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FORM AR21

Trade Union and Labour Relations (Consolidation) Act 1992

ANNUAL RETURN FOR A TRADE UNION

Name of Trade Union:

Prospect

Year ended:

31 December 2017

List no:

771T

Head or Main Office:

8 Leake Street
LONDON
SE1 7NN

Website address (if available)

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

Yes

No

X

(Click the appropriate box)

General Secretary:

Mr M Clancy

Telephone Number:

02079026600

Contact name for queries regarding

Maria McLaughlin

Telephone Number:

02079026675

E-mail:

Maria.mclaughlin@prospect.org.uk

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

Any difficulties or problems in the completion of this return should be directed to the Certification Officer as below or by telephone to: 0330 109 3602

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

For Unions based in England and Wales:

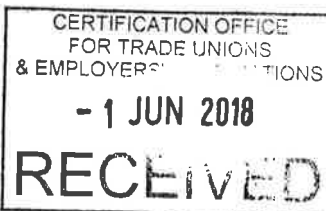
Certification Office for Trade Unions and Employers' Associations

Lower Ground Floor, Fleetbank House, 2-6 Salisbury Square, London EC4Y 8JX

For Unions based in Scotland:

Certification Office for Trade Unions and Employers' Associations

Melrose House, 69a George Street, Edinburgh EH2 2JG



(Revised November 2017)

Prospect

List of Officers

- President – Denise McGuire
- Vice President – Craig Marshall
- Deputy vice-president – Ann Jones
- Deputy vice-president – Eleanor Wade

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	98,677	1,608	49	2,388	102,722
FEMALE	36,680	587	15	2,482	39,764
TOTAL	135,357	2,195	64	4,870	A 142,486

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

131,383

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

1,352

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 person's office.

Presidential team

- * President - Denise McGuire
- * Vice-president - Craig Marshall
- * Deputy vice-president - Ann Jones
- * Deputy vice-president - Eleanor Wade
- * General secretary - Mike Clancy

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
Deputy vice president	-	Ann Jones	01 January 2017

State whether the union is:

a. A branch of another trade union?

Yes

No

If yes, state the name of that other union:

b. A federation of trade unions?

Yes

No

If yes, state the number of affiliated unions:

and names:

GENERAL FUND

(see notes 13 to 18)

	£'000	£'000
INCOME		
From Members: Contributions and Subscriptions		20,862
From Members: Other income from members (specify)		
Total other income from members		
Total of all income from members		20,862
Investment income (as at page 12)		3,350
Other Income		
Income from Federations and other bodies (as at page 4)		
Income from any other sources (as at page 4)	147	
Total of other income (as at page 4)		147
	TOTAL INCOME	24,359
EXPENDITURE		
Benefits to members (as at page 5)		665
Administrative expenses (as at page 10)		21,242
Federation and other bodies (specify)		
Affiliations	621	
Donations	21	
Net Pension Expenditure	848	
Total expenditure Federation and other bodies		1,490
Remeasurement of defined benefit liability		(7,334)
	TOTAL EXPENDITURE	16,063
Surplus for year		8,296
Amount of general fund at beginning of year		18,092
Transfer of Engagements (BECTU)		(4,210)
Amount of general fund at end of year		22,178

AFFILIATION AND MEMBERSHIP FEES	£
Aircraft Engineers International	5,021
British Screen Advisory Council	6,020
British Copyright Council	1,594
Confederation of Shipbuilding and Engineering Unions	1,950
European Federation of Public Service Unions	13,492
European Transport Federation	3,593
The Federation of Entertainment Unions	2,500
General Federation of Trade Unions	10,000
IFATSEA	1,500
International Transport Workers Federation	9,166
Irish Congress of Trade Unions	5,741
Media Entertainment & Arts	71,987
National Prisoners Convention	2,250
Royal Aeronautical Society	1,246
Scottish TUC	14,426
Share Action	2,000
Trades Union Congress	397,651
UNI Europa	11,871
UK Flight Safety Commission	1,200
UNI Global Union	51,910
Other affiliation and membership fees under £1,000 (29)	6,133
	<u>621,250</u>

ANALYSIS OF INCOME FROM FEDERATION AND OTHER BODIES AND OTHER INCOME

(see notes 19 and 20)

DESCRIPTION	£'000	£'000
Federation and other bodies		
TOTAL FEDERATION AND OTHER BODIES		
Other income		
Membership Services/net VAT recovered	114	
Net Journal Income	8	
Other Income	25	
TOTAL OTHER INCOME		147
TOTAL OF ALL OTHER INCOME		147

ANALYSIS OF BENEFIT EXPENDITURE SHOWN AT GENERAL FUND

(see notes 21 to 23)

	£'000		£'000
Representation – Employment Related Issues	45	brought forward	470
		Education and Training services	195
Representation – Non Employment Related Issues		Negotiated Discount Services	
Communications Journal/Annual Report	327	Salary Costs	
Advisory Services		Other Benefits and Grants (specify)	
Dispute Benefits			
Other Cash Payments Death Benefit	98		
carried forward	470	Total (should agree with figure in General Fund)	665

(See notes 24 and 25)

FUND 2		Fund Account	
Name:		£	£
Income	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	Total other income as specified		
	Total Income		
Expenditure	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		
	Number of members contributing at end of year		

FUND 3		Fund Account	
Name:		£	£
Income	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	Total other income as specified		
	Total Income		
Expenditure	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		
	Number of members contributing at end of year		

(See notes 24 and 25)

FUND 4		Fund Account	
Name:		£	£
Income	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	Total other income as specified		
	Total Income		
Expenditure	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		
	Number of members contributing at end of year		

FUND 5		Fund Account	
Name:		£	£
Income	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	Total other income as specified		
	Total Income		
Expenditure	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		
	Number of members contributing at end of year		

(See notes 24 and 25)

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

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

(see notes 26 to 31)

POLITICAL FUND ACCOUNT 1		To be completed by trade unions which maintain their own fund	
		£'000	£'000
Income	Members contributions and levies		78
	Investment income (as at page 12)		
	Other income (specify)		
	Total other income as specified		
	Total income		78
Expenditure	Expenditure under section 82 of the Trade Union and Labour Relations (Consolidation) Act 1992 (specify)		
	Administration expenses in connection with political objects (specify)		109
	Non-political expenditure		
	Total expenditure		109
	deficit for year		(31)
	Transfer of Engagements (BECTU)		52
	Amount of political fund at beginning of year		608
	Amount of political fund at the end of year (as Balance Sheet)		629
	Number of members at end of year contributing to the political fund		129,401
	Number of members at end of the year not contributing to the political fund		13,085
Number of members at end of year who have completed an exemption notice and do not therefore contribute to the political fund		3,619	

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		£'000
Remuneration and expenses of staff		16,131
Salaries and Wages included in above	£10,159,817	
Auditors' fees		69
Legal and Professional fees		263
Occupancy costs		1,366
Stationery, printing, postage, telephone, etc.		930
Expenses of Executive Committee (Head Office)		12
Expenses of conferences		284
Other administrative expenses (specify)		
NEC & Other Committee/Local Democratic Organisations	1,100	
Research/Editorial publishing – Publications	145	
Ballots/Recruitment/Other Admin	<u>265</u>	1,510
Other Outgoings		
Interest payable:		
Bank loans (including overdrafts)		
Mortgages		
Other loans		
Depreciation		677
Taxation		
Outgoings on land and buildings (specify)		
Other outgoings (specify)		
	Total	21,242
Charged to:	General Fund (Page 3)	21,242
	Fund (Account)	
	Fund (Account)	
	Fund (Account)	
	Fund (Account)	
	Total	

ANALYSIS OF INVESTMENT INCOME

(see notes 45 and 46)

	Political Fund £		Other Fund(s) £'000
Rent from land and buildings			151
Dividends (gross) from:			
Equities (e.g. shares)			661
Interest (gross) from:			
Government securities (Gilts)			
Mortgages			
Local Authority Bonds			
Bank and Building Societies			
Other investment income (specify)			
Surplus on sale of investments including £32K charges			75
Change in investment values			2,463
		Total investment income	3,350
Credited to:			
		General Fund (Page 3)	3,350
		Fund (Account)	
		Fund (Account)	
		Fund (Account)	
		Fund (Account)	
		Fund (Account)	
		Political Fund	
		Total Investment Income	

FIXED ASSETS ACCOUNT

(see notes 51 to 55)

	Land and Buildings		Furniture and Equipment £'000	Motor Vehicles £'000	Not used for union business £'000	Total £'000
	Freehold £'000	Leasehold £'000				
Cost or Valuation						
At start of year	14,293	-	1,594	858	-	16,745
Transferred in BECTU	3,750	-	182	-	-	3,932
Additions	-	-	273	69	-	342
Disposals	-	-	(561)	(13)	-	(574)
At end of year	18,043	-	1,488	914	-	20,445
Accumulated Depreciation						
At start of year	2,187	-	1,087	373	-	3,647
Transferred in BECTU	52	-	84	-	-	136
Charges for year	236	-	316	131	-	683
Disposals	-	-	(557)	(13)	-	(570)
At end of year	2,475	-	930	491	-	3,896
Net book value at end of year	15,568	-	558	423	-	16,549
Net book value at end of previous year	12,106	-	507	485	-	13,098

ANALYSIS OF INVESTMENTS

(see notes 56 and 57)

QUOTED	All Funds Except Political Funds £'000	Political Fund £
Equities (e.g. Shares)	7,593	
Government Securities (Gilts)		
Other quoted securities (to be specified)		
Unit Trusts	23,704	
TOTAL QUOTED (as Balance Sheet)	31,297	
Market Value of Quoted Investment	31,297	
UNQUOTED		
Equities		
Government Securities (Gilts)		
Mortgages		
Bank and Building Societies	453	
Other unquoted investments (to be specified)	464	
TOTAL UNQUOTED (as Balance Sheet)	917	
Market Value of Unquoted Investments	917	

ANALYSIS OF INVESTMENT INCOME (CONTROLLING INTERESTS)

(see notes 58 and 59)

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

SUMMARY SHEET

(see notes 60 to 71)

	All funds except Political Funds £'000	Political Funds £'000	Total Funds £'000
INCOME			
From Members	20,862	78	20,940
From Investments	3,350	-	3,350
Other Income (including increases by revaluation of assets)	147	-	147
Total Income	24,359	78	24,437
EXPENDITURE (including decreases by revaluation of			
Total Expenditure	16,063	109	16,172
Funds at beginning of year (including reserves)	18,092	608	18,700
Transfer of engagements	(4,210)	52	(4,158)
Funds at end of year (including reserves)	22,178	629	22,807
ASSETS			
Fixed Assets			16,549
Investment Assets			32,214
Other Assets			4,587
		Total Assets	53,350
LIABILITIES			
		Total Liabilities	30,543
NET ASSETS (Total Assets less Total Liabilities)			22,807

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.

Notes to the accounts
year ended 31 December 2017

2 JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

3 COMMITTEES AND CONFERENCES

National committees
National and sector conferences

	2017	2016
	£'000	£'000
National committees	137	127
National and sector conferences	284	428
	<u>421</u>	<u>555</u>

4 LOCAL DEMOCRATIC ORGANISATION AND EDUCATION

Professional, departmental and other groups
Branches and sections
Education and training

	2017	2016
Professional, departmental and other groups	121	109
Branches and sections	658	731
Education and training	193	129
	<u>1,171</u>	<u>969</u>

5 EMPLOYMENT COSTS

Staff safety costs
Additional pension contributions
Travel, subsistence and mobile phones
Other staffing costs

	2017	2016
Staff safety costs	12,818	8,486
Additional pension contributions	1,807	1,067
Travel, subsistence and mobile phones	729	645
Other staffing costs	468	203
	<u>16,822</u>	<u>11,501</u>

6 PROPERTY COSTS

Rent, rates and service charges
Light and heat
Decoration, repairs and maintenance
Cleaning and security
Property depreciation
Insurance and health and safety

	2017	2016
Rent, rates and service charges	697	537
Light and heat	121	91
Decoration, repairs and maintenance	227	143
Cleaning and security	221	168
Property depreciation	236	210
Insurance and health and safety	100	62
	<u>1,602</u>	<u>1,211</u>

7 ADMINISTRATION & OTHER SUPPLIES

Equipment maintenance and repair
Printing, stationery and postage
Telephone
Computer services
Fifteen
Other office services
Bank charges and collection of subscriptions
Research, publications and subscriptions
Editorial publishing and publicity
Legal, professional and audit fees

	2017	2016
	£'000	£'000
Equipment maintenance and repair	24	56
Printing, stationery and postage	261	201
Telephone	185	83
Computer services	504	379
Fifteen	-	18
Other office services	119	87
Bank charges and collection of subscriptions	13	18
Research, publications and subscriptions	41	26
Editorial publishing and publicity	194	93
Legal, professional and audit fees	337	257
	<u>1,694</u>	<u>1,378</u>

8 BENEFITS TO MEMBERS

Affiliatory and donations
Members benefits
Honorarium and organisation

	2017	2016
Affiliatory and donations	642	412
Members benefits	533	597
Honorarium and organisation	240	224
	<u>1,415</u>	<u>1,233</u>

9 OTHER INCOME

Membership services/VAT recoveries
Hotel/meal income
Other income

	2017	2016
Membership services/VAT recoveries	114	66
Hotel/meal income	8	6
Other income	20	11
	<u>142</u>	<u>83</u>

10 NET PENSION SCHEME EXPENDITURE

Current service cost
Admin costs
Contributions
Interest on scheme assets
Interest on scheme liabilities
Net interest on defined benefit liability
Net pension scheme (open/short)/income

	PPA		EPS		BECTU
	2017	2016	2017	2016	2017
	£'000	£'000	£'000	£'000	£'000
Current service cost	(2,658)	(1,800)	(377)	(318)	(389)
Admin costs	(178)	(209)	-	-	(67)
Contributions	2,214	2,000	528	535	819
	<u>(572)</u>	<u>-</u>	<u>151</u>	<u>217</u>	<u>353</u>
Interest on scheme assets	3,372	2,000	328	314	840
Interest on scheme liabilities	(2,488)	(2,000)	(608)	(718)	(600)
Net interest on defined benefit liability	(116)	-	(280)	(404)	(260)
Net pension scheme (open/short)/income	<u>(688)</u>	<u>-</u>	<u>(129)</u>	<u>(187)</u>	<u>(207)</u>

11 EXCEPTIONAL ITEMS

Staff restructuring

	2017	2016
	£'000	£'000
Staff restructuring	734	-
	<u>734</u>	<u>-</u>

This relates to costs following the transfer of engagements of BECTU.

12 TANGIBLE FIXED ASSETS

COST

At 1 January 2017

Transferred in BECTU

Additions

Disposals

At 31 December 2017

Depreciation

At 1 January 2017

Transferred in BECTU

Charge for the year

Disposals

At 31 December 2017

Netbook value

At 31 December 2017

At 31 December 2016

	Land and buildings	Office equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000
At 1 January 2017	14,293	1,594	858	16,745
Transferred in BECTU	3,750	182	-	3,932
Additions	-	273	89	342
Disposals	-	(561)	(13)	(574)
At 31 December 2017	<u>18,043</u>	<u>1,488</u>	<u>914</u>	<u>20,445</u>
Depreciation				
At 1 January 2017	2,187	1,087	373	3,647
Transferred in BECTU	52	84	-	136
Charge for the year	236	316	131	683
Disposals	-	(557)	(13)	(570)
At 31 December 2017	<u>2,475</u>	<u>930</u>	<u>491</u>	<u>3,896</u>
Netbook value				
At 31 December 2017	<u>15,568</u>	<u>558</u>	<u>423</u>	<u>16,549</u>
At 31 December 2016	<u>12,106</u>	<u>507</u>	<u>485</u>	<u>13,098</u>

13	INVESTMENTS	2017
	Market value	£'000
	At 1 January 2017	27,126
	Transferred in BECTU	30
	Additions	3,942
	Disposals	(1,633)
	Net movement in cash deposits	179
	Surplus on sale of investments	107
	Change in investment values	2,463

At 31 December 2017

32,214

	Cost	Market Value
	£'000	£'000
Quoted equities and gifts	1,969	7,593
Unit trusts	20,419	23,704
Bank deposits	453	453
Unquoted shares	351	484
	23,192	32,214

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

14	DEBTORS	2017	2016
		£'000	£'000
	Trade debtors	1,410	1,055
	Other debtors	88	135
	Prepayments and accrued income	488	277
	Deferred consideration (Wimbledon property)	-	2,500
		1,986	3,967

15	CREDITORS	2017	2016
		£'000	£'000
	Trade creditors	309	230
	Other creditors	203	33
	Other taxes and social security	167	292
	Accruals and deferred income	237	205
		1,116	760

16 CONTINGENT LIABILITIES

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

17 TRANSFER OF ENGAGEMENTS BECTU

On 1 January 2017 the transfer of engagements of the Broadcasting, Entertainment, Cinematograph and Theatre Union (BECTU) to Prospect took place.

In accordance with FRS102, the transfer of engagements of BECTU to Prospect has been recognized as an acquisition in Prospect's accounts at the fair value of BECTU's net assets/liabilities as at 1 January 2017.

As the transfer took place on 1 January 2017, the results for the year ended 31 December 2017 and the amounts as at 31 December 2017 represent the combined operations, assets and liabilities of both Prospect and the former BECTU. The comparative figures in the accounts (which precede the transfer date) only relate to Prospect's operations, assets and liabilities.

18 STAFF PENSION SCHEMES

The union currently operates three defined benefit pension schemes (Prospect, Connect and BECTU) for its employees. The assets for all of the schemes are held in trustee administered funds separate from the Union's finances. This note sets out the pension cost information required for Prospect to meet its pension obligations as specified under FRS 102. The accounting date to which these disclosures relate is 31 December 2017.

The Prospect Pension Scheme (PPS) employs a bulking block approach in determining the long-term rate of return on pension plan assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed long-term rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Scheme at 31 December 2017.

The Connect Pension Scheme (CPS) assets are all invested in unit-linked policies. The expected return on assets is obtained by considering the expected return on risk free investments (primarily government bonds), the historic level of the risk premium associated with other asset classes and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the underlying distribution of assets at 31 December 2017.

The last full actuarial valuation of the pension schemes was carried out using the projected unit method on 1 July 2014 for the Connect scheme (actuarial deficit £3.9m), 31 December 2014 for the Prospect scheme (actuarial deficit £8m) and 31 October 2016 for the BECTU scheme (actuarial deficit £5.6m). The next full valuation is scheduled for 1 July 2017 for the Connect scheme, 31 December 2017 for the Prospect scheme and 31 October 2019 for the BECTU scheme.

Regular employer contributions to the Prospect scheme in 2018 are estimated to be £2.2m including deficit contributions and £0.5m to the Connect scheme and £0.8m to the BECTU scheme.

	PPS		CPS		BECTU
	2017	2016	2017	2016	2017
	£'000	£'000	£'000	£,000	£'000
The union's contributions for the year were as follows:	2,256	2,000	578	535	919

There were no contributions outstanding at the year end.

	PPS		CPS		BECTU
	2017	2016	2017	2016	2017
	%	%	%	%	%
Rate of increase in pensionable salaries	2.9	3.1	2.9	2.6	0
Rate of increase in pensions in payments	3.3	3.6	3.3	6.0	4.2
Discount rate for scheme liabilities	2.5	2.7	2.5	2.7	2.5
Rate of inflation	3.4	3.8	3.4	3.6	3.4

Mortality assumption

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member currently aged 65 will live on average for a further 22.2 years (PPS) and (CPS) and 22.1 years (BECTU) if they are male; and for a further 24.5 years (PPS), 24.3 years (CPS) and 24.1 years (BECTU) if they are female.

18 Net liabilities of the scheme

The net pension liabilities recognised in the union's Balance Sheet as at 31 December 2017 is as follows:

	PPS		CPS		BECTU
	2017	2016	2017	2016	2017
	£'000	£'000	£'000	£,000	£'000
Diversified growth funds	17,009	16,796	5,350	-	-
Equities	79,923	24,752	4,126	9,674	11,875
Bonds and gilts	38,103	28,012	2,023	1,310	6,804
Property	9,279	7,056	779	847	3,116
Cash/other	147	884	592	242	160
Total market value of assets	94,660	86,469	12,808	12,093	20,954
Present value of liabilities	(99,831)	(100,900)	(28,235)	(26,352)	(29,661)
Scheme deficit	(5,270)	(12,400)	(15,427)	(14,059)	(8,707)

The return on scheme assets for the year was £7.4m (2016 £11.1m) for PPS; £600,000 (2016 £723,000) for CPS and £2m for BECTU.

Analysis of FRS 102 pension movements:

	PPS		CPS		BECTU
	2017	2016	2017	2016	2017
	£'000	£'000	£'000	£,000	£'000
Other pension scheme expenditure (Note 9)	(687)	-	(177)	(42)	210
Remeasurement of defined benefit pensions	8,096	(12,600)	(1,192)	(4,893)	437
Pension (liability)/asset brought forward	7,209	(17,600)	(1,370)	(4,795)	647
	(12,800)	100	(14,090)	(9,324)	(9,354)
Pension (liability)/asset carried forward	(5,270)	(12,400)	(15,427)	(14,059)	(8,707)

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

	PPS		CPS		BECTU
	Year ended	Year ended	Year ended	Year ended	Year ended
	2017	2016	2017	2016	2017
	£'000	£'000	£'000	£,000	£'000
Opening defined benefit obligation	100,900	76,800	26,152	20,384	28,290
Current service cost	2,655	1,800	377	316	380
Interest cost	2,681	3,000	300	776	802
Contributions by scheme participants	9	-	-	87	-
Actuarial (gains)/losses on scheme liabilities & changes to demo & fin assumptions	(3,088)	20,700	1,471	4,902	1,305
Net benefits paid out	(2,206)	(3,400)	(463)	(312)	(1,157)
Closing defined benefit obligation	99,951	100,900	28,235	26,152	29,860

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cont.**Changes to the fair value of Scheme assets during the year**

	FPS Year ended		CPS Year ended		DECTU Year ended
	2017	2016	2017	2016	2017
	£'000	£'000	£'000	£'000	£'000
Opening fair value of Scheme Assets	88,400	78,900	12,093	11,060	18,976
Expected return on Scheme assets (Interest on assets)	2,372	3,000	328	514	640
Return on plan assets excluding Interest income	5,008	8,100	272	209	1,743
Contributions by the employer	2,256	2,000	578	535	919
Contributions by Scheme participants	9	-	-	87	-
Net benefits paid out	(3,206)	(3,400)	(465)	(312)	(1,167)
Administration Costs	(179)	(200)	-	-	(67)
Closing fair value of Scheme assets	94,660	88,400	12,808	12,093	20,954
Actual return on assets	7,360	-	600	-	2,283

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COMMITMENTS UNDER OPERATING LEASES**LEASES**

At 31 December 2017, Prospect had obligations of total future minimum lease payments under non-cancellable operating leases for the following periods:

	Land and buildings		Other	
	2017	2016	2017	2016
Expiry date:	£'000	£'000	£'000	£'000
No later than one year	113	108	26	9
Later than one, no later than five years	102	198	32	9
Later than five years	-	-	-	-
	215	244	68	18

The lease payments recognised as an expense during the year was £120,000 (2016: £122,000).

LEASES

At 31 December 2017, Prospect had contractual future minimum lease receipts under non-cancellable operating leases for the following periods:

	Land and buildings	
	2017	2016
Expiry date:	£'000	£'000
No later than one year	-	382
Later than one, no later than five years	36	110
Later than five years	-	-
	36	492

The lease receipts recognised as rental income during the year was £151,000 (2016: £382,000).

ACCOUNTING POLICIES

(see notes 74 and 75)

Accounting policies year ended 31 December 2017

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

1.1 Accounting convention

The financial statements have been prepared in accordance with FRS102 'The Financial Reporting Standards applicable in the UK and Republic of Ireland' ("FRS102"). The accounts have been prepared under historical cost convention with some recognition at cost or transaction value unless otherwise stated in the relevant notes to the financial statements.

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

The Union is a public benefit entity.

The financial statements have been prepared in sterling which is the functional currency of the Union. Monetary amounts of these financial statements are rounded to the nearest thousand.

1.2 Going concern

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

1.3 Subscriptions

Subscriptions are accounted for on an accruals basis.

1.4 Rental income

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

1.5 Expenditure

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

1.6 Tangible Fixed Assets

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

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

1.7 Depreciation

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

- Freehold buildings = 50 years
- Furniture and fittings = 10 years
- Other equipment = 4 years

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

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

1.8 Pension costs

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

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, at the start of the period taking into account any changes in the net defined benefit

liability during the period as a result of contributions and benefit payments. The net interest is recognised in the income and expenditure amounts as pension movement.

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

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

1.8 Corporation tax

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

1.10 Deferred tax

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

Deferred taxes calculated at the year end that are expected to apply in the period when the liability is settled or the asset is realised. Deferred taxes charged or credited in the income and expenditure account.

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

1.11 Cash and cash equivalents

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

1.12 Financial instruments

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

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

1.13 Basic financial assets

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

1.14 Other financial assets

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

1.15 Impairment of financial assets

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

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

1.16 Basic financial liabilities

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

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

1.17 Branches

The transactions of the branches during the period are included in

those accounts as are the net assets held directly by them at the balance sheet date.

1.18 Fixed asset investments

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

1.19 Realised gains and losses

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

1.20 Leases

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

SIGNATURES TO THE ANNUAL RETURN

(see notes 76 and 77)

including the accounts and balance sheet contained in the return.

Secretary's Signature: <u>Mike Clancy</u>	Chairman's Signature: <u>[Signature]</u> (or other official whose position should be stated)
Name: <u>Mike Clancy</u> <u>General Secretary</u>	Name: <u>Eleanor Wade</u> <u>Deputy Vice President</u>
Date: <u>23/5/18</u>	Date: <u>23/5/18</u>

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"/>
IS A MEMBERSHIP AUDIT CERTIFICATE PROVIDED (See Pages 23 and 24 and Notes 88 to 94)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>

AUDITOR'S REPORT

(see notes 81 to 86)

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

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

YES NO

If "No" please explain below.

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

YES NO

If "No" please explain below.

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

YES NO

If "No" please explain below.

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

AUDITOR'S REPORT (section one)

PROSPECT

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PROSPECT

Opinion

We have audited the financial statements of Prospect ["The Union"] for the year ended 31 December 2017 which comprise the Income and Expenditure account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- Give a true and fair view of the state of the Union's affairs as at 31 December 2017 and of its income and expenditure for the year then ended; and
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Union in accordance with the ethical requirements that are relevant to the audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISA's (UK) require us to report to you where:

- The National Executive Committee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The National Executive Committee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Union's ability to continue to adopt a going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The National Executive Committee is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors report thereon. Our opinion of the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

The Trade Union and Labour Relations (Consolidation) Act 1992 (Amended) requires us to report to you if, in our opinion:

- A satisfactory system of control over transactions has not been maintained; or
- The Union has not kept proper accounting records; or
 - The financial statements are not in agreement with the books of account; or
 - We have not received all the information and explanations we need for our audit.

We have nothing to report in this regard.

Responsibilities of the National Executive Committee

As explained more fully in the Statement of Responsibilities of the National Executive Committee, the National Executive Committee is responsible for the preparation of financial statements and being satisfied that they give a true and fair view, and for such internal control as the National Executive Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the National Executive Committee is responsible for assessing the Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the National Executive Committee either intends to liquidate the Union or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

HW FISHER & COMPANY
Chartered Accountants
Statutory Auditor
Dated: 21 March 2018

Acre House
11/15 William Road
London NW1 2ER
United Kingdom

AUDITOR'S REPORT (continued)

Signature(s):

H W Fisher & Co

Name(s):

H W Fisher & Company

Profession(s) or Calling(s):

**Chartered Accountants
Statutory Auditor**

Address(es):

**Acre House
11 - 15 William Road
London NW1 3ER
United Kingdom**

Date:

30/5/18

Contact name and telephone number:

**Sailesh P Mehta
020 7388 7000**

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

MEMBERSHIP AUDIT CERTIFICATE
made in accordance with section 24ZD of the
Trade Union and Labour Relations (Consolidation) Act 1992
(See notes 100 to 106)

CERTIFICATION
FOR TRADE UNIONS
& EMPLOYERS' ASSOCIATIONS
28 JUN 2018
RECEIVED

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

YES

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

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

**MEMBERSHIP AUDIT CERTIFICATE
SECTION ONE**

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

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

YES


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

YES

If the answer to **either** questions 1 or 2 above is "NO" the assurer must:

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

MEMBERSHIP AUDIT CERTIFICATE (continued)

Signature of assurer	
Name	Ian Robinson
Address	Electoral Reform Services Ltd The Election Centre 33 Clarendon Road London N8 0NW
Date	10 th April 2018
Contact name and telephone number	Ian Robinson, Director and Head of Quality Control 020 8365 8909