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- PRINT ON ONE SIDE ONLY

FORM AR21

Trade Union and Labour Relations (Consolidation) Act 1992

ANNUAL RETURN FOR A TRADE UNION

Name of Trade Union:

PUBLIC AND COMMERCIAL SERVICES UNION

Year ended:

31 DECEMBER 2017

List no:

753

Head or Main Office:

160 FALCON ROAD
LONDON
SW11 2LN

Website address (if available)

www.pcs.org.uk

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

Yes

No



(Click the appropriate box)

General Secretary:

MARK SERWOTKA

Telephone Number:

0207 801 2600

Contact name for queries regarding

JES SCIORTINO

Telephone Number:

0207 801 2676

E-mail:

jes@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: 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)

OFFICERS OF PCS AT 31 DECEMBER 2017

General Secretary: Mark Serwotka

President: Janice Godrich

Deputy President: Kevin McHugh

Vice President: Fran Heathcote
Paula Brown
Zita Holbourne

Assistant General Secretary: Chris Baugh

NATIONAL EXECUTIVE COMMITTEE MEMBERS

Ian Albert	John Jamieson
Martin Cavanagh	Neil License
Clive Bryant	Mark Leopard
Alan Dennis	Marion Lloyd
Mark Baker	Dominic McFadden
Harvey Crane	Lorna Merry
Angela Grant	Alison Roder
Austin Harney	Marianne Owens
John McInally	Clara Paillard
Jacqueline Green	Ian Pope
Sam Hall	Karen Watts
Katrine Williams	Hector Wesley
Gilaine Young	Paul Williams
Candy Udwin	
John Maguire	

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	73,115	709	0	57	73,881
FEMALE	106,277	854	0	51	107,182
TOTAL	179,392	1,563	0	108	A 181,063

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

181,063

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

144

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.

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	John McInally		May 2017
Vice President	Cheryl Gedling		Sept 2017
Vice President		Fran Heathcote	May 2017
Vice President		Zita Holbourne	May 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)

	£	£
INCOME		
From Members: Contributions and Subscriptions		21,029,132
From Members: Other income from members (specify)		
	0	
Total other income from members		0
Total of all income from members		21,029,132
Investment income (as at page 12)		(150,747)
Other Income		
Transfer from property fund	114,989	
Income from any other sources (as at page 4)	178,512	
Gains on investment property	1,163,661	
Actuarial gains on DB pension scheme	11,000,000	
Total of other income (as at page 4)		12,457,162
	TOTAL INCOME	33,335,547
EXPENDITURE		
Benefits to members (as at page 5)		3,118,271
Administrative expenses (as at page 10)		14,877,654
Federation and other bodies (specify)		
Transfer to Campaigns & Disputes fund	399,350	
Affiliation fees	732,943	
PCS in the community	2,800	
Donations	10,624	
FRS 102 Pension adjustment	13,900,000	
Total expenditure Federation and other bodies		15,045,717
Taxation		100,000
	TOTAL EXPENDITURE	33,141,642
Surplus (deficit) for year		193,905
Amount of general fund at beginning of year		7,519,488
Amount of general fund at end of year		7,713,393

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	49,525	
Commission	68,161	
Miscellaneous	7,227	
Tax recovered	53,599	
TOTAL OTHER INCOME		178,512
TOTAL OF ALL OTHER INCOME		178,512

ANALYSIS OF BENEFIT EXPENDITURE SHOWN AT GENERAL FUND

(see notes 21 to 23)

	£		£
Representation – Employment Related Issues		brought forward	1,290,738
	415,037	Education and Training services	
		National courses	3,631
		Seminars	74,052
		Branch courses	52,559
Representation – Non Employment Related Issues		Organising learning & publicity	37,606
	73,485	Negotiated Discount Services	
		Essential guide	11,719
Communications			
PCS View	415,929		
National publications	954	Salary Costs	
		Employment costs	1,645,993
Advisory Services			
Helplines	22,900	Other Benefits and Grants (specify)	
		Members gold badges	1,973
Dispute Benefits			
Other Cash Payments			
Benevolent Services	56,456		
Death & personal accident	297,295		
Ex IR Sickness benefits	8,682		
carried forward	1,290,738	Total (should agree with figure in General Fund)	3,118,271

(See notes 24 and 25)

FUND 2		Fund Account	
Name:	Property Fund	£	£
Income			
	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	Total other income as specified		
	Total Income		
Expenditure			
	Transfer to General fund	114,989	
	Total Expenditure		114,989
	Surplus (Deficit) for the year		(114,989)
	Amount of fund at beginning of year		12,511,200
	Amount of fund at the end of year (as Balance Sheet)		12,396,211
	Number of members contributing at end of year		No direct contribution

FUND 3		Fund Account	
Name:	Campaigns & disputes fund	£	£
Income			
	From members		
	Transfer from General Fund		399,350
	Transfer from VSER Fund		438,000
	Donations	1,835	
	Transfer from Voluntary & Selective retirement fund		
	Total other income as specified		1,835
	Total Income		839,185
Expenditure			
	Fund expenditure (See appendix 1)	770,665	
	Total Expenditure		770,665
	Surplus (Deficit) for the year		68,520
	Amount of fund at beginning of year		6,048
	Amount of fund at the end of year (as Balance Sheet)		74,568
	Number of members contributing at end of year		No direct contribution

(See notes 24 and 25)

FUND 4		Fund Account	
Name:	Voluntary severance & early retirement (VSER)	£	£
Income			
	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	Total other income as specified		
	Total Income		
Expenditure			
	Costs associated with VSER program	317,624	
	Transfer campaign & disputes fund	438,000	
	Total Expenditure		755,624
	Surplus (Deficit) for the year		(755,624)
	Amount of fund at beginning of year		1,000,000
	Amount of fund at the end of year (as Balance Sheet)		244,376
	Number of members contributing at end of year		No direct contribution

FUND 5		Fund Account	
Name:	Pension reserve	£	£
Income			
	From members		
	Other income (specify)		
	Transfer from the general fund	13,900,000	
	Total other income as specified		13,900,000
	Total Income		13,900,000
Expenditure			
	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	Total Expenditure		
	Surplus (Deficit) for the year		13,900,000
	Amount of fund at beginning of year		(12,500,000)
	Amount of fund at the end of year (as Balance Sheet)		1,400,000
	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	36,990	
	Total other income as specified		36,990
	Total Income		36,990
Expenditure	Strike pay	33,439	
	Total Expenditure		33,439
	Surplus (Deficit) for the year		3,551
	Amount of fund at beginning of year		48,657
	Amount of fund at the end of year (as Balance Sheet)		52,208
	Number of members contributing at end of year		400

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	
		£	£
Income	Members contributions and levies		201,160
	Investment income (as at page 12)		
	Other income (specify)		
	Total other income as specified		
	Total income		201,160
Expenditure	Fund expenditure (See appendix 2)		75,046
	Administration expenses in connection with political objects (specify)		
	Non-political expenditure		
	Total expenditure		75,046
	Surplus (deficit) for year		126,114
	Amount of political fund at beginning of year		386,672
	Amount of political fund at the end of year (as Balance Sheet)		512,786
	Number of members at end of year contributing to the political fund		167,830
	Number of members at end of the year not contributing to the political fund		13,233
	Number of members at end of year who have completed an exemption notice and do not therefore contribute to the political fund		479

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		11,329,222
Salaries and Wages included in above	£11,329,222	
Auditors' fees		38,600
Legal and Professional fees		39,562
Occupancy costs		1,074,711
Stationery, printing, postage, telephone, etc.		385,243
Expenses of Executive Committee (Head Office)		106,795
Expenses of conferences		498,040
Other administrative expenses (see appendix 3)		3,859,840
Other Outgoings		
Interest payable:		
Bank loans (including overdrafts)		
Mortgages		
Other loans		
Depreciation		745,641
Taxation		
FRS 102 Pension adjustments		
Current Service costs of DB schemes		900,000
Pension contributions paid in year		(4,100,000)
	Total	14,877,654
Charged to:	General Fund (Page 3)	
	Fund (Account)	
	Fund (Account)	
	Fund (Account)	
	Fund (Account)	
	Total	14,877,654

ANALYSIS OF INVESTMENT INCOME

(see notes 45 and 46)

	Political Fund £		Other Fund(s) £
Rent from land and buildings			99,012
Dividends (gross) from:			
Equities (e.g. shares)			29,999
Interest (gross) from:			
Bank and Building Societies			100
Other investment income (specify)			
Unrealised capital gains on investments			8,866
Profit on disposal of investments			11,276
Pension adjustments			
Expected return on pension scheme assets			5,200,000
Interest on pension scheme liabilities			(5,500,000)
			(150,747)
		Total investment income	(150,747)
Credited to:			
		General Fund (Page 3)	(150,747)
		Fund (Account)	
		Fund (Account)	
		Fund (Account)	
		Fund (Account)	
		Fund (Account)	
		Political Fund	
		Total Investment Income	(150,747)

BALANCE SHEET as at 31 DECEMBER 2017

(see notes 47 to 50)

Previous Year		£	£
14,677,026	Fixed Assets (at page 14)		17,185,024
	Investments (as per analysis on page 15)		
607,086	Quoted (Market value £ 665,580)	655,473	
759,402	Unquoted	760,056	
1,366,488	Total Investments		1,415,529
	Other Assets		
0	Loans to other trade unions		
2,533,463	Sundry debtors		2,459,408
5,445,706	Cash at bank and in hand		1,742,784
	Other assets (pension provisions)		1,400,000
	Stocks of goods		
	Others (specify)		
7,979,169	Total of other assets		5,602,192
24,022,683	TOTAL ASSETS		24,202,745
7,519,488	General fund (Account 1)		7,713,393
12,511,200	Property fund (Account 2)		12,396,211
6,048	Campaign Fund (Account 3)		74,568
1,000,000	Voluntary selective & early retirement (Account 4)		244,376
386,672	Political Fund (Account 1)		512,786
(12,500,000)	Pension reserve (Account 5)		1,400,000
48,657	Fighting fund (Account 6)		52,208
	LIABILITIES		
0	Bank Loans		
215,043	Tax payable		233,843
0	Deferred tax		80,000
1,221,893	Sundry creditors		709,469
1,114,182	Accrued expenses		785,891
12,500,000	Other liabilities (Pension provisions)		0
24,022,683	TOTAL LIABILITIES		24,202,745
24,022,683	TOTAL ASSETS		24,202,745

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	5,264,138	846,060	3,715,580	10,000	7,400,000	17,235,778
Additions	0	0	1,696,293	0	393,686	2,089,979
Disposals	0	0	(822,518)	0	0	(822,518)
Revaluation/Transfers	(1,112,653)	0	0	0	2,276,314	1,163,661
At end of year	4,151,485	846,060	4,589,355	10,000	10,070,000	19,666,900
Accumulated Depreciation						
At start of year	(410,346)	(174,517)	(1,963,889)	(10,000)	0	(2,558,752)
Charges for year	(85,279)	(29,710)	(630,653)	0	0	(745,642)
Disposals	0	0	822,518	0	0	822,518
Revaluation/Transfers	0	0	0	0	0	0
At end of year	(495,625)	(204,227)	(1,772,024)	(10,000)	0	(2,481,876)
Net book value at end of year	3,655,860	641,833	2,817,332	0	10,070,000	17,185,024
Net book value at end of previous year	4,853,792	671,543	1,751,691	0	7,400,000	14,677,026

ANALYSIS OF INVESTMENTS

(see notes 56 and 57)

QUOTED	All Funds Except Political Funds £	Political Fund £
Equities (e.g. Shares)		
Sarasin Sterling Bond	319,515	
Sarasin Equisar - Global Thematic	105,344	
Sarasin Global Dividend-I Inc	64,729	
Sarasin Responsible Corporate Bond - I Inc	54,209	
ICS - INC Sterling Heritage Account (Blackrock)	28,018	
Sarasin CI Real Estate Equity Income	16,750	
3I Infrastructure PLC ord NPV	14,016	
International Public Partnership Ltd	9,399	
Source Physical Gold	9,072	
BH Macro Ltd Ordinary	8,937	
Jupiter Absolute Return - IA	6,228	
Sarasin IE Systematic	5,828	
Various holding less than £1,500	13,428	
TOTAL QUOTED (as Balance Sheet)	655,473	
Market Value of Quoted Investment	665,580	
UNQUOTED		
Equities		
Unity Trust Bank "A" ordinary shares of £1	172,093	
Unity Trust Bank "C" ordinary shares of £1	105,129	
Unity Trust Bank "A" ordinary shares of £1	100,000	
Energy prospects Co-operative trust Ltd	1,000	
Wortley Hall	1,000	
Trade Union British trust	311,619	
Bank and Building Societies		
Sarasins Money Market	69,215	
TOTAL UNQUOTED (as Balance Sheet)	760,056	
Market Value of Unquoted Investments	843,862	

ANALYSIS OF INVESTMENT INCOME (CONTROLLING INTERESTS)

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		

(see notes 58 and 59)

SUMMARY SHEET

(see notes 60 to 71)

	All funds except Political Funds £	Political Funds £	Total Funds £
INCOME			
From Members	21,066,122	201,160	21,267,282
From Investments	(150,747)	0	(150,747)
Other Income (including increases by revaluation of	12,344,008	0	12,344,008
Total Income	33,259,383	201,160	33,460,543
EXPENDITURE (including decreases by			
Total Expenditure	19,964,020	75,046	20,039,066
SEE APPENDIX 4 FOR WORKINGS			
Funds at beginning of year (including reserves)	8,585,393	386,672	8,972,065
Funds at end of year (including reserves)	21,880,755	512,786	22,393,542
ASSETS			
Fixed Assets			17,185,024
Investment Assets			1,415,529
Other Assets			5,602,192
		Total Assets	24,202,745
LIABILITIES		Total Liabilities	1,809,203
NET ASSETS (Total Assets less Total Liabilities)			22,393,541

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

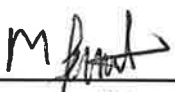
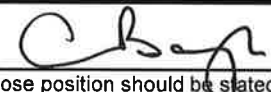
(see notes 74 and 75)

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>MARCEL SERJOTICA</u> Date: <u>22/5/18</u>	Chairman's Signature: <u></u> (or other official whose position should be stated) Name: <u>CHRIS BAUGH</u> <u>ASSISTANT GENERAL SECRETARY</u> Date: <u>16. 5. 2018</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"/>
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

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 (section one)

SEE APPENDIX 6

Signature(s) of auditor or auditors:		
Name(s):	BDO LLP	
Profession(s) or Calling(s):	Chartered accountant & registered auditors	
Address(es):	2 City Place Beehive Ring Road Gatwick West Sussex, RH6 0PA	
Date:		
Contact name and telephone number:	Laurence Elliott +44 (0)1293 591 083	

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

SEE APPENDIX 6 FOR SIGNED REPORT,

MEMBERSHIP AUDIT CERTIFICATE

(see notes 88 to 94)

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

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

YES

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

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

MEMBERSHIP AUDIT CERTIFICATE SECTION ONE

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

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	9 May 2018
Contact name and telephone number	Ian Robinson, Director and Head of Quality Control 020 8365 8909

Appendix 1 - Campaign and disputes fund	
Strike Pay	66,380
Anti - jobs cuts campaign	371,921
Strategic legal cases	272,971
Credit Union	20,617
Industrial Action Ballots	9,955
Department of Works and Pensions	19,271
Alternative vision for the justice system	1,666
Miscellaneous costs	6,004
Culture Media & Sports Group	1,880
STUC	770,665
Appendix 2 - Political fund	
Parliamentary work	60,356
Unite Against Fascism	(724)
Greening The Workplace	8,863
Scottish Campaigns	2,204
International Campaigns	4,347
	75,046
Appendix 3 - Other admin costs	
BRANCH IT SUPPORT	9,295
BANK CHARGES	20,673
BRANCH GRANTS	275,018
CANTEEN EXPENSES	5,844
COMPUTER RUNNING COSTS	590,809
CANTEEN TAKINGS	(1,626)
ELECTIONS GROUPS INC OCCP ASSOCIATIONS	73,608
NEC ELECTION	138,237
GRANTS TO OTHER GROUPINGS	33,938
GROUP COURSES	215
GROUP GRANTS	811,448
HAZARDS CONFERENCE	2,663
INTERNATIONAL MEETINGS	3,769
MISCELLANEOUS OFFICE EXPENSES	13,051
NATIONAL ORGANISING FORUMS	2,193
OFFICE RUNNING COSTS	215,472
PENSION PROTECTION FUND LEVY	70,120
RECRUITMENT PUBLICITY	8,700
PENSION SCHEME ADMINISTRATIVE COSTS	752,003
RESEARCH	57,302
ASSOCIATE MEMBERS SECTION	16,757
SUBSCRIPTION COLLECTION COSTS	307,132
STAFF DEVELOPMENT	14,218
STAFF RECRUITMENT COSTS	23,041
SUBSISTENCE	119,055
TRAVEL	215,934
TRADES UNION CONGRESS	66,874
YOUNG MEMBERS WORK	14,097
	3,859,840

Appendix 4 - Summary sheet

INCOME					
	Page Ref	Fund	Excl political	Political	Total
Income from members	3	General	21,029,132	-	21,029,132
	9	Political	-	201,160	201,160
	8	Fighting	36,990	-	36,990
Total Income from members			21,066,122	201,160	21,267,282
Investment income	3	General	- 150,747	-	150,747
Other Income					
Transfer from Property Fund	3	General	114,989	-	114,989
Gains on property	3	General	1,163,661	-	1,163,661
FRS 102 adjustment actuarial gains on pensions	3	General	11,000,000	-	11,000,000
Income from other sources	3	General	178,512	-	178,512
Transfer from General Fund	6	C&D	837,350	-	837,350
Donations to C&D fund	6	C&D	1,835	-	1,835
Transfer from General Fund	7	Pension	13,900,000	-	13,900,000
Total Other Income			27,196,347	-	27,196,347
TOTAL INCOME			48,111,722	201,160	48,312,882

EXPENDITURE					
Benefits to members	3	General	3,118,271	-	3,118,271
Admin expenses	3	General	14,877,654	-	14,877,654
Affiliation Fees	3	General	732,943	-	732,943
FRS17 adjustment on pension scheme	3	General	13,900,000	-	13,900,000
Transfer to C&D Fund	3	General	399,350	-	399,350
PCS in the community	3	General	2,800	-	2,800
Donations	3	General	10,624	-	10,624
Tax	3	General	100,000	-	100,000
Transfer to General Fund	6	Property	114,989	-	114,989
C&D Fund expenditure	6	C&D	770,666	-	770,666
VSER Fund expenditure	7	VSER	317,624	-	317,624
Transfer to C&D Fund	7	VSER	438,000	-	438,000
Fighting fund expenditure	8	Fighting	33,439	-	33,439
Political fund expenditure	9	Political	-	75,046	75,046
Total expenditure			34,816,360	75,046	34,891,406

Summary

Fund	Income	Expenditure	Surplus/(Deficit) for year
General	33,335,547	33,141,642	193,905
Political	201,160	75,046	126,114
VSER	-	755,624	- 755,624
C&D	839,185	770,666	68,519
Property	-	114,989	- 114,989
Fighting	36,990	33,439	3,551
Pension	13,900,000	-	13,900,000
	48,312,882	34,891,406	13,421,476

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2017

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.

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 2017.

The officers have also assessed the impact of the financial budgets in place for 2018 and beyond against the working capital available, notably its cash and investments.

The officers have also assessed the impact of the financial budgets in place for 2018 and beyond against the working capital available, notably its cash and investments.

However, the Union does recognise that because of the nature of events there are material uncertainties which may have a significant impact on budgeted assumptions. This includes the ability of the Union to maintain membership numbers at levels that existed at the end of 2017, the completion of refurbishment works at Falcon Road on time and on budget, the securing of additional tenants during 2018 and the achievement of planned cost savings during 2018.

Should one or a number of these assumptions

adversely impact the Union's cash position then depending on the severity of their impact the Union may need to secure alternative sources of funding, beyond the £250,000 facility agreed with Unity Trust Bank plc subsequent to the end of the financial year.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Union's ability to continue as a going concern.

The union believes it is a going concern going forward and has put in place an NEC agreed budget policy. The delivery of this policy will be supported by cash flow analysis and budget monitoring. We shall review the cash position on a regular basis and, if required, take appropriate action on spending decisions during the year in line with the policy.

As a result, in the opinion of the officers the union will have sufficient resources to meet its obligations as and when they fall due and accordingly the accounts have been prepared on a going concern basis.

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

a Subscriptions

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

- i) Pay centres who operate a payroll deduction scheme on behalf of PCS.
- ii) 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 2017 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.

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2017 (continued)

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. Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable surpluses

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.
- iv) Depreciation on freehold improvements is charged, on a straight line basis at 10% per annum.

e Property – investment property

Investment property is carried at fair value determined annually by external valuers 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 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

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2017 (continued)

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

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.

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.

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.

Property fund

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

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.

Fighting fund

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

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 2017 (continued)

	2017	£	2016	£
	£		£	
4 Investment income				
Dividends and credits		29,999		22,750
Net capital gains		11,240		–
Unrealised gains on investments		8,902		64,653
Interest from investment managers		100		201
		<u>50,241</u>		<u>87,604</u>
Pension adjustment				
Expected return on pension scheme assets	5,200,000		6,400,000	
Interest on pension scheme liabilities	<u>(5,500,000)</u>		<u>(6,400,000)</u>	
		<u>(300,000)</u>		<u>–</u>
		<u>(249,759)</u>		<u>87,604</u>
5 Commercial activities				
Advertising income		49,525		51,594
Rent		99,012		69,455
Commission received:				
Liverpool Victoria		51,441		42,690
BHSF		9,911		9,080
Union Income Benefit		6,810		12,535
The People's Operator		–		339
		<u>216,698</u>		<u>185,693</u>
6 Miscellaneous income				
Other		7,227		11,181
		<u>7,227</u>		<u>11,181</u>

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2017 (continued)

7 Network administration (summary)

(See appendix C)

	2017		2016	
	£	€	£	€
Superannuation fund running costs	752,003		596,507	
Pension Protection Fund Levy	70,120		60,224	
Legal & professional fees	39,562		88,617	
Credit Union loan written off	-		18,436	
Audit fees	38,600		61,138	
Bank charges and interest	20,673		40,083	
Staff development costs	14,218		26,476	
Staff recruitment costs	23,041		1,712	
Computer running costs	590,809		617,701	
Vehicle running costs	4,367		7,742	
Pension adjustment				
Current service costs of defined benefit schemes	900,000		1,100,000	
Administration expenses	-		300,000	
Benefits paid	-		(200,000)	
Past service costs of defined benefit schemes	-		300,000	
Pension contributions paid in year	(4,100,000)		(3,200,000)	
		(3,200,000)		(1,700,000)
Employment costs				
Voluntary selective and early retirement scheme costs paid	11,329,220		10,623,289	
Accommodation running costs*	1,074,711		843,308	
Maintenance of buildings	-		7,602	
Printing, stationery and photocopying	146,824		79,181	
Postage	97,246		53,802	
Research	57,302		52,440	
Telephone	136,809		139,490	
Office costs	219,690		149,341	
Subsistence	119,055		100,920	
Travel	215,934		218,725	
Miscellaneous	13,051		23,169	
	<u>11,763,235</u>		<u>12,200,462</u>	

* Includes rent paid £391,454 (2016: £205,220)

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2017 (continued)

Members representative costs	Appendix	2017 £	£	2016 £	£
Organising and learning					
Recruitment publicity		8,700		9,912	
National organising forums		2,193		810	
Youth work		14,097		15,790	
National courses		3,631		2,290	
Group and associations courses		215		-	
Branch courses		52,559		46,510	
Organising and learning publicity		49,325		30,837	
Employment costs		-		29,434	
			130,720		135,583
Other meetings					
International meetings		3,769		2,724	
Seminars		74,052		43,583	
National meetings		69,537		87,314	
			147,358		133,621
National representatives					
Annual delegate conference		498,040		520,229	
Subsistence		50,505		37,797	
Travel		56,290		58,748	
			604,835		616,774
Elections					
National		138,237		142,878	
Groups, associations and branches		73,608		99,512	
			211,845		242,390
Local representatives					
Group and occupational associations	D	811,448		787,191	
Branch grants		275,018		364,791	
Branch support		9,295		16,848	
Geographical and other structures	E	50,695		45,652	
			1,146,456		1,214,482
			2,241,214		2,342,850

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2017 (continued)

9 Members benefits	Appendix	2017 £	2016 £
Death and personal accident		297,295	381,337
Benevolence service		56,456	73,791
Legal Services		488,523	224,076
Ex. Ill. group sickness benefit		8,682	1,654
Helplines		22,900	98,760
Gold badges		1,973	4,025
Employment costs		366,297	614,359
		<u>1,242,126</u>	<u>1,398,002</u>
10 Members communications			
PCS View/PCS People		415,929	410,680
Public relations		-	1,188
National publications		954	11,209
Group publications		-	29,031
Employment costs		1,279,695	1,200,469
		<u>1,696,577</u>	<u>1,652,577</u>
11 Affiliations and donations			
Affiliation fees	G	732,942	737,378
PCS in the community fund		2,800	3,035
Donations	F	10,624	7,900
		<u>746,366</u>	<u>748,313</u>

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2017 (continued)

	Investment Property £	Freehold Property Property £	Long Leasehold Properties £	Short Leasehold Properties £	Total Property £
12 Tangible fixed assets					
PROPERTY					
Valuation/cost					
Brought forward at 1 January 2017	7,400,000	5,264,138	563,500	282,560	13,510,198
Additions	393,686	-	-	-	393,686
Reclassification of Investment property	1,112,653	(1,112,653)	-	-	-
Revaluation in year	1,163,661	-	-	-	1,163,661
Carried forward at 31 December 2017	10,070,000	4,151,485	563,500	282,560	15,067,545
Depreciation					
Brought forward at 1 January 2017	-	(410,346)	(22,540)	(151,977)	(584,863)
Depreciation for year	-	(85,279)	(5,635)	(24,075)	(114,989)
Carried forward at 31 December 2017	-	(495,625)	(28,175)	(176,052)	(699,852)
Net book value at 31 December 2017	10,070,000	3,655,860	535,325	106,508	14,367,693
<i>Net book value at 31 December 2016</i>	<i>7,400,000</i>	<i>4,853,792</i>	<i>540,960</i>	<i>130,583</i>	<i>12,925,335</i>

The Unions' freehold property 160 Falcon Road is held under existing use and as investment property. The property was revalued by SHW, an external valuer, on the basis of existing use and rental property using standard RICS terms, as at the 31 December 2017.

At 31 December 2013, the property is secured. At 31 December 2016 the PTC pension scheme had a charge over the 160 Falcon Road of £7.825 million.

EQUIPMENT	Freehold Improvements	Office equipment £	Computer equipment £	Company cars £	Total £
Cost					
Brought forward at 1 January 2017	-	671,682	3,043,898	10,000	3,725,580
Elimination of fully depreciated assets	-	(201,731)	(620,787)	-	(822,518)
Additions in year	891,654	137,036	667,603	-	1,696,293
Carried forward at 31 December 2017	891,654	606,987	3,090,714	10,000	4,599,355
Depreciation					
Brought forward at 1 January 2017	-	(367,662)	(1,596,227)	(10,000)	(1,973,889)
Elimination of fully depreciated assets	-	201,731	620,787	-	822,518
Depreciation for year	-	(113,108)	(517,544)	-	(630,652)
Carried forward at 31 December 2017	-	(279,039)	(1,492,984)	(10,000)	(1,782,023)
Net book value at 31 December 2017	891,654	327,948	1,597,730	-	2,817,331
<i>Net book value at 31 December 2016</i>	<i>-</i>	<i>304,020</i>	<i>1,447,671</i>	<i>-</i>	<i>1,751,691</i>

Freehold improvements represent assets that are under construction.

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2017 (continued)

13 Taxation on surpluses on ordinary activities	2018 £	2017 £
UK Corporation tax		
Current tax on income from the year	160,000	153,891
Movement in deferred tax	(60,000)	-
Tax on results on ordinary activities	<u>100,000</u>	<u>153,891</u>
(Deficit) / surplus on ordinary activities before tax	<u>2,521,475</u>	<u>6,625,595</u>
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 19% (2016: 20%)	479,080	-
Non taxable income	(459,080)	-
Tax on investment property	-	153,891
Adjustment in respect of prior years	140,000	-
Tax on results on ordinary activities	<u>160,000</u>	<u>153,891</u>

14 Investments	Equity £	Bonds and Interest bearing stock £	Unit Trusts and funds £	Money market £	Miscellaneous holdings at cost £	Total Investment movement £
Market value:						
Cost brought forward 1 January 2017	13,658	46,185	469,162	68,561	704,269	1,301,835
Unrealised gains	8,161	7,337	49,155	-	-	64,653
Market value carried forward 1 January 2017	<u>21,819</u>	<u>53,522</u>	<u>518,317</u>	<u>68,561</u>	<u>704,269</u>	<u>1,366,488</u>
Movement in year-cost						
Purchases-cost	-	54,000	116,547	-	-	170,547
Disposals-cost	-	(46,185)	(84,877)	-	-	(131,062)
Cash deposit	-	-	-	654	-	654
Cost carried forward 31 December 2017	<u>13,658</u>	<u>54,000</u>	<u>500,832</u>	<u>69,215</u>	<u>704,269</u>	<u>1,341,974</u>
Unrealised gains in year	9,757	209	63,589	-	-	73,555
Market value carried forward 31 December 2017	<u>23,415</u>	<u>54,209</u>	<u>564,421</u>	<u>69,215</u>	<u>704,269</u>	<u>1,415,529</u>

	Appendix	2017 £	2016 £
Equities	H	23,415	21,819
Bonds and interest bearing stock	I	54,209	53,522
Unit trusts and funds	J	564,421	518,317
Money market	K	69,215	68,561
Miscellaneous holdings at cost	L	704,269	704,269
		<u>1,415,529</u>	<u>1,366,488</u>

15 Debtors		2017	2016
Recoverable in less than one year:			
Membership subscription debtor		1,607,968	1,584,546
Other debtors		382,305	352,659
Prepayments		469,136	596,258
		<u>2,459,408</u>	<u>2,533,463</u>

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2017 (continued)

16 Cash at bank and in hand	2017	2016
	£	£
Cash	2,017	1,493
Bank	1,448,257	5,144,778
Balances in hands of groups and branches	292,510	299,435
	<u>1,742,784</u>	<u>5,445,706</u>
17 Creditors: amounts falling due within less than one year		
Trade creditors	709,469	1,221,393
Accruals	785,891	1,114,182
Corporation tax payable	233,843	75,043
Deferred tax payable	80,000	140,000
	<u>1,809,203</u>	<u>2,550,618</u>

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2017 (continued)

18 Commitments

The PCS has the following rental agreements net of VAT:

Property leased	Date of Expiry	Total Commitment £
1 Blington Liverpool, L3	30 June 2025	391,526
16 Waterloo St, Birmingham, B2	19 August 2018	10,418
6 Holt Court North, Birmingham, B7	31 August 2018	11,264
Lease to be ceased on completion of new premises		
John Dobson St, Newcastle, NE1	24 March 2025	252,689
145 West Regent, St Glasgow G2	1 December 2027	523,776
Towncentre House, Woodhouse Lane, Leeds	24 May 2020	291,666
1 Cathedral Street, Cardiff, CF1	9 Dec 2025	307,271
Part 2nd Floor Tony Benn House, Victoria Street, Bristol, BS1 6AY	30 June 2030	177,750
Peterborough, 13 Church Walk, Peterborough, PE1 2TP	21 August 2031	159,315
Leasehold		
5 Falcon Mews	2113	239,404

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 2017 the PTC pension scheme had a charge over the Union's freehold property (Note 12).

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2017 (continued)

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

	2017		2016
	£	£	£
Surplus for the year- general fund		3,093,906	5,638,403
Appropriation to campaign and disputes fund	837,350		628,000
Campaign and disputes fund expenditure	(770,666)		(783,683)
Donations	1,835		1,502
		68,520	(154,181)
Appropriation to political fund	201,160		204,744
Release of reserves from the political fund	-		-
Political fund expenditure	(75,046)		(69,878)
		126,114	134,866
Appropriation to fighting fund	36,990		20,026
Fighting fund expenditure	(33,439)		-
		3,551	20,026
Allocation to designated reserves	-		1,000,000
Transfer from property fund	(114,989)		(167,409)
Transfer from VSER fund	(438,000)		-
VSER expenditure	(317,624)		-
		(870,614)	832,591
Depreciation		745,641	784,339
Pension contributions paid in year	(3,200,000)		(1,700,000)
		(3,200,000)	(1,700,000)
		(32,882)	5,556,044
Interest receivable	(100)		(201)
Dividends	(29,999)		(22,750)
Pension scheme income	300,000		-
(Gain)/loss on sale of investments	(11,240)		-
(Gain)/loss on revaluation of investments	(8,902)		(64,653)
(Gain) on revaluation of investment property	(1,163,661)		(4,091,001)
Profit on disposal of investment property	-		(843,310)
(Decrease)/increase in creditors	(741,414)		(1,620,608)
Decrease/(increase) in debtors	74,054		736,808
		(1,581,262)	(5,905,716)
Net cash inflow from operating activities		<u>(1,614,144)</u>	<u>(349,672)</u>

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2017 (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 £4,133,625 (2016: £3,607,872).

The PTC Pension Scheme

PCS operates this as a defined benefit scheme. The assets of the scheme are held, almost entirely, by Sarasin & Partners LLP in the form of individual holdings of equities, unit trusts, government securities and cash. An actuarial valuation of the scheme was carried out at 31 December 2015.

Employer contributions to the scheme charged to the general fund amounted to £2,793,199. 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 .5% pa
Rate of pension increases – RPI 3.2% 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 2017 for 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 2017 (% p.a.)	at 31 December 2016 (% p.a.)	at 31 December 2015 (% p.a.)
Inflation assumption-RPI	3.2	3.3	3.1
Rate of general long term increase in salaries	1.5	1.5	1.4
Rate of increases to pensions in payment	3.2	3.3	3.0
Discount rate for scheme liabilities	2.5	2.7	3.8

The scheme rules link to RPI not CPI.

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2017 (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 60 will live on average for a further 26.7 years if they are male. A member currently aged 45 will live an additional 27.8 years from the age of 60 if they are male.

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

	Value at 31 December 2017	Value at 31 December 2016	Value at 31 December 2015
	£m	£m	£m
Equities	42.7	43.8	38.7
Property	7.6	5.4	5.6
Government bonds	28.6	27.9	22.7
Sun Life annuity contracts	8.9	9.1	8.7
Corporate bonds	7.5	7.1	6.4
Alternative Investments	13.3	10.1	7.4
Other	3.8	0.7	0.7
Combined	112.4	104.1	90.2

*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 2017.

Reconciliation of funded status to balance sheet

	Value at 31 December 2017	Value at 31 December 2016	Value at 31 December 2015
	£m	£m	£m
Fair value of scheme assets	112.4	104.1	90.2
Present value of funded defined benefit obligations	(133.6)	(132.3)	(107.4)
(Liability) recognised on balance sheet	(21.2)	(28.2)	(17.2)

Public and Commercial Services Union
Notes to the accounts

For the year ended 31 December 2017 (continued)

22 Pension (continued)

The PTC Pension Scheme (continued)

Analysis of income and expenditure charge

	Year ended 31 December 2017	Year ended 31 December 2016
	£m	£m
Current service cost	0.3	0.3
Past service cost	0.0	0.3
Interest cost	3.5	4.0
Expected return on scheme assets	(2.8)	(3.4)
Expenses recognised in income and expenditure	<u>1.0</u>	<u>1.2</u>

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

	Year ended 31 December 2017	Year ended 31 December 2016
	£m	£m
Opening defined benefit obligation	132.3	107.4
Current service cost	0.3	0.3
Interest cost	3.5	4.0
Contributions by scheme participants	0.2	0.2
Actuarial (loss)/ gain on scheme liabilities*	0.4	23.5
Net benefits paid out	(3.1)	(3.4)
Past service cost	0.0	0.3
Closing defined benefit obligation	<u>133.6</u>	<u>132.3</u>

*Includes changes to the actuarial assumptions

Changes to the fair values of scheme assets during the year

	Year ended 31 December 2017	Year ended 31 December 2016
	£m	£m
Opening fair value of scheme assets	104.1	90.2
Expected return on scheme assets	2.8	3.4
Actuarial gain/(loss) on scheme assets	5.6	11.8
Contributions by the employer from all funds	2.8	1.9
Contributions by scheme participants	0.2	0.2
Net benefits paid out	(3.1)	(3.4)
Closing fair value of scheme assets	<u>112.4</u>	<u>104.1</u>

Actual return on scheme assets

	Year ended 31 December 2017	Year ended 31 December 2016
	£m	£m
Expected return on scheme assets	2.8	3.4
Actuarial gain/(loss) on scheme assets	5.6	11.8
Actual return on scheme assets	<u>8.4</u>	<u>15.2</u>

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2017 (continued)

22 Pension (continued)

The PTC Pension Scheme (continued)

Analysis of amounts recognised in statement comprehensive Income (SOCl)

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Total actuarial gains/(losses)	5.2	(11.7)
Total gain/(loss) in SOCl	5.2	(11.7)
Cumulative amount of (losses) recognised in SOCl	(33.8)	(39.0)

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

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m	Year ended 31 December 2014 £m	Year ended 31 December 2013 £m
Fair value of scheme assets	112.4	104.1	90.2	88.6	83.7
Defined benefit obligation	(133.6)	(132.3)	(107.4)	(111.7)	(100.0)
Deficit in scheme	(21.2)	(28.2)	(17.2)	(23.1)	(16.3)

History of experience gains and losses

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m	Year ended 31 December 2014 £m	Year ended 31 December 2013 £m
Experience gains/(losses) on scheme assets	5.6	11.8	(0.6)	0.1	4.5
Experience gains/(losses) on scheme liabilities*	(0.4)	(23.5)	5.2	0.0	0.6

* 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 2017 (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 2015.

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 – CPI 2.1% pa

The pension fund meets expenses incurred in operating the scheme.

Employer contributions to the scheme amounted to 1,315,579. 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 2017 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 2017 (% p.a.)	31 December 2016 (% p.a.)	31 December 2015 (% p.a.)
Inflation assumption - CPI	2.1	2.2	2.0
Rate of general long-term increase in salaries	1.5	1.5	1.4
Rate of increases to pensions in payment	2.1	2.2	2.0
Discount rate for scheme liabilities	2.5	2.7	3.8

The scheme rules link inflation assumptions to CPI.

Mortality assumption

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member currently aged 60 will live on average for a further 26.7 years if they are male. A member currently aged 45 will live an additional 27.8 years from the age of 60 if they are male.

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2017 (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 2017	Value at 31 December 2016	Value at 31 December 2015
	£m	£m	£m
Equities	41.2	37.7	31.2
Property	1.5	9.7	9.6
Government bonds	24.3	23.7	19.0
Corporate bonds	14.1	13.5	11.8
Diversified Growth Fund	7.9	7.3	7.4
Other	9.7	0.5	-
Combined	98.7	92.4	79.0

*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 2016.

Reconciliation of funded status to balance sheet

	Value at 31 December 2017	Value at 31 December 2016	Value at 31 December 2015
	£m	£m	£m
Fair value of scheme assets	98.7	92.4	79.0
Present value of funded defined benefit obligations	(76.1)	(76.7)	(63.1)
Asset recognised on balance sheet	22.6	15.7	15.9

Analysis of income and expenditure charge

	Year ended 31 December 2017	Year ended 31 December 2016
	£m	£m
Current service cost	0.6	0.4
Administration expenses	-	0.3
Past service cost	-	-
Interest cost	(0.4)	(0.6)
Expected return on scheme assets	-	-
Expenses recognised in income and expenditure	0.2	0.1

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2017 (continued)

22 Pension (continued)

The CPSA pension scheme (continued)

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

	Year ended 31 December 2017	Year ended 31 December 2016
	£m	£m
Opening defined benefit obligation	76.7	63.1
Current service cost	0.6	0.8
Administration expenses	-	-
Interest cost	2.0	2.4
Contributions by scheme participants	0.4	0.3
Actuarial losses/(gains) on scheme liabilities*	0.3	12.7
Net benefits paid out	(3.9)	(2.6)
Past service cost	-	-
Closing defined benefit obligation	76.1	76.7

*Includes changes to the actuarial assumptions

Changes to the fair values of scheme assets during the year

	Year ended 31 December 2017	Year ended 31 December 2016
	£m	£m
Opening fair value of scheme assets	92.4	79.0
Expected return on scheme assets	2.4	3.0
Actuarial gains/(losses) on scheme assets	6.1	11.2
Administration costs	-	-
Contributions by the employer from all funds	1.3	1.3
Contributions by scheme participants	0.4	0.3
Net benefits paid out	(3.9)	(2.4)
Closing fair value of scheme assets	98.7	92.4

Actual return on scheme assets

	Year ended 31 December 2017	Year ended 31 December 2016
	£m	£m
Expected return on scheme assets	2.4	3.0
Actuarial gain/(loss) on scheme assets	6.1	11.2
Actual return on scheme assets	8.5	14.2

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

	Year ended 31 December 2017	Year ended 31 December 2016
	£m	£m
Total gain/(loss) in SOC	5.8	(1.2)
Total actuarial gain/(loss) in SOC	5.8	(1.2)
Cumulative amount of (losses) recognised in SOC	3.3	(2.5)

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2017 (continued)

22 Pension (continued)**The CPSA pension scheme (continued)****History of asset values, defined benefit obligation and surplus in scheme**

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m	Year ended 31 December 2014 £m	Year ended 31 December 2013 £m
Fair value of scheme assets	98.7	92.4	79.0	78.8	72.1
Defined benefit obligation	(76.1)	(76.7)	(63.1)	(66.1)	(59.4)
Surplus in scheme	22.6	15.7	15.9	12.7	12.7

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m	Year ended 31 December 2014 £m	Year ended 31 December 2013 £m
Experience gains/(losses) on scheme assets	6.1	11.2	(0.3)	3.6	3.9
Experience (losses)/gains on scheme liabilities*	(0.3)	(12.5)	2.9	(0.2)	0.5

* 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 2017 along with disclosures required to fully comply with FRS 102 Section 26 "Employees 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 £24,847 (2016: £27,767).

Reserves

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Funds as stated excluding pension assets/(liabilities)	21.0	21.5
Pension liability	(21.2)	(28.2)
Pension asset	22.6	15.7
Adjusted funds figure including pension assets/(liabilities)	22.4	9.0

23 Contingent assets

The Union have made a claim of £3,229,398 (excluding future losses, which the Union are inviting the Court to award) against the Department of Works and Pensions (DWP) in relation to a withdrawal of a system for collecting union subscriptions direct from salaries known as "check-off"

The High Court has declared that the DWP breached our members' contracts when withdrawing check off and has also declared that PCS can claim damages under the Contracts (Rights of Third Parties) Act 1999.

The High Court will hear arguments and evidence on remedy from 22 to 25 October 2018. The Union expect to win damages, however, timings and amounts are not quantifiable at this stage

APPENDIX 6

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PUBLIC AND COMMERCIAL SERVICES UNION

Opinion

We have audited the financial statements of the Public and Commercial Services Union ("the Union") for the year ended 31 December 2017 which comprise the total funds income and expenditure account, the general fund income and expenditure account, the statement of comprehensive income, the balance sheet, the statement of changes in funds and reserves, the cash flow statement and notes to the financial statements, including a summary of 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 surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Trade Union and Labour Relations (Consolidation) Act 1992.

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 our 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.

Material uncertainty in relation to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the Union's ability to continue as a going concern. The officers have also assessed the impact of the financial budgets in place for 2018 and beyond against the working capital available, notably its cash and investments.

The officers of the Union recognise that because of the nature of events there are a number of uncertainties which may have a significant impact on budgeted assumptions.

Should one or a number of these assumptions adversely impact the Union's cash position then depending on the severity of their impact the Union may need to secure alternative sources of funding, beyond the £250,000 facility agreed with Unity Trust Bank plc subsequent to the end of the financial year.

These conditions, and the Union's ability to obtain further funding if required, indicate the existence of a material uncertainty which may cast significant doubt about the Union's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Union was unable to continue as a going concern.

Other information

The Officers are responsible for the other information. The other information comprises the information included in the Financial report, other than the financial statements and our auditor's report thereon. Our opinion on 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 a 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

In the light of the knowledge and understanding of the Union and its environment obtained in the course of the audit, we have not identified material misstatements in the Financial report.

We have nothing to report in respect of the following matters in relation to which 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 controls over transactions; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Officers

As explained more fully in the Statement of Officers' responsibilities, the Officers are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Officers 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 Officers are 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 Officers either intend to liquidate the Union or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

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 to 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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

BDO LLP

Phil Cliftlands (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London

Date 21 MARCH 2018

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