,000	
Transfer from General Fund	7	Pension	9,100,000	-	9,100,000	
Transfer from General Fund	6	C&D	740,000	-	740,000	
Donations to C&D fund	6	C&D	2,136	-	2,136	
Total Other Income			20,279,234	-	20,279,234	
TOTAL INCOME			43,583,219	227,639	43,810,858	
EXPENDITURE						
Benefits to members	3	General	3,965,571	-	3,965,571	
Admin expenses	3	General	18,303,875	-	18,303,875	
Affiliation Fees	3	General	842,881	-	842,881	
FRS17 adjustment on pension scheme	3	General	9,700,000	-	9,700,000	
FRS 102 adjustment unrealised gain on revaluation of property		General	500,000	-	500,000	
Transfer to C&D Fund	3	General	740,000	-	740,000	
PCS in the community	5	General	4,519	-	4,519	
Donations	5	General	3,370	-	3,370	
Tax	5	General	61,152	-	61,152	
Transfer to General Fund	6	Property	164,654	-	164,654	
C&D Fund expenditure	6	C&D	849,098	-	849,098	
Cost associated with VSER program	7	VSER	800,000	-	800,000	
Political fund expenditure	9	Political	-	89,256	89,256	
Total expenditure			35,935,120	89,256	36,024,376	

Appendix 5 Notes to accounts and accounting policies

PCS Financial report 2016

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015

1 Accounting policies

Basis of accounts

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

FRS 102 is mandatory for accounting periods on or after 1 January 2015. Information on the impact of first-time adoption of FRS 102 is given in note 22.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies.

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

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 2015.

The officers have also assessed the impact of the expected sale of Vauxhall Bridge Road at the start of 2016, and of the financial budgets in place for 2016 and beyond against the working capital available, notably its cash and investments. A number of cost savings implemented in 2015 are expected to reduce future expenditure.

At the time of writing, we are at an advanced stage of selling our surplus Vauxhall Bridge Road building. The income from the sale will provide added security at a time of continuing uncertainty.

The officers of the union acknowledge that there is a degree of uncertainty, at the date of approval of these financial statements. However, they have no reason to believe that the sale of the building will not conclude and as a result in the opinion of the officers, the union has sufficient resources to be able to meet its obligations as and when they fall due and accordingly the accounts have been prepared on a going concern basis.

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) Members who have a direct debit facility with their bank.
- (iii) Branch and office secretaries.
- (iv) Members directly to headquarters.

Amounts deducted by pay centres at 31 December 2015 but not received and members paying by direct debit one month in arrears 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.

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) Depreciation on freehold property is charged, on a straight line basis, at 2% per annum.
- (ii) Depreciation on leasehold property is being charged over the length of the lease.
- (iii) The following are depreciated on a straight line basis at 20% per annum:
 - a. Office furniture, machinery and equipment.
 - b. Computer equipment and software.
 - c. Company cars.

e) Property – investment property

Investment property is carried at fair value determined annually and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the general

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015 (continued)

fund income and expenditure account.

f) Property – other

Properties are included at deemed cost, less depreciation as detailed above.

g) 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 changes in funds and reserves. 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.

h) Operating Leases

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

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.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the officers have made the following judgements:

Useful lives of property, plant and equipment

Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in the company's accounting policy. The selection of these estimated lives requires the exercise of management judgement. Useful lives are regularly reviewed and should management's assessment of useful lives shorten then depreciation charges in the financial statements would increase and carrying amounts

of property, plant and equipment would reduce.

Voluntary selective and early retirement scheme

VSER expenses are recognised in the accounts when the employee has been formally notified of their acceptance into the scheme.

3 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 FRS 102 revaluations on pension assets and liabilities.

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015 (continued)

	2015		2014	
	£	£	£	£
4 Investment Income				
Dividends and credits		27,727		23,063
Net capital gains		25		-
Interest from investment managers		376		731
		<u>28,128</u>		<u>23,794</u>
Pension adjustment				
Expected return on pension scheme assets	6,000,000		9,700,000	
Interest on pension scheme liabilities	(6,300,000)		(6,900,000)	
		<u>(300,000)</u>		<u>2,800,000</u>
		<u>(271,872)</u>		<u>2,823,794</u>
5 Commercial activities				
Advertising income		65,104		76,225
Rent		217,354		89,259
Commission received:				
Liverpool Victoria		47,523		49,043
BHSF		7,878		6,880
Union Income Benefit		6,884		6,393
The People's Operator		198		150
Visit Britain Pay Centre		60		-
Virgin Wines		6		-
The Mortgage Force		-		128
		<u>345,007</u>		<u>228,078</u>
6 Miscellaneous income				
Other		23,563		49,448
		<u>23,563</u>		<u>49,448</u>

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015 (continued)

7 Network administration	2015		2014	
	£	£	£	£
(summary)				
(See appendix C)				
Superannuation fund running costs		577,313		666,496
Pension Protection Fund Levy		48,040		48,360
Legal & professional fees		233,030		197,992
Credit Union Loan written off		-		150,000
Audit fees		47,791		41,935
Bank charges and Interest		30,693		37,013
Staff development costs		26,364		45,905
Staff recruitment costs		845		2,309
Computer running costs		512,008		492,513
Vehicle running costs		11,122		14,539
Pension adjustment				
Current service costs of defined benefit schemes	900,000		2,100,000	
Administration expenses	500,000		-	
Past service costs of defined benefit schemes	-		(2,100,000)	
Pension contributions paid in year	<u>(2,300,000)</u>		<u>(2,800,000)</u>	
		(900,000)		(2,800,000)
Employment costs		10,530,937		10,928,592
Voluntary selective and early retirement scheme costs paid		632,526		-
Voluntary selective and early retirement scheme costs accrued		1,647,800		300,000
Accommodation running costs*		940,006		1,154,827
Maintenance of buildings		1,963		(1,093)
Printing, stationery and photocopying		181,940		129,090
Postage		135,757		150,967
Research		47,154		49,282
Telephone		144,042		153,689
Office costs		165,864		178,114
Subsistence		94,756		117,349
Travel		226,671		210,288
Miscellaneous		13,880		12,229
Hospitality		69		380
		<u>15,350,571</u>		<u>12,280,776</u>

* Includes rent paid £247,832 (2014; £330,748)

Public and Commercial Services Union Notes to the accounts

For the year ended 31 December 2015 (continued)

Appendix	2015		2014	
	£	£	£	£
8 Members representative costs				
Organising and learning				
Recruitment publicity	7,159		6,517	
National organising forums	–		8,845	
Regional organising forums	61		527	
TUC organising academy	1,035		380	
Youth work	15,266		19,527	
National courses	4,802		7,959	
Group and associations courses	7,133		4,151	
Branch courses	47,500		59,875	
Lifelong learning projects	–		315	
Organising and learning publicity	24,731		29,775	
Employment costs	<u>307,259</u>		<u>306,754</u>	
		414,946		444,625
Other meetings				
International meetings	5,430		8,747	
Seminars	3,214		59,471	
National meetings	<u>59,531</u>		<u>72,275</u>	
		68,175		140,493
National representatives				
Annual delegate conference	550,677		644,736	
Facility time costs	11,076		26,621	
Subsistence	40,084		48,771	
Travel	<u>77,221</u>		<u>76,714</u>	
		679,058		796,842
Elections				
National	–		290,232	
Groups, associations and branches	<u>588</u>		<u>209,206</u>	
		588		499,438
Local representatives				
Group and occupational associations	D 771,485		1,107,308	
Branch grants	450,125		443,181	
Branch IT support	22,100		20,045	
Geographical and other structures	E <u>37,951</u>		<u>57,946</u>	
		1,281,660		1,628,480
		<u>2,444,427</u>		<u>3,509,878</u>

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015 (continued)

	Appendix	2015 £	2014 £
9 Members benefits			
Death and personal accident		491,488	429,467
Benevolence service		69,704	49,139
Legal Services		212,763	262,259
Ex IR group sickness benefit		3,422	3,467
Diaries		–	109,456
Helplines		102,494	127,424
Essential guide		14,972	12,960
Gold badges		–	2,363
Employment costs		573,952	686,902
		<u>1,468,795</u>	<u>1,683,437</u>
10 Members communications			
PCS View/PCS People		521,516	766,362
Public relations		21,693	33,862
National publications		9,355	56,060
Group publications		29,987	98,051
Employment costs		1,541,279	1,419,683
		<u>2,123,829</u>	<u>2,374,018</u>
11 Affiliations and donations			
Affiliation fees	G	842,881	901,230
PCS in the community fund		4,519	6,738
Donations	F	3,370	8,614
		<u>850,770</u>	<u>916,582</u>

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015 (continued)

	Investment Property £	Freehold Property £	Long Leasehold properties £	Short Leasehold Properties £	Total Property £
12 Tangible fixed assets					
PROPERTY					
Valuation/cost					
Brought forward at 1 January 2015	3,250,000	8,500,000	563,500	282,560	12,596,060
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Revaluation in year	500,000	-	-	-	500,000
Carried forward at 31 December 2015	3,750,000	8,500,000	563,500	282,560	13,096,060
Depreciation					
Brought forward at 1 January 2015	-	(137,700)	(11,270)	(103,826)	(252,796)
Depreciation for year	-	(134,946)	(5,635)	(24,075)	(164,656)
Disposals	-	-	-	-	-
Depreciation on revaluation	-	-	-	-	-
Carried forward at 31 December 2015	-	(272,646)	(16,905)	(127,902)	(417,452)
Net book value at 31 December 2015	3,750,000	8,227,354	546,595	154,658	12,678,608
Net book value at 31 December 2014	3,250,000	8,362,300	552,230	178,734	12,343,264

The union's investment property, Vauxhall Bridge Road, London, was revalued by the officers of the union at the balance sheet date using informal guidance given during the year by Keningtons Chartered Surveyors, an external valuer, and a formal valuation on an open market value using standard RICS terms as at the 31 May 2013. Vauxhall Bridge Road is currently surplus to the requirements of the union. This is currently being leased to a 3rd party. As at 31 December 2015 the Unity Trust Bank Ltd had a charge over the property.

EQUIPMENT	Office equipment £	Computer equipment £	Company cars £	Total £
Cost				
Brought forward at 1 January 2015	646,140	2,430,931	51,408	3,128,479
Elimination of fully depreciated assets	(83,470)	(389,688)	-	(473,158)
Additions in year	182,681	519,861	-	702,542
Disposals	-	-	(10,250)	(10,250)
Carried forward at 31 December 2015	745,351	2,561,104	41,158	3,347,613
Depreciation				
Brought forward at 1 January 2015	(397,631)	(1,352,008)	(51,408)	(1,801,047)
Elimination of fully depreciated assets	83,470	389,688	-	473,158
Depreciation for year	(120,782)	(472,276)	-	(593,058)
Disposals	-	-	10,250	10,250
Carried forward at 31 December 2015	(434,943)	(1,434,596)	(41,158)	(1,910,697)
Net book value at 31 December 2015	310,408	1,126,509	-	1,436,916
Net book value at 31 December 2014	248,509	1,078,924	-	1,327,433

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015 (continued)

13 Taxation on surpluses on ordinary activities	2015 £	2014 £
UK Corporation tax		
Current tax on income from the year	43,300	-
Adjustment in respect of previous periods	17,852	-
Tax on results on ordinary activities	61,152	-
(Deficit) / surplus on ordinary activities before tax	(636,634)	7,766,908
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 20% (2014: 20%)	-	1,553,382
Non taxable income	-	(1,553,282)
Tax on investment property	43,300	-
Prior year adjustments	17,852	-
Tax on results on ordinary activities	61,152	-

	Equity £	Bonds and Interest bearing stock £	Unit Trusts and funds £	Money market £	Miscellaneous holdings at cost £	Total Investment movement £
14 Investments						
Market value:						
Cost brought forward 1 January 2015	13,658	46,185	498,937	87,507	604,469	1,250,756
Unrealised gains	5,931	4,187	24,355	-	-	34,473
Market value carried forward 1 January 2015	19,589	50,372	523,292	87,507	604,469	1,285,229
Movement in year-cost						
Purchases-cost	-	-	-	-	100,000	100,000
Disposals-cost	-	-	(29,775)	-	(200)	(29,975)
Cash Drawdown	-	-	-	(41,897)	-	(41,897)
Cost carried forward 31 December 2015	13,658	46,185	469,162	45,610	704,269	1,278,884
Unrealised gains in year	6,332	2,494	9,915	-	-	18,741
Market value carried forward 31 December 2015	19,990	48,679	479,077	45,610	704,269	1,297,625

	Appendix	2015 £	2014 £
Equities	H	19,990	19,589
Bonds and interest bearing stock	I	48,679	50,372
Unit trusts and funds	J	479,077	523,292
Money market	K	45,610	87,507
Miscellaneous holdings at cost	L	704,269	604,469
		1,297,625	1,285,229

15 Debtors	2015	2014
Recoverable in less than one year:		
Membership subscription debtor		
Other debtors	1,592,373	1,024,057
Prepayments	1,348,087	1,276,022
	312,394	304,032
Recoverable in more than one year:		
Credit Union		
Provision for bad debts	167,416	163,206
	(150,000)	(150,000)
	3,270,270	2,617,317

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015 (continued)

16 Cash at bank and in hand	2015	2014
	£	£
Cash	1,803	1,445
Bank	2,047,236	2,671,647
Balances in hands of groups and branches	382,728	496,340
	<u>2,431,767</u>	<u>3,169,432</u>
17 Creditors: amounts falling due within less than one year		
Trade creditors	970,659	478,390
Accruals	3,139,417	1,244,654
Corporation tax payable	61,152	-
Bank loan- Unity Trust Bank Plc	22,808	522,155
	<u>4,194,036</u>	<u>2,245,199</u>
Creditors: amounts falling due between one to two years		
Bank loan- Unity Trust Bank Plc	23,519	22,808
	<u>23,519</u>	<u>22,808</u>
Creditors: amounts falling due between two to five years		
Bank loan- Unity Trust Bank Plc	74,915	72,719
	<u>74,915</u>	<u>72,719</u>
Creditors: amounts falling due after five years		
Bank loan- Unity Trust Bank Plc	103,614	129,329
	<u>103,614</u>	<u>129,329</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 over Unity's base rate (0.5% at time of loan approval). The interest incurred in 2014 has been charged to PCS general income and expenditure account.

Capitals and interest payments will commence 3 years after drawdown by regular monthly payments over a repayment profile of 10 years.

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015 (continued)

18 Commitments

The PCS has the following rental agreements net of VAT:

Property leased	Date of Expiry	Total Commitment
1 Islington Liverpool, L3	30 June 2025	404,783
		<i>12 month rent free period from</i>
		<i>1 September 2015</i>
16 Waterloo St, Birmingham, B2	19 August 2018	64,457
John Dobson St, Newcastle, NE1	24 March 2025	258,750
		<i>12 month rent free period from</i>
		<i>1 September 2015</i>
		<i>Rent review March 2017</i>
145 West Regent, St Glasgow G2	1 December 2027	536,800
		<i>12 month rent free period from</i>
		<i>1 September 2015</i>
22 York Place, Edinburgh EH1	24 December 2016	1,963
Towncentre House, Wood house lane, Leeds	24 May 2020	241,365
		<i>12 month rent free period in 2016</i>
1 Cathedral Street, Cardiff, CF1	9 Dec 2025	315,650
		<i>12 month rent free period from</i>
		<i>1 September 2015</i>
Part 2nd Floor Tony Benn House, Victoria Street, Bristol, BS1 6AY	30 June 2020	49,788
Part 1st Floor, The new Union House, Harbour Avenue, Plymouth PL4	1 January 2019	5,838
		<i>Rent free until 30 September 2016</i>
Leasehold		
231 Vauxhall Bridge Road	2080	640
5 Falcon Mews	2113	244,828

19 Contingent liabilities

On 16 December 2004 the union gave its commitment to a charge over the freehold property (Note 12) 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.

20 Related party transactions

At 31 December 2015 the PTC pension scheme had a charge over the union's freehold property (Note 12).

At 31 December 2015 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 17).

At 31 December 2015 PCS had prepaid under the current schedule of contributions to the PTC pension scheme, and was owed £350,000 by the PTC pension scheme (2014: £350,000).

At 31 December 2015 PCS had prepaid under the current schedule of contributions to the CPSA pension scheme and was owed £390,000 by the CPSA Pension Scheme (2014: £390,000).

As at 31 December 2015 the Unity Trust Bank Ltd had a charge over the union's leasehold property (Note 12).

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015 (continued)

21 Reconciliation of operating surplus to net cash movement from operating activities

	2015		2014	
	£	£	£	£
Surplus for the year- general fund		216,018		6,756,296
Appropriation to campaign and disputes fund	740,000		1,154,195	
Campaign and disputes fund expenditure	(849,098)		(892,328)	
Donations	2,136		5,324	
		(106,962)		267,191
Appropriation to political fund	227,639		266,003	
Political fund expenditure	(89,256)		(152,580)	
		138,383		113,423
Appropriation to fighting fund	19,429		9,202	
		19,429		9,202
Allocation to designated reserves	-		800,000	
Transfer from property fund	(164,654)		(279,204)	
Expenditure from reserves	(800,000)		-	
		(964,654)		520,796
Depreciation		757,713		1,125,956
Pension contributions paid in year	(900,000)		(2,800,000)	
		(900,000)		(2,800,000)
		(840,073)		5,992,864
Interest receivable	(376)		(731)	
Dividends	(27,727)		(23,063)	
Pension scheme income	300,000		(2,800,000)	
(Gain)/loss on sale of investments	(25)		-	
Gain on investment property	(500,000)		(750,000)	
(Decrease)/increase in creditors	2,208,186		(1,301,671)	
Decrease/(Increase) in debtors	(652,952)		833,675	
		1,327,105		(4,041,790)
Net cash Inflow from operating activities		<u>487,032</u>		<u>1,951,074</u>

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015 (continued)

22 Pension

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 £3,129,620 (2014: £2,713,295).

The PTC Pension Scheme

PCS operates this as a defined benefit scheme. The assets of the scheme are held, almost entirely, by Sarasín & 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 £2,300,702. 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	1.4% pa
Rate of pension increases	3.0% 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 2015 FRS 102 accounting 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 Pension are set out below:

Main financial assumptions

	at 31 December 2015 (% p.a.)	at 31 December 2014 (% p.a.)	at 31 December 2013 (% p.a.)
Inflation assumption-RPI	3.1	3.1	3.4
Rate of general long-term increase in salaries	1.4	1.4	2.4
Rate of increases to pensions in payment	3.0	3.1	3.4
Discount rate for scheme liabilities	3.8	3.6	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 2015 (continued)

22 Pension (continued)

The PTC Pension Scheme (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 aged 65 will live on average for a further 26.8 years if they are male. A member currently aged 45 will live an additional 28.2 years from the age of 65 if they are male.

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

	Value at 31 December 2015 £m	Value at 31 December 2014 £m	Value at 31 December 2013 £m
Equities	38.7	53.4	61.1
Property	5.6	5.9	4.5
Government bonds	22.7	5.0	3.8
Sun Life annuity contracts	8.7	9.2	9.0
Corporate bonds	6.4	4.6	5.1
Asset backed bonds	-	1.8	-
Alternative Investments	7.4	7.6	-
Other	0.7	1.1	0.2
Combined	90.2	88.6	83.7

*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 the actual asset allocation for the scheme at 31 December 2015.

Reconciliation of funded status to balance sheet	Value at 31 December 2015 £m	Value at 31 December 2014 As restated £m	Value at 31 December 2013 £m
Fair value of scheme assets	90.2	88.6	83.7
Present value of funded defined benefit obligations (Liability) recognised on balance sheet	(107.4)	(111.7)	(100.0)
	(17.2)	(23.1)	(16.3)

A prior year adjustment has been made in respect of the calculation of the PTC pension scheme. This adjustment follows a revision by the actuary of their calculation of scheme assets and liabilities as prepared in accordance with chapter 28 of FRS102. Adjustments have been made to the PTC pension provision with a £300,000 reduction in liabilities.

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015 (continued)

22 Pension (continued)

The PTC Pension Scheme (continued)

Analysis of income and expenditure charge

	Year ended 31 December 2015	Year ended 31 December 2014
	£m	£m
Current service cost	0.4	0.9
Past service cost	-	(0.9)
Interest cost	4.0	4.3
Expected return on scheme assets	(3.2)	(5.7)
Expenses recognised in Income and expenditure	<u>1.2</u>	<u>(1.4)</u>

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

	Year ended 31 December 2015	Year ended 31 December 2014
	£m	£m As restated
Opening defined benefit obligation	111.7	100
Current service cost	0.4	0.9
Interest cost	4.0	4.3
Contributions by scheme participants	0.3	0.3
Actuarial gain on scheme liabilities*	(5.9)	10.5
Net benefits paid out	(3.1)	(3.4)
Past service cost	-	(0.9)
Closing defined benefit obligation	<u>107.4</u>	<u>111.7</u>

*Includes changes to the actuarial assumptions

Changes to the fair values of scheme assets during the year

	Year ended 31 December 2015	Year ended 31 December 2014
	£m	£m As restated
Opening fair value of scheme assets	88.6	83.7
Expected return on scheme assets	3.2	5.7
Actuarial gains on scheme assets	(0.6)	0.1
Contributions by the employer from all funds	1.8	2.2
Contributions by scheme participants	0.3	0.3
Net benefits paid out	(3.1)	(3.4)
Closing fair value of scheme assets	<u>90.2</u>	<u>88.6</u>

Actual return on scheme assets

	Year ended 31 December 2015	Year ended 31 December 2014
	£m	£m as restated
Expected return on scheme assets	3.2	5.7
Actuarial gain on scheme assets	(0.6)	0.1
Actual return on scheme assets	<u>2.6</u>	<u>5.8</u>

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015 (continued)

22 Pension (continued)

The PTC Pension Scheme (continued)

Analysis of amounts recognised in statement comprehensive income (SOCl)

	Year ended 31 December 2015 £m	Year ended 31 December 2014 As restated £m
Total actuarial gains/(losses)	5.3	(10.4)
Total gain/(loss) in SOCI	5.3	(10.4)
Cumulative amount of (losses) recognised in SOCI	(27.3)	(32.6)

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

	Year ended 31 December 2015 £m	Year ended 31 December 2014 As restated £m	Year ended 31 December 2013 £m	Year ended 31 December 2012 £m	Year ended 31 December 2011 £m
Fair value of scheme assets	90.2	88.6	83.7	73.7	66.4
Defined benefit obligation	(107.4)	(111.7)	(100.0)	(95.4)	(89.8)
Deficit in scheme	(17.2)	(23.1)	(16.3)	(21.7)	(23.4)

History of experience gains and losses

	Year ended 31 December 2015 £m	Year ended 31 December 2014 As restated £m	Year ended 31 December 2013 £m	Year ended 31 December 2012 £m	Year ended 31 December 2011 £m
Experience gains/(losses) on scheme assets	(0.6)	0.1	4.5	2.1	(7.9)
Experience gains/(losses) on scheme liabilities*	5.2	0.0	0.6	(1.0)	0.2

* 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.

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015 (continued)

22 Pension (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

The pension fund meets expenses incurred in operating the scheme.

Employer contributions to the scheme amounted to £745,110. 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 2015 for FRS 102 accounting 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 Pension are set out below:

Main financial assumptions

	31 December 2015 (% p.a.)	31 December 2014 (% p.a.)	31 December 2013 (% p.a.)
Inflation assumption – CPI	2.0	2.0	2.4
Rate of general long-term increase in salaries	1.4	1.4	2.4
Rate of increases to pensions in payment	2.0	2.0	2.3
Discount rate for scheme liabilities	3.8	3.6	4.4

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 65 will live on average for a further 26.8 years if they are male. A member currently aged 45 will live an additional 28.2 years from the age of 65 if they are male.

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015 (continued)

22 Pension (continued)

The CPSA pension scheme (continued)

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

	Value at 31 December 2015 £m	Value at 31 December 2014 £m	Value at 31 December 2013 £m
Equities	31.2	31.5	36.6
Property	9.6	8.6	7.5
Government bonds	19.0	19.8	17.6
Corporate bonds	11.8	11.8	10.6
Diversified Growth Fund	7.4	7.4	-
Other	0.0	(0.2)	(0.2)
Combined	79.0	78.9	72.1

*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 the actual asset allocation for the scheme at 31 December 2015.

Reconciliation of funded status to balance sheet

	Value at 31 December 2015 £m	Value at 31 December 2014 As restated £m	Value at 31 December 2013 £m
Fair value of scheme assets	79.0	78.8	72.1
Present value of funded defined benefit obligations	(63.1)	(66.1)	(59.4)
Asset recognised on balance sheet	15.9	12.7	12.7

A prior year adjustment has been made in respect of the calculation of the CPSA pension scheme. This adjustment follows a revision by the actuary of their calculation of scheme assets and liabilities as prepared in accordance with chapter 28 of FRS102. Adjustments have been made to the CPSA pension provision with a £300,000 increase in assets.

Analysis of income and expenditure charge

	Year ended 31 December 2015 £m	Year ended 31 December 2014 £m
Current service cost	0.5	1.2
Past service cost	-	(1.2)
Interest cost	2.3	2.6
Expected return on scheme assets	(2.8)	(4.0)
Expenses recognised in income and expenditure	-	(1.4)

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015 (continued)

22 Pension (continued)

The CPA pension scheme (continued)

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

	Year ended 31 December 2015	Year ended 31 December 2014 As restated
	£m	£m
Opening defined benefit obligation	66.1	59.4
Current service cost	0.5	1.2
Administration expenses	–	–
Interest cost	2.3	2.6
Contributions by scheme participants	0.4	0.4
Actuarial (gains) / losses on scheme liabilities*	(3.5)	5.5
Net benefits paid out	(2.7)	(1.9)
Past service cost	–	(1.2)
Closing defined benefit obligation	63.1	66.1

*Includes changes to the actuarial assumptions

Changes to the fair values of scheme assets during the year

	Year ended 31 December 2015	Year ended 31 December 2014
	£m	£m
Opening fair value of scheme assets	78.8	72.1
Expected return on scheme assets	2.8	4.0
Actuarial gains/(losses) on scheme assets	(0.3)	3.6
Administration costs	(0.5)	–
Contributions by the employer from all funds	0.5	0.6
Contributions by scheme participants	0.4	0.4
Net benefits paid out	(2.7)	(1.9)
Closing fair value of scheme assets	79.0	78.8

Actual return on scheme assets

	Year ended 31 December 2015	Year ended 31 December 2014
	£m	£m
Expected return on scheme assets	2.8	4.0
Actuarial gain/(loss) on scheme assets	(0.3)	3.6
Actual return on scheme assets	2.5	7.6

Analysis of amounts recognised in statement of comprehensive income (SOCl)

	Year ended 31 December 2015	Year ended 31 December 2014 As restated
	£m	£m
Total gain/(loss) in SOCl	3.2	(2.0)
Total actuarial gain/(loss) in SOCl	3.2	(2.0)
Cumulative amount of (losses) recognised in SOCl	(1.3)	(4.5)

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015 (continued)

22 Pension (continued)

The CPSA pension scheme (continued)

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

	Year ended 31 December 2015	Year ended 31 December 2014 As restated	Year ended 31 December 2013	Year ended 31 December 2012	Year ended 31 December 2011
	£m	£m	£m	£m	£m
Fair value of scheme assets	79.0	78.8	72.1	65.2	60.6
Defined benefit obligation	(63.1)	(66.1)	(59.4)	(58.6)	(52.1)
Surplus in scheme	15.9	12.7	12.7	6.6	8.5

	Year ended 31 December 2015	Year ended 31 December 2014 As restated	Year ended 31 December 2013	Year ended 31 December 2012	Year ended 31 December 2011
	£m	£m	£m	£m	£m
Experience (losses)/gains on scheme assets	(0.3)	3.6	3.9	1.4	(1.7)
Experience gains on scheme liabilities*	2.9	(0.2)	0.5	(0.9)	0.2

* 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 2015 along with disclosures required to fully comply with FRS 102 Section 28 "Employers 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 £83,808 (2014: £96,103).

Reserves	Year ended 31 December 2015	Year ended 31 December 2014 As restated
	£m	£m
Funds as stated excluding pension assets/(liabilities)	16.7	18.0
Pension liability	(17.2)	(23.1)
Pension asset	15.9	12.7
Adjusted funds figure including pension assets/(liabilities)	15.4	7.6

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015 (continued)

23 First time adoption of FRS 102

	Note	Total funds and reserves as at 1 January 2014 £'000	Year ended 31 December 2014 £'000	Total funds and reserves as at 31 December 2014 £'000
As previously stated under former UK GAAP		12,468,917	6,422,620	6,422,620
Prior year adjustment- correction of error	a	–	600,000	600,000
As restated under former UK GAAP		12,468,917	7,022,620	7,022,620
Transitional adjustments				
Revaluation of investment property	b	250,000	500,000	750,000
Elimination of accumulated depreciation due to reclassification of leasehold property to investment property	c	100,000	–	100,000
Adjustment for holiday pay accrual	d	(240,000)	–	(240,000)
		110,000	500,000	610,000
As stated in accordance with FRS 102		12,578,917	7,522,620	7,632,620

Explanation of changes to previously reported net surplus for the year and equity

- a. Actuarial adjustment on valuation of net pension liabilities – see note 24
b. Revaluation of investment property 231 Vauxhall Bridge Road
c. Elimination of depreciation charged on leasehold property reclassified as investment property
d. Adjustment made for staff holiday days not taken at 31 December 2015.

24 Prior year adjustment

A prior year adjustment has been made in respect of the calculation of the union's two defined benefit pension schemes. This adjustment follows a revision by the actuary of their calculation of scheme assets and liabilities as prepared in accordance with chapter 28 of FRS 102. Adjustments have been made to the net pension provision with a net £600,000 reduction in liabilities. Adjustments of equal size have also been made to funds and reserves and within the Statement of changes in funds and reserves.

Appendix 7
FRS102 transition and prior period adjustment statements

FRS 102 & PRIOR YEAR ADJUSTMENT STATEMENT								
Fund	General	Property	Campaign and disputes	Political	Fighting	VSER	Pension	Total funds & reserves
TOTAL AS PER STATUTORY ACCOUNTS 31 DECEMBER 2014	4,739,540	11,493,264	267,191	113,423	9,202	800,000	(11,000,000)	6,422,620
FRS 102 ADJUSTMENTS								
STAFF HOLIDAY PAY ACCRUAL	(240,000)							(240,000)
REVALUATION OF INVESTMENT PROPERTIES		750,000						750,000
REVALUATION OF INVESTMENT PROPERTIES - REVERSAL OF DEPRECIATION		100,000						100,000
TOTAL RESTATED AFTER FRS 102 ADJUSTMENTS	4,499,540	12,343,264	267,191	113,423	9,202	800,000	(11,000,000)	7,032,620
PRIOR PERIOD ADJUSTMENTS								
ERROR ON ACTUARIAL VALUATION OF PENSION SCHEME ASSETS & LIABILITIES							600,000	600,000
TOTAL RESTATED AFTER FRS 102 & PRIOR YEAR ADJUSTMENTS	4,499,540	12,343,264	267,191	113,423	9,202	800,000	(10,400,000)	7,632,620

RESTATEMENT OF 2014 FIXED ASSETS						
	Land and Buildings		Furniture	Motor	Not used for	
	Freehold	Leasehold	& Equip	Vehicles	union business	Total
	£	£	£	£	£	£
COST OR VALUATION AS AT 31 DECEMBER 2014	8,500,000	3,346,060	3,077,071	51,408	0	14,974,539
FRS 102 ADJUSTMENTS:						
RECLASS FROM LEASEHOLD TO FREEHOLD PROPERTIES		(2,500,000)			2,500,000	0
REVALUATION OF INVESTMENT PROPERTY					750,000	750,000
TOTAL RESTATED COST OR VALUATION AS AT 31 DECEMBER 2014	8,500,000	846,060	3,077,071	51,408	3,250,000	15,724,539
ACCUMUATED DEPRECIATION AS AT 31 DECEMBER 2014	(137,700)	(215,096)	(1,749,638)	(51,408)	0	(2,153,842)
FRS 102 ADJUSTMENTS:						0
REVALUATION OF INVESTMENT PROPERTY		100,000				100,000
TOTAL RESTATED ACCUMULATED DEPRECIATION AS AT 31 DECEMBER 2014	(137,700)	(115,096)	(1,749,638)	(51,408)	0	(2,053,842)
RESTATED NBV AS AT 31 DECEMBER 2014	8,362,300	730,964	1,327,433	0	3,250,000	13,670,697

Public and Commercial Services Union

Statement of officers responsibilities

Under the Trade Union and Labour Relations (Consolidation) Act 1992 a trade union is required to:

- keep proper accounting records which give a true and fair view of the state of affairs of the PCS and explain its transactions;
- establish and maintain a satisfactory system of control of the accounting records, cash holdings and all the receipts and remittances;
- prepare an Annual Return for the Certification Officer giving a true and fair view of the income and expenditure account and balance sheet;
- provide members of the PCS with an Income and Expenditure statement for the period, and
- prepare the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

PCS Rule 9.17(a) requires the NEC of the Union to present audited accounts to the Annual Delegate Conference for approval and adoption.