

- DO NOT STAPLE
- PRINT ON ONE SIDE ONLY

FORM AR21

Trade Union and Labour Relations (Consolidation) Act 1992

ANNUAL RETURN FOR A TRADE UNION

Name of Trade Union:

Year ended:

List no:

Head or Main Office:

Website address (if available)

Has the address changed during the year to which the return relates? Yes No (Click the appropriate box)

General Secretary:

Telephone Number:

Contact name for queries regarding

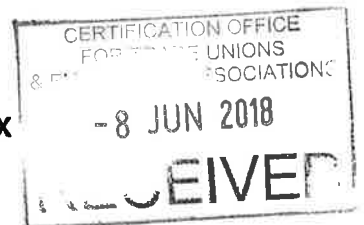
Telephone Number:

E-mail:

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)

NAUTILUS INTERNATIONAL
Attachment for AR21
2017

U Jurgens	S Gudgeon
W van Hoboken	W Jackson
I Mackenzie	E Layfiel
J Bowry	P Lees
J Cameron	M Lloyd
T Cardy	P Lok
R Cleland	P McMillen
A Corrie	P Minter
R Downs	S Schravemade
B Doyle	J Tyson
H Eijkenaar	J van der Zee
G Feikema	J Waiman
D Gorshokov	A M Dickinson
M Graves	
N Groen	

The assets of Nautilus International are held by a Corporate Trustee - Nautilus Trustees Limited, the Directors of which are:

J Lang - Chair
H Lafèbre
J McAuslan
L Mercer

Changes of Officers during 2017
Council Member

R Bodenman
A Butlin
A Cattie
M Gray
F Oyedepo
J Shaw

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	12,488	299	273	7,032	20,092
FEMALE	489	11	10	195	705
TOTAL	12,977	310	283	7,227	A 20,797

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

20,795

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

2

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
	See attached		

State whether the union is:

a. A branch of another trade union?

Yes

No

If yes, state the name of that other union:

N/A

b. A federation of trade unions?

Yes

No

If yes, state the number of affiliated unions:

N/A

and names:

N/A

GENERAL FUND

(see notes 13 to 18)

	£	£
INCOME		
From Members: Contributions and Subscriptions		3,162,773
From Members: Other income from members (specify)		
 Total other income from members		
Total of all income from members		3,162,773
Investment income (as at page 12)		258,949
Other Income		
Income from Federations and other bodies (as at page 4)	0.00	
Income from any other sources (as at page 4)	1,584,549	
Income from Agreement	2,322,374	
Total of other income (as at page 4)		3,906,923
	TOTAL INCOME	7,328,645
EXPENDITURE		
Benefits to members (as at page 5)		
Administrative expenses (as at page 10)		6,024,571
Federation and other bodies (specify)		
TUC	40,555	
ITF	20,955	
Others and Donations	216,263	
Total expenditure Federation and other bodies		6,302,344
Taxation		165,253
	TOTAL EXPENDITURE	6,467,597
		Surplus (deficit) for year
		861,048
		Amount of general fund at beginning of year
		12,096,092
		Amount of general fund at end of year
		12,957,140

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		
Profit from Sale of Investment	197,600	
Gain on Revaluation of Investment (less revaluation transfers)	801,630	
Advertising Revenue	285,350	
Critical Illness cover		
Health Insurance		
Others	299,969	
Income from Agreement	2,321,949	
TOTAL OTHER INCOME		3,906,498
TOTAL OF ALL OTHER INCOME		3,906,498

ANALYSIS OF BENEFIT EXPENDITURE SHOWN AT GENERAL FUND

(see notes 21 to 23)

	£		£
Representation – Employment Related Issues		brought forward	
		Education and Training services	
Representation – Non Employment Related Issues			
		Negotiated Discount Services	
Communications			
		Salary Costs	
Advisory Services			
		Other Benefits and Grants (specify)	
Dispute Benefits			
Other Cash Payments			
carried forward		Total (should agree with figure in General Fund)	

(See notes 24 and 25)

FUND 2		Fund Account	
Name:	Legal Defence Fund	£	£
Income			
	From members		256,476
	Investment income (as at page 12)		
	Other income (specify)		
	Income from Agreement	188,265	
		Total other income as specified	188,265
		Total Income	444,741
Expenditure			
	Benefits to members		380,891
	Administrative expenses and other expenditure (as at page 10)		
		Total Expenditure	380,891
		Surplus (Deficit) for the year	63,850
		Amount of fund at beginning of year	2,495,590
		Amount of fund at the end of year (as Balance Sheet)	2,559,440
		Number of members contributing at end of year	N/A

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	
		£	£
Income	Members contributions and levies		
	Investment income (as at page 12)		
	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 of political fund at beginning of year	
		Amount of political fund at the end of year (as Balance Sheet)	
		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	

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		
	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	
Salaries and Wages included in above	£ 3,781,759
Auditors' fees	45,000
Legal and Professional fees	241,018
Occupancy costs	350,559
Stationery, printing, postage, telephone, etc.	295,765
Expenses of Executive Committee (Head Office)	67,790
Expenses of conferences	135,356
Other administrative expenses (specify)	
Strategic campaigning	129,923
Travel & Organising	488,635
Pension Deficit Funding	15,000
Telegraph	401,057
Other Outgoings	
Interest payable:	
Bank loans (including overdrafts)	
Mortgages	
Other loans	
Depreciation	212,087
Computer Cost	350,629
Taxation	
Outgoings on land and buildings (specify)	
Gain on Disposal of building	(38,301)
Other outgoings (specify)	
Foreign Exchange movement	(321,783)
Total	6,024,571
Charged to:	
General Fund (Page 3)	6,024,571
Fund (Account)	
Fund (Account)	
Fund (Account)	
Total	6,024,571

BALANCE SHEET as at 31 December 2017

(see notes 47 to 50)

Previous Year		£	£
971,327	Fixed Assets (at page 14)		708,480
	Investments (as per analysis on page 15)		
16,809,480	Quoted (Cost value £14,730,448)	17,375,311	
276,007	Unquoted	276,007	
17,085,487	Total Investments		17,651,318
	Other Assets		
	Loans to other trade unions		
403,531	Sundry debtors		580,314
796,839	Cash at bank and in hand		1,175,906
	Income tax to be recovered		
	Stocks of goods		
	Others (specify)		
1,200,370	Total of other assets		1,756,220
19,257,184	TOTAL ASSETS		20,116,018
12,096,092	Fund (Account General Fund)		12,957,140
2,495,590	Fund (Account Legal Defence Fund)		2,559,440
2,127,029	Fund (Account Listed Investment Revaluation)		2,127,029
	Superannuation Fund (Account)		
	Political Fund (Account)		
360,886	Revaluation Reserve		257,386
	LIABILITIES		
	Amount held on behalf of central trade union political fund		
	Loans: From other trade unions		
	Loans: Other		
	Bank overdraft		
	Tax payable		
1,256,561	Sundry creditors		1,509,651
	Accrued expenses		
283,026	Deferred Taxation		185,372
638,000	Other liabilities – Supplementary Pension Fund Deficit		520,000
2,177,587	TOTAL LIABILITIES		2,215,023
19,257,184	TOTAL ASSETS		20,116,018

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	480,000		1,390,222	395,289	0.00	2,265,511
Additions	-		88,726	31,711	0.00	120,437
Disposals	(165,000)		(16,926)	(58,680)	0.00	(240,606)
Revaluation/Transfers						
At end of year	315,000		1,462,022	368,320		2,145,342
Accumulated Depreciation						
At start of year	44,325		1,035,186	214,673		1,294,184
Charges for year	8,865		198,268	62,437		269,570
Disposals	(16,813)		(71,615)	(38,464)		(126,892)
Revaluation/Transfers						
At end of year	36,377		1,161,839	238,646		1,436,862
Net book value at end of year						
Net book value at end of year	278,623		300,183	129,674		708,480
Net book value at end of previous year						
Net book value at end of previous year	435,675		355,036	180,616		971,327

ANALYSIS OF INVESTMENTS

(see notes 56 and 57)

QUOTED	All Funds Except Political Funds £	Political Fund £
Equities (e.g. Shares)		
Shares	5,185,902	
Government Securities (Gilts)		
Government Stock	515,189	
Other quoted securities (to be specified)		
Unit & Investment Trust	11,674,220	
TOTAL QUOTED (as Balance Sheet)	17,375,311	
Market Value of Quoted Investment	17,375,311	
UNQUOTED		
Equities		
Equity Holding	276,007	
Government Securities (Gilts)		
Mortgages		
Bank and Building Societies		
Other unquoted investments (to be specified)		
TOTAL UNQUOTED (as Balance Sheet)	276,007	
Market Value of Unquoted Investments	276,007	

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 Oceanair Services Ltd	COMPANY REGISTRATION NUMBER (if not registered in England & Wales, state where registered) 1572658		
NUMAST Pension Trustees (Section 226)	02032373		
Nautilus Trustees Ltd	1829326		
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 £	Political Funds £	Total Funds £
INCOME			
	3,419,249	0.00	3,419,249
From Members			
From Investments	258,949	0.00	258,949
Other Income (including increases by revaluation of assets)	4,095,188	0.00	4,095,188
Total Income	7,773,386	0.00	7,773,386
EXPENDITURE (including decreases by revaluation of	6,951,988	0.00	6,951,988
Total Expenditure	6,951,988	0.00	6,951,988
Funds at beginning of year (including reserves)	17,079,597	0.00	17,079,597
Funds at end of year (including reserves)	17,900,995	0.00	17,900,995
ASSETS			
	Fixed Assets		708,480
	Investment Assets		17,651,318
	Other Assets		1,756,220
		Total Assets	20,116,018
LIABILITIES		Total Liabilities	2,215,023
NET ASSETS (Total Assets less Total Liabilities)			17,900,995

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 attached

ACCOUNTING POLICIES


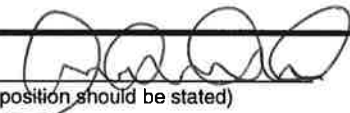
(see notes 74 and 75)

See attached

SIGNATURES TO THE ANNUAL RETURN

(see notes 76 and 77)

including the accounts and balance sheet contained in the return.

General Secretary's Signature: 	AGS Signature:  <small>•(or other official whose position should be stated)</small>
Name: Anthony Mark Dickinson	Name: Oluwole Tunde
Date: 25 May 2018	Date: 25 May 2018

CHECK LIST

(see notes 78 to 80)

(please tick as appropriate)

IS THE RETURN OF OFFICERS ATTACHED? <small>(see Page 2 and Note 12)</small>	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
HAS THE RETURN OF CHANGE OF OFFICERS BEEN COMPLETED? <small>(see Page 2 and Note 12)</small>	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
HAS THE RETURN BEEN SIGNED? <small>(see Pages 19 and 21 and Notes 76 and 77)</small>	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
HAS THE AUDITOR'S REPORT BEEN COMPLETED? <small>(see Pages 20 and 21 and Notes 2 and 77)</small>	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
IS A RULE BOOK ENCLOSED? <small>(see Notes 8 and 78)</small>	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
A MEMBER'S STATEMENT IS: <small>(see Note 80)</small>	ENCLOSED	<input type="checkbox"/>	TO FOLLOW	<input checked="" type="checkbox"/>
HAS THE SUMMARY SHEET BEEN COMPLETED <small>(see Page 17 and Notes 7 and 59)</small>	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
IS A MEMBERSHIP AUDIT CERTIFICATE PROVIDED <small>(See Pages 23 and 24 and Notes 88 to 94)</small>	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)

See attached

Signature(s) of auditor or auditors:

haysmacintyre

Name(s):

haysmacintyre

Profession(s) or Calling(s):

Chartered Accountant

Address(es):

10 Queen Street Place
London
EC4R 1AG

Date:

24/5/2018

Contact name and telephone number:

020 7969 5500

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

(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/NO

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/NO

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

YES/NO

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)

See attached

Signature of assurer	<i>haysmacintyre</i>
Name	haysmacintyre
Address	10 Queen Street Place London EC4R 1AG
Date	24 5 2018
Contact name and telephone number	Bernadette King 020 7969 5500



**Annual Report and Accounts
For the year ended
31 December 2017**

**Address and Head Office
1 - 2 The Shrubberies,
George Lane,
South Woodford
London
E18 1BD**

NAUTILUS INTERNATIONAL
ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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NAUTILUS INTERNATIONAL

REFERENCE AND ADMINISTRATION INFORMATION

HEAD OFFICE

1 – 2 The Shrubberies,
George Lane,
South Woodford
London
E18 1BD

Tel: +44 (0) 20 8989 6677
Fax: +44 (0) 20 8530 1015
E-mail: enquiries@nautilusint.org
Web site: www.nautilusint.org

CUSTODIAN TRUSTEE

Nautilus Trustees Limited
1 – 2 The Shrubberies,
George Lane,
South Woodford
London
E18 1BD

INVESTMENT ADVISER

UBS AG
1 Finsbury Avenue
London EC2M 2AN

INVESTMENT CUSTODIAN

Productive Nominees Limited
1 Finsbury Avenue
London EC2M 2AN

AUDITORS

haysmacintyre
10 Queen Street Place
London EC4R 1AG

ASSURER

haysmacintyre
10 Queen Street Place
London EC4R 1AG

PRINCIPAL BANKERS

Unity Trust Bank Plc
Ninebrindley Place
Birmingham B1 2HB

Natwest Bank
City of London Office
P O Box 12258
1 Princes Street
London EC2R 8BP

ABN Amro
Parklaan 1
3016 BA Rotterdam
The Netherlands

FNV GBF
Nz. Voorburgwal 225
1012 TL Amsterdam
The Netherlands

Bank Coop AG
Aeschenplatz 3
4002 Basel

NAUTILUS INTERNATIONAL

REFERENCE AND ADMINISTRATION INFORMATION

Members of Nautilus International Council at Balance Sheet date

U Jurgens	Chair
W van Hoboken	Vice Chair
I MacKenzie	Deputy Vice Chair
M Dickinson	General Secretary
J Bowry	P Lees
J Cameron	M Lloyd
T Cardy	P Lok
R Cleland	P McMillen
A Corrie	P Minter
R Downs	S Schravemade
R Doyle	J Tyson
H Eijkenaar	J van der Zee
G Feikema	J Wainman
D Gorshokov	
M Graves	
N Groen	
S Gudgeon	
W Jackson	
E Layfield	


NAUTILUS INTERNATIONAL

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2017

	Notes	2017		2016	
		£	£	£	£
PROPERTY, PLANT AND EQUIPMENT					
Freehold land and buildings	3	278,623		435,675	
Motor vehicles	3	127,565		180,617	
Equipment	3	302,292		355,035	
		<u>708,480</u>		<u>971,327</u>	
INVESTMENTS	4		17,651,318		17,085,487
			<u>18,359,798</u>		<u>18,056,814</u>
CURRENT ASSETS					
Debtors and prepayments		580,314		403,531	
Cash and cash equivalents					
Current accounts		896,342		642,115	
Deposit accounts		279,564		154,724	
		<u>1,756,220</u>		<u>1,200,370</u>	
Less: Creditors	5	(1,509,651)		(1,256,561)	
			246,569		(56,191)
Deferred taxation	6		(185,372)		(283,026)
Net assets excluding pension asset			<u>18,420,995</u>		<u>17,717,597</u>
SPF pension liability	7		(520,000)		(638,000)
NET ASSETS			<u>£17,900,995</u>		<u>£17,079,597</u>
RESERVES					
General Fund			12,957,140		12,096,092
Legal Defence Fund			2,559,440		2,495,590
Revaluation Reserve – land and buildings			257,386		360,886
Revaluation Reserve – listed investments			2,127,029		2,127,029
			<u>£17,900,995</u>		<u>£17,079,597</u>

The financial statements were approved and authorised for issue by the Council on 19 April 2018 and were signed below on its behalf by:


U Jurgens Chair


A M Dickinson General Secretary

NAUTILUS INTERNATIONAL

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	General Fund £	Legal Defence Fund £	Total £	2016 £
Subscription income from individual members		3,162,773	256,476	3,419,249	3,486,451
Subscription income from Memorandum Agreements with employers		2,322,374	188,265	2,510,639	2,507,821
Investment income		258,949	-	258,949	259,960
Advertising revenue		285,350	-	285,350	369,411
Other income		326,392	-	326,392	113,460
		<u>6,355,838</u>	<u>444,741</u>	<u>6,800,579</u>	<u>6,737,103</u>
EXPENDITURE					
Travel and general organising		488,635	-	488,635	523,374
Elections and BGM costs		135,356	-	135,356	113,921
Legal defence costs		-	380,891	380,891	317,076
Affiliations and council expenses		315,001	-	315,001	270,989
Telegraph – net cost		401,057	-	401,057	433,841
Phone, post, printing and stationery		295,765	-	295,765	339,858
Professional fees and bank charges		286,018	-	286,018	345,980
Strategic campaigning		129,923	-	129,923	-
Donations		30,562	-	30,562	34,107
Staff costs		3,849,759	-	3,849,759	3,749,550
Pension fund asset and costs	7	15,000	-	15,000	7,000
Building costs		350,559	-	350,559	430,293
Computer and equipment costs		350,629	-	350,629	281,698
Gain on disposal of fixed assets		(38,301)	-	(38,301)	(36,768)
Depreciation - Freehold buildings		14,228	-	14,228	13,530
Motor vehicles		62,558	-	62,558	71,770
Computers and equipment		130,830	-	130,830	79,306
Fixtures and Fittings		4,471	-	4,471	9,646
		<u>6,822,050</u>	<u>380,891</u>	<u>7,202,941</u>	<u>6,985,171</u>
TOTAL OPERATING DEFICIT		(466,212)	63,850	(402,362)	(248,068)
Gains on disposal of investments		197,600	-	197,600	9,537
Gains on revaluation of investments		801,630	-	801,630	1,109,308
SURPLUS BEFORE TAXATION		533,018	63,850	596,868	870,777
Taxation	9	(165,253)	-	(165,253)	(66,451)
TOTAL SURPLUS FOR THE YEAR		367,765	63,850	431,615	804,326
OTHER COMPREHENSIVE INCOME					
Actuarial gains/(losses) on SPF scheme				68,000	(873,000)
Foreign exchange gains				321,783	1,272,919
TOTAL COMPREHENSIVE INCOME				<u>£821,398</u>	<u>£1,204,245</u>

NAUTILUS INTERNATIONAL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £	2017 £	2016 £	2016 £
OPERATING ACTIVITIES				
Operating deficit	(402,362)		(248,068)	
Depreciation	269,570		174,252	
Investment income	(258,949)		(259,960)	
SPF contributions	(65,000)		(150,000)	
SPF costs	15,000		7,000	
Increase in debtors	(176,783)		(75,656)	
Increase in creditors	18,578		259,251	
Net cash outflow from operations	<u>(599,946)</u>		<u>(293,181)</u>	
Taxation	<u>(229,108)</u>		<u>(99,048)</u>	
		(829,054)		(392,229)
INVESTING ACTIVITIES				
Interest and dividends received	258,949		259,960	
Payments to acquire tangible fixed assets	(120,437)		(502,291)	
Proceeds from disposal of tangible fixed assets	113,714		20,594	
Payments to acquire investments	(4,831,829)		(2,314,591)	
Proceeds from disposal of investments	<u>5,744,192</u>		<u>2,841,012</u>	
		1,164,589		304,684
Impact of foreign exchange gains		43,532		48,234
Net cash inflow/(outflow) for the year		<u>379,067</u>		<u>(39,311)</u>
Net funds at 1 January		796,839		836,150
Net funds at 31 December		<u><u>£1,175,906</u></u>		<u><u>£796,839</u></u>

NAUTILUS INTERNATIONAL
 STATEMENT OF CHANGES IN FUNDS
 FOR THE YEAR ENDED 31 DECEMBER 2017

2017	Revaluation reserves				Total £
	General Fund £	Legal Defence Fund £	Land and buildings £	Listed investments £	
Balance as at 1 January 2017	12,096,092	2,495,590	360,886	2,127,029	17,079,597
Surplus for the period	367,765	63,850	-	-	431,615
Other comprehensive income	389,783	-	-	-	389,783
Transfers between reserves	103,500	-	(103,500)	-	-
Balance as at 31 December 2017	<u>£12,957,140</u>	<u>£2,559,440</u>	<u>£257,386</u>	<u>£2,127,029</u>	<u>£17,900,995</u>
2016	Revaluation reserves				Total £
	General Fund £	Legal Defence Fund £	Land and buildings £	Listed investments £	
Balance as at 1 January 2017	11,024,342	2,363,095	360,886	2,127,029	15,875,352
Surplus for the period	671,831	132,495	-	-	804,326
Other comprehensive income	399,919	-	-	-	399,919
Transfers between reserves	-	-	-	-	-
Balance as at 31 December 2017	<u>£12,096,092</u>	<u>£2,495,590</u>	<u>£360,886</u>	<u>£2,127,029</u>	<u>£17,079,597</u>

NAUTILUS INTERNATIONAL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of freehold land and buildings and of listed investments, and in accordance with the Trade Union and Labour Relations (Consolidation) Act 1992 (amended) and FRS102 *The financial reporting standard applicable in the UK and Ireland*.

The members of Council consider the Union to be a going concern and have prepared the financial statements on that basis.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Union's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 REVENUE

Revenue mainly comprises subscriptions, investment income and advertising income.

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Union and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received, or receivable, excluding VAT where applicable.

1.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment under the cost model are stated at historical cost less accumulate depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Freehold land and buildings are held under the valuation model, with full market valuations being carried out on a periodic basis to ensure that the carrying value of these assets is not materially different from their fair value.

Depreciation is provided using the following rates to reduce by annual instalments the cost or value of the tangible assets over their useful lives:

Freehold buildings	2% straight line
Equipment	10% to 33.33% straight line
Software	6 years straight line
Motor vehicles	25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted where necessary, if there is an indication of a significant change since the last reporting date.

1.4 DEBTORS

Short term debtors are measured at transaction price, less any impairment.

1.5 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

NAUTILUS INTERNATIONAL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES (continued)

1.6 FINANCIAL INSTRUMENTS

The Union only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- At fair value with changes recognised in the Income statement if the shares are publicly traded or their fair value can otherwise be measured reliably;
- At cost less impairment for all other investments.

Financial assets that are measured at cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income statement. Any impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the union would receive for the asset if it were to be sold at the reporting date.

1.7 CREDITORS

Short term creditors are measured at the transaction price.

1.8 LEGAL DEFENCE FUND

The annual transfer of members' contributions to the Legal Defence Fund is 7.5% per annum. In 2017 the reserve has grown to £2.6million as compared to £2.5million in 2016. The level of the Fund is kept under review.

1.9 PENSION COSTS

The Union participates in two multi employer pension schemes; namely the MNOFP and Ensign Retirement plan. Contributions to the Schemes are charged to the Union's Statement of Comprehensive Income as they fall due.

The Union accounts for these schemes as though they were defined contribution schemes as permitted by Section 28 of FRS102 and the required disclosures are included in note 7 to the financial statements.

The MNAOA Supplementary Pension Scheme (SPF), a defined benefit scheme, which is administered by Trustees, provides pension benefits for certain members of staff.

The deficit/surplus on the SPF defined benefit pension scheme is shown on the Statement of Financial Position. Current service costs, curtailments, settlement gains and losses and net financial returns are included in the Statement of Comprehensive Income in the period to which they relate. Actuarial gains and losses are recognised as Other Comprehensive Income.

1.10 VAT

The Union is registered for VAT on a partially exempt basis and therefore irrecoverable VAT has been allocated proportionately against the relevant expense heading.

NAUTILUS INTERNATIONAL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES (continued)

1.11 TAXATION

The majority of the Union's income is exempt from taxation under the mutual trading exemption. Where income is not covered by this exemption, which largely represents investment income, provision for taxation has been made in the accounts.

Deferred tax is provided on all timing differences where the ultimate crystallization of a gain is expected to give rise to a tax liability, primarily being unrealised gains on listed equity and unit trust investments.

Tax is recognised in the Statement of Comprehensive Income. A change attributable to an item of income and expense recognised as other comprehensive income is also recognised in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Union operates and generates income.

1.12 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Union a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, where a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expenses in the Statement of Comprehensive Income in the year that the Union becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

1.13 FOREIGN CURRENCY TRANSACTIONS

The Union has operations in the Netherlands and Switzerland, which are conducted through branches established in those territories. Branch activities are included in the Union's financial statements on a consolidated basis as follows: income and expenditure amounts are translated from their local currency into sterling at the average rate for the year; assets and liabilities are translated at the rate ruling at the year end date. Foreign currency gains and losses arising on the consolidation of branch activities are recognised in Other Comprehensive Income.

1.14 OPERATING LEASE RENTALS

Rental charges under operating leases are recognised as expenditure on a straight line basis over the period of the lease.

1.15 MEMORANDUM OF AGREEMENT

The Union concludes agreements with shipowners who operate UK, NL and CH registered vessels with the aim of regulating the conditions of non-domiciled seafarers. It does this in compliance with general trade union organising principles, a recruitment policy approved by the Council and in compliance with the policies and practices of the International Transport Workers' Federation (ITF) applied globally by affiliated seafarer trade unions.

Nautilus also concludes bilateral and multilateral arrangements with fellow seafarer unions worldwide to ensure inter alia that seafarers covered by the agreements it concludes are protected and supported appropriately and in accordance with ITF Policy where that applies. Such arrangements date back to the 1920's – Nautilus has a long and proud history of extending the hand of solidarity and mutual support to fellow seafarer unions and their members and this continues today including via the Nautilus Federation.

Nautilus secures payments from the shipowners, operators and managers with whom it concludes agreements. This income is a contribution to the wider welfare activities of Nautilus and ensures that at no time are members subscriptions, as defined in the Rules of the Union, used for purposes other than for which the Rules provide.

NAUTILUS INTERNATIONAL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates.

Council Members consider the provision for the Legal Defence Fund liabilities and the valuation of the MNAOA SPF to be critical estimates and judgements applicable to the financial statements.

Legal Defence Fund liabilities are accrued on the basis of management's expectations of the costs which are likely to be incurred on a case-by-case basis. The nature of each case is different and accordingly costs can vary significantly from original estimates. Such variations are taken into account in the remeasurement of the provision at each year end date.

The valuation of the MNAOA SPF is subject to significant judgement relating to each of the key assumptions set out in note 7 below.

3. FIXED ASSETS	Freehold land and buildings £	Motor Vehicles £	Computers And Equipment £	Total £
<i>Cost or valuation</i>				
At 1st January 2017	480,000	395,289	1,390,222	2,265,511
Additions	-	31,711	88,726	120,437
Disposal	(165,000)	(58,680)	(16,926)	(240,606)
At 31st December 2017	<u>315,000</u>	<u>368,320</u>	<u>1,462,022</u>	<u>2,145,342</u>
Depreciation				
At 1st January 2017	44,325	214,673	1,035,186	1,294,184
Charge for the year	8,865	62,437	198,268	269,570
Disposal	(16,813)	(38,464)	(71,615)	(126,892)
At 31st December 2017	<u>36,377</u>	<u>238,646</u>	<u>1,161,839</u>	<u>1,436,862</u>
Net book value				
31st December 2017	<u>£278,623</u>	<u>£129,674</u>	<u>£300,183</u>	<u>£708,480</u>
31st December 2016	<u>£435,675</u>	<u>£180,616</u>	<u>£355,036</u>	<u>£971,327</u>

The freehold land and building at Wallasey was professionally valued on 7th April 2011. Charles Living & Sons valued Nautilus House, on a depreciated replacement cost basis in accordance with the Statements of Asset and Valuation Practice and Guidance Notes as issued by the Royal Institution of Chartered Surveyors. The Nautilus property in Bannermill Place was sold in January 2017, the disposal value, the original cost of purchase and the revaluation reserves have been adjusted appropriately. If the revalued land and properties were stated on a historical cost basis, the amounts would be as follows:

	2017 £	2016 £
Cost	278,778	353,778
Accumulated depreciation	(252,389)	(277,200)
Net Book Value	<u>£26,389</u>	<u>£76,578</u>

NAUTILUS INTERNATIONAL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

4. INVESTMENTS	2017 £	2016 £
Market value of quoted investments at 1st January	16,809,480	14,992,201
Additions at cost	4,831,829	2,314,591
Disposal proceeds	(5,744,192)	(2,841,012)
Realised gains	206,456	9,537
Unrealised gains	1,128,468	1,109,308
Impact of foreign exchange gains	143,270	1,224,855
	<u>17,375,311</u>	<u>16,809,480</u>
Unquoted investments	276,007	276,007
Total investments at market value	<u>£17,651,318</u>	<u>£17,085,487</u>
Cost of investments		
Fixed interest securities	7,020,528	6,947,183
Other quoted securities		
Investment Trusts	333,011	692,458
Overseas Trusts	3,111,043	2,939,552
Equity Holdings	3,989,859	3,337,689
	<u>14,454,441</u>	<u>13,916,882</u>
Unquoted Equity holdings	276,007	276,007
Total cost of quoted and unquoted investments at 31st December	<u>£14,730,448</u>	<u>£14,192,889</u>
5. CREDITORS		
Legal Defence Fund costs	76,000	123,000
Corporation tax	238,906	4,328
VAT	7,739	11,518
Other creditors	1,187,006	1,117,715
	<u>£1,509,651</u>	<u>£1,256,561</u>
6. DEFERRED TAXATION		
Balance at 1 January		283,026
Decrease in year		(97,654)
Balance at 31 December		<u>£185,372</u>

NAUTILUS INTERNATIONAL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

7. PENSION COMMITMENTS

The Union operates a defined benefit pension scheme, the MNAOA Supplementary Pension Scheme (SPF) for certain members of staff. This scheme is now closed to new entrants. It is funded by the payment of contributions to a separately administered trust fund. The assets of the scheme are held separately from those of Nautilus International.

The Union adopts the valuation and disclosure requirements of section 28 of FRS102. The Union includes the assets and liabilities of the SPF in the Union's statement of financial position, with a consequent effect on reserves.

The pension contributions are determined with the advice of a qualified actuary on the basis of triennial valuations using the aggregate method. The most recent valuation was conducted as at 31st December 2014, the next triennial valuation will be conducted as at 31 December 2018. The principal assumptions used by the actuaries were Discount Rate of 4.5% for Pre Retirement and 2.3% for Post Retirement and salaries would increase by 3.0% per annum. The market value of the assets at 31 December 2014 was £4,894,000.

Nautilus International pension contribution into the MNAOASPF for the year was £65,000 (2016: £150,000). Contributions to the scheme will be £65,000 each year from 2018 to 2022 with a final balancing payment in 2023.

The most recent valuation has been updated to reflect conditions at the balance sheet date. The key assumptions were as follows:

Main assumptions	% per annum	
	2017	2016
RPI inflation	3.20	3.30
CPI inflation	2.20	2.30
Discount rate	2.35	2.50
Expected salary increases	3.20	3.30
Gross pension increases (in deferment and payment)	3.20	3.30

	Value at 31st December 2017 £'000s	Value at 31st December 2016 £'000s
Market value of assets	5,285	5,203
Present value of scheme liabilities	(5,805)	(5,841)
Net pension scheme (deficit)/surplus	£(520)	£(638)
Analysis of scheme assets		
Equities	772	741
Bonds	4,298	4,253
Cash and other asset types	215	209
	£5,285	£5,203

NAUTILUS INTERNATIONAL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

7. PENSION COMMITMENTS (continued)	2017 £'000s	2016 £'000s
Reconciliation of present value of defined benefit obligation:		
Present value of defined benefit obligation at the start of the period	5,841	4,740
Current service cost	-	7
Interest on defined benefit obligation	144	172
Past service cost	-	9
Employee contributions	-	-
Loss on change of assumptions	11	1,181
Experience gain on liabilities	-	(94)
Benefits paid	(191)	(174)
Present value of defined benefit obligation at the end of the period	<u>£5,805</u>	<u>£5,841</u>
Reconciliation of fair value of scheme assets:		
	2017 £'000s	2016 £'000s
Fair value of scheme assets at the beginning of the period	5,203	4,832
Interest income (at discount rate)	129	181
Actual return on assets greater than discount rate	79	214
Employer contributions	65	150
Employee contributions	-	-
Benefits paid	(191)	(174)
Fair value of scheme assets at the end of the period	<u>£5,285</u>	<u>£5,203</u>

In the opinion of the actuary the resources of the scheme are likely in the normal course of events, to meet in full the liabilities of the scheme as they fall due. The next actuarial valuation is to be carried out as at 31 December 2018.

In addition Nautilus International has financial commitments to pay employer contributions and as laid down in legislation and the trust deeds and rules, to two multi employer pension schemes – the MNOFP, a defined benefit scheme, and the Ensign Retirement Plan formerly the MNOFP, a defined contribution scheme.

The actuarial valuations in March 2003, 2006, 2009 and 2012 of the MNOFP identified significant deficits in the New Section of the industry wide scheme. This is now being funded by the relevant employers. In 2013 Nautilus International paid off the balance due (£154,815) from both the 2003 and 2006 deficit. The 2009 deficit of some £1,308,670 was paid off in 2010 and 2011. A further deficit of £415,424 as disclosed in the March 2012 Valuation was fully paid off in 2013. These contributions are charged to the statement of comprehensive income when they become payable. In 2016 the final payment was made and no deficit remains.

NAUTILUS INTERNATIONAL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

7. PENSION COMMITMENTS (continued)

The Trustees of the pension scheme cannot identify the Union's share of the underlying assets and liabilities of the MNOPF defined benefit scheme on a consistent and reasonable basis. As explained above, the Union's pension contributions are assessed in accordance with the advice of a qualified independent actuary whose calculations are based upon the total scheme membership of the MNOPF.

In accordance with section 28 of FRS102 the scheme is therefore included in the financial statements as if it was a defined contribution scheme.

8. KEY MANAGEMENT PERSONNEL

The aggregate remuneration for the five individuals identified as key management personnel during the year was £314,787 (2016: £331,210).

9. TAXATION

	2017	2016
	£	£
Current year taxation		
UK corporation tax	171,725	4,505
Adjustment for prior year underprovision	91,182	29,537
Overseas taxation	-	4,753
	<u>262,907</u>	<u>38,795</u>
Deferred tax	(97,654)	27,656
	<u>£165,253</u>	<u>£66,451</u>
Reconciliation of tax charge		
Surplus on ordinary activities	596,868	870,777
	<u>114,897</u>	<u>174,155</u>
Corporation tax at 19.25% (2016: 20.25%)		
Effects of:		
Non-taxable income and non-deductible expenditure	(75,195)	(149,959)
Chargeable gains	21,463	-
Foreign tax paid	-	4,753
Prior year adjustments	91,182	29,537
Deferred tax adjustment	12,906	7,965
	<u>£165,253</u>	<u>£66,451</u>

10. WELFARE FUND

The Balance Sheet and Statement of Financial Activities of the Nautilus Welfare Fund, which operate under a Charity Commission Scheme, are published separately.

11. OPERATING LEASE COMMITMENTS

	2017	2016
	£	£
At the year end date, the Union had the following commitments in respect of non-cancellable operating leases:		
Land and buildings		
Payable within one year	106,995	106,995
Payable after more than one year but not later than five years	427,980	427,980
Payable after more than five years	838,128	945,123
	<u>£1,373,103</u>	<u>£1,480,098</u>

NAUTILUS INTERNATIONAL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

12. STATEMENT OF COMPREHENSIVE INCOME - 2016

	General fund £	Legal defence fund £	Total £
Subscription income from individual			
Subscription income from Memorandum Agreements with employers	3,224,967	261,484	3,486,451
Investment income	2,319,734	188,087	2,507,821
Advertising revenue	259,960	-	259,960
Other income	369,411	-	369,411
	113,460	-	113,460
	<u>6,287,532</u>	<u>449,571</u>	<u>6,737,103</u>
EXPENDITURE			
Travel and general organising	523,374	-	523,374
Elections and BGM costs	113,921	-	113,921
Legal defence costs	-	317,076	317,076
Affiliations and council expenses	270,989	-	270,989
Telegraph – net cost	433,841	-	433,841
Phone, post, printing and stationery	339,858	-	339,858
Professional fees and bank charges	345,980	-	345,980
Donations	34,107	-	34,107
Staff costs	3,749,550	-	3,749,550
Pension fund asset and costs	7,000	-	7,000
Building costs	430,293	-	430,293
Computer and equipment costs	281,698	-	281,698
Gain on disposal of fixed assets	(36,768)	-	(36,768)
Depreciation - Freehold buildings	8,865	-	8,865
Motor vehicles	71,770	-	71,770
Computer and equipment	93,617	-	93,617
	<u>6,668,095</u>	<u>317,076</u>	<u>6,985,171</u>
TOTAL OPERATING SURPLUS	(380,563)	132,495	(248,068)
Gains on disposal of investments	9,537	-	9,537
Gains on revaluation of investments	1,109,308	-	1,109,308
SURPLUS BEFORE TAXATION	738,282	132,495	870,777
Taxation	(66,451)	-	(66,451)
TOTAL SURPLUS FOR THE YEAR	671,831	132,495	804,326
OTHER COMPREHENSIVE INCOME			
Actuarial losses on SPF scheme			(873,000)
Foreign exchange gains			1,272,919
TOTAL COMPREHENSIVE INCOME			£1,204,245

NAUTILUS INTERNATIONAL

STATEMENT OF COUNCIL AND GENERAL SECRETARY'S RESPONSIBILITIES

Rule 10 of the Nautilus International Rules provides that the Council is responsible for the absolute control and administration of the affairs and property of the Union and thus for safeguarding the assets of the Union. Rule 22.2 provides that the General Secretary shall provide Council with such financial statements as it may require.

The General Secretary is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Union and for ensuring that the financial statements comply with the Trade Union and Labour Relations (Consolidation) Act 1992 as amended and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Law applicable to Trade Unions requires the preparation of financial statements for each financial year which give a true and fair view of the Union's activities during the year and of its financial position at the end of the year. In preparing those financial statements, the General Secretary is required to;

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Union will continue in operation.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
NAUTILUS INTERNATIONAL**

Opinion

We have audited the financial statements of Nautilus International for the year ended 31 December 2017 set out on pages 1 to 13. These financial statements have been prepared under the accounting policies set out on pages 5 to 7.

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 the Union's net movement in funds, including the 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 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.

Use of audit report

This report is made solely to the members of the Union, as a body, in accordance with the Trade Union and Labour Relations (Consolidation) Act 1992 (amended). Our audit work has been undertaken so that we might state to the members of the Union those matters we are required to state to them in an independent 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 members of the Union as a body, for our audit work, for this report, or for the opinion we have formed

Respective responsibilities of the Union's Council and auditors

As described on page 14 the Council are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK & Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standard for Auditors.

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

Conclusions relating to going concern

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

NAUTILUS INTERNATIONAL (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the regulations require us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Union; or
- sufficient accounting records have not been kept; or
- the Union's 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.

Haymacintyre

haymacintyre
Chartered Accountants
Registered Auditors
19 April 2018

10 Queen Street Place
London
EC4R 1AG

Balance sheet at 31 December 2017

	Notes	2017		2016	
		£	£	£	£
PROPERTY, PLANT AND EQUIPMENT					
Freehold land and buildings	3	278,623		435,675	
Motor vehicles	3	127,565		180,617	
Equipment	3	302,292		355,035	
		<u>708,480</u>		<u>971,327</u>	
INVESTMENTS	4	<u>17,651,318</u>		<u>17,085,487</u>	
		18,359,798		18,056,814	
CURRENT ASSETS					
Debtors and prepayments		580,314		403,531	
Cash and cash equivalents					
Current accounts		896,342		642,115	
Deposit accounts		279,564		154,724	
		<u>1,756,220</u>		<u>1,200,370</u>	
Less: Creditors	5	(1,504,247)		(1,256,561)	
		251,973		(56,191)	
Deferred taxation	6	(181,551)		(283,026)	
Net assets excluding pension asset		<u>18,430,220</u>		<u>17,717,597</u>	
SPF pension liability	7	(520,000)		(638,000)	
NET ASSETS		<u>£17,910,220</u>		<u>£17,079,597</u>	
RESERVES					
General Fund		12,966,365		12,096,092	
Legal Defence Fund		2,559,440		2,495,590	
Revaluation Reserve – land and buildings		257,386		360,886	
Revaluation Reserve – listed investments		2,127,029		2,127,029	
		<u>£17,910,220</u>		<u>£17,079,597</u>	

The financial statements were approved and authorised for issue by the Council on 19 April 2018 and were signed below on its behalf by:

U Jurgens Chair
A M Dickinson General Secretary

Statement of Council and General Secretary's responsibilities

Rule 10 of the Nautilus International Rules provides that the Council is responsible for the absolute control and administration of the affairs and property of the Union and thus for safeguarding the assets of the Union. Rule 22.2 provides that the General Secretary shall provide Council with such financial statements as it may require.

The General Secretary is responsible

for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Union and for ensuring that the financial statements comply with the Trade Union and Labour Relations (Consolidation) Act 1992 as amended and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Law applicable to Trade Unions requires the preparation of financial statements for each financial year which give a true and fair view of the Union's activities during the year and of its financial position at the end of the year. In preparing those financial statements, the General Secretary is required to;

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that

- are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Union will continue in operation.

Statement of Income & Expended 31 December 2017

	Note
Subscription income from individual members	
Subscription income from Memorandum Agreements with employers	
Investment income	
Advertising revenue	
Other income	

EXPENDITURE

Travel and general organising	
Elections and BGM costs	
Legal defence costs	
Affiliations and council expenses	
Telegraph – net cost	
Phone, post, printing and stationery	
Professional fees and bank charges	
Strategic campaigning	
Donations	
Staff costs	
Pension fund asset and costs	7
Building costs	
Computer and equipment costs	
Gain on disposal of fixed assets	
Depreciation –	
Freehold buildings	
Motor vehicles	
Computers and equipment	
Fixtures and Fittings	

TOTAL OPERATING DEFICIT

Gains on disposal of investments	
Gains on revaluation of investments	

SURPLUS BEFORE TAXATION

Taxation	9
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TOTAL SURPLUS FOR THE YEAR

OTHER COMPREHENSIVE INCOME

Actuarial gains/(losses) on SPF scheme	
Foreign exchange gains	

TOTAL COMPREHENSIVE INCOME

Expenditure for the year

General Fund £	Legal Defence Fund £	Total £	2016 £
3,162,773	256,476	3,419,249	3,486,451
2,322,374	188,265	2,510,639	2,507,821
258,949	-	258,949	259,960
285,350	-	285,350	369,411
326,392	-	326,392	113,460
<u>6,355,838</u>	<u>444,741</u>	<u>6,800,579</u>	<u>6,737,103</u>
488,635	-	488,635	523,374
135,356	-	135,356	113,921
-	380,891	380,891	317,076
315,001	-	315,001	270,989
401,057	-	401,057	433,841
295,765	-	295,765	339,858
286,018	-	286,018	345,980
129,923	-	129,923	-
30,562	-	30,562	34,107
3,849,759	-	3,849,759	3,749,550
15,000	-	15,000	7,000
350,559	-	350,559	430,293
350,629	-	350,629	281,698
(38,301)	-	(38,301)	(36,768)
14,228	-	14,228	13,530
62,558	-	62,558	71,770
130,830	-	130,830	79,306
4,471	-	4,471	9,646
<u>6,822,050</u>	<u>380,891</u>	<u>7,202,941</u>	<u>6,985,171</u>
(466,212)	63,850	(402,362)	(248,068)
197,600	-	197,600	9,537
801,630	-	801,630	1,109,308
533,018	63,850	596,868	870,777
(156,028)	-	(156,028)	(66,451)
<u>376,990</u>	<u>63,850</u>	<u>440,840</u>	<u>804,326</u>
		68,000	(873,000)
		321,783	1,272,919
		<u>£830,623</u>	<u>£1,204,245</u>

STATEMENT OF CASH FLOWS

	2017 £	2017 £	2016 £	2016 £
OPERATING ACTIVITIES				
Operating deficit	(402,362)		(248,068)	
Depreciation	269,570		174,252	
Investment income	(258,949)		(259,960)	
SPF contributions	(65,000)		(150,000)	
SPF costs	15,000		7,000	
Increase in debtors	(176,783)		(75,656)	
Increase in creditors	18,578		259,251	
Net cash outflow from operations	(599,946)		(293,181)	
Taxation	(229,108)		(99,048)	
		(829,054)		(392,229)
INVESTING ACTIVITIES				
Interest and dividends received	258,949		259,960	
Payments to acquire tangible fixed assets	(120,437)		(502,291)	
Proceeds from disposal of tangible fixed assets	113,714		20,594	
Payments to acquire investments	(4,831,829)		(2,314,591)	
Proceeds from disposal of investments	5,744,192		2,841,012	
		1,164,589		304,684
Impact of foreign exchange gains		43,532		48,234
Net cash inflow/(outflow) for the year		379,067		(39,311)
Net funds at 1 January		796,839		836,150
Net funds at 31 December		<u>£1,175,906</u>		<u>£796,839</u>

STATEMENT OF CHANGES IN FUNDS

	Revaluation reserves				Total £
	General Fund £	Legal Defence Fund £	Land and buildings £	Listed investments £	
2017					
Balance as at 1 January 2017	12,096,092	2,495,590	360,886	2,127,029	17,079,597
Surplus for the period	376,990	63,850	-	-	440,840
Other comprehensive income	389,783	-	-	-	389,783
Transfers between reserves	103,500	-	(103,500)	-	-
Balance as at 31 December 2017	<u>£12,966,365</u>	<u>£2,559,440</u>	<u>£257,386</u>	<u>£2,127,029</u>	<u>£17,910,220</u>
2016					
Balance as at 1 January 2017	11,024,342	2,363,095	360,886	2,127,029	15,875,352
Surplus for the period	671,831	132,495	-	-	804,326
Other comprehensive income	399,919	-	-	-	399,919
Transfers between reserves	-	-	-	-	-
Balance as at 31 December 2017	<u>£12,096,092</u>	<u>£2,495,590</u>	<u>£360,886</u>	<u>£2,127,029</u>	<u>£17,079,597</u>

Notes

1. ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of freehold land and buildings and of listed investments, and in accordance with the Trade Union and Labour Relations (Consolidation) Act 1992 (amended) and FRS102 *The financial reporting standard applicable in the UK and Ireland*.

The members of Council consider the Union to be a going concern and have prepared the financial statements on that basis.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Union's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 REVENUE

Revenue mainly comprises subscriptions, investment income and advertising income.

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Union and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received, or receivable, excluding VAT where applicable.

1.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment under the cost model are stated at historical cost less accumulate depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Freehold land and buildings are held under the valuation model, with full market valuations being carried out on a periodic basis to ensure that the carrying value of these assets is not materially different from their fair value.

Depreciation is provided using the following rates to reduce by annual instalments the cost or value of the tangible assets over their useful lives:

Freehold buildings	2% straight line
Equipment	10% to 33.33% straight line
Software	6 years straight line
Motor vehicles	25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted where necessary, if there is an indication of a significant change since the last reporting date.

1.4 DEBTORS

Short term debtors are measured at transaction price, less any impairment.

1.5 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.6 FINANCIAL INSTRUMENTS

The Union only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- At fair value with changes recognised in the Income statement if the shares are publicly traded or their fair value can otherwise be measured reliably;
- At cost less impairment for all other investments.

Financial assets that are measured at cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income statement. Any impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the union would receive for the asset if it were to be sold at the reporting date.

1.7 CREDITORS

Short term creditors are measured at the transaction price.

1.8 LEGAL DEFENCE FUND

The annual transfer of members' contributions to the Legal Defence Fund is 7.5% per annum. In 2017 the reserve has grown to £2.6million as compared to £2.5million in 2016. The level of the Fund is kept under review.

1.9 PENSION COSTS

The Union participates in two multi employer pension schemes; namely the MNOPF and Ensign Retirement plan. Contributions to the Schemes are charged to the Union's Statement of Comprehensive Income as they fall due.

The Union accounts for these schemes as though they were defined contribution schemes as permitted by Section 28 of FRS102 and the required disclosures are included in note 7 to the financial statements.

The MNAOA Supplementary Pension Scheme (SPF), a defined benefit scheme, which is administered by Trustees, provides pension benefits for certain members of staff.

The deficit/surplus on the SPF defined benefit pension scheme is shown on the Statement of Financial Position. Current service costs, curtailments, settlement gains and losses and net financial returns are included in the Statement of Comprehensive Income in the period to which they relate. Actuarial gains and losses are recognised as Other Comprehensive Income.

1.10 VAT

The Union is registered for VAT on a partially exempt basis and therefore irrecoverable VAT has been allocated proportionately against the relevant expense heading.

1.11 TAXATION

The majority of the Union's income is exempt from taxation under the mutual trading exemption. Where income is not covered by this exemption, which largely represents investment income, provision for taxation has been made in the accounts.

Deferred tax is provided on all timing differences arising from the ultimate crystallization of a gain or loss, primarily being unrealised trust investments.

Tax is recognised in the Statement of Comprehensive Income as other comprehensive income to the extent that it is not recognised in the Statement of Comprehensive Income.

The current income tax charge is calculated on the basis of the rates and laws that have been enacted or substantively enacted at the reporting date in the countries in which the Union generates income.

1.12 PROVISIONS FOR LIABILITIES

Provisions are made where an event or liability exists at the reporting date which requires the Union a legal or constructive obligation to transfer economic resources to settle the liability. An estimate can be made of the amount of the provision.

Provisions are charged as an expense in the Statement of Comprehensive Income in the year in which the obligation arises, and are measured at the reporting date of the expenditure, taking into account relevant risks and uncertainties.

1.13 FOREIGN CURRENCY TRANSLATION

The Union has operations in the Netherlands, Belgium and other territories. Branch activities are included in the financial statements on a consolidated basis. Expenditure amounts are translated into sterling at the average rate for the period. Gains and losses arising on the consolidation are recognised in Other Comprehensive Income.

1.14 OPERATING LEASE RENTALS

Rental charges under operating leases are recognised as expenditure on a straight line basis over the lease term.

1.15 MEMORANDUM OF AGREEMENTS

The Union concludes agreements with other unions in the UK, NL and CH registered vessels with conditions of non-domiciled seafarers with general trade union organisation policy approved by the Council and practices of the International Transport Federation (ITF) applied globally by affiliated unions. Nautilus also concludes bilateral agreements with fellow seafarer unions worldwide covering seafarers covered by the agreements and supported appropriately and where that applies. Such arrangements – Nautilus has a long and proud history of solidarity and mutual support to fellow members and this continues today through the International Federation.

Nautilus secures payments from its members with whom it concludes agreements for contribution to the wider welfare of the Union, that at no time are members' subscriptions of the Union, used for purposes other than to provide.

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates.

Council Members consider the provision for the Legal Defence Fund liabilities and the valuation of the MNAOA SPF to be critical estimates and judgements applicable to the financial statements.

Legal Defence Fund liabilities are accrued on the basis of management's expectations of the costs which are likely to be incurred on a case-by-case basis. The nature of each case is different and accordingly costs can vary significantly from original estimates. Such variations are taken into account in the remeasurement of the provision at each year end date.

The valuation of the MNAOA SPF is subject to significant judgement relating to each of the key assumptions set out in note 7 below.

3.	FIXED ASSETS land and buildings £	Freehold Motor Vehicles £	Computers and Equipment £	Total £
Cost or valuation				
At 1 January 2017	480,000	395,289	1,390,222	2,265,511
Additions	-	31,711	88,726	120,437
Disposal	(165,000)	(58,680)	(16,926)	(240,606)
At 31 December 2017	315,000	368,320	1,462,022	2,145,342
Depreciation				
At 1 January 2017	44,325	214,673	1,035,186	1,294,184
Charge for the year	8,865	62,437	198,268	269,570
Disposal	(16,813)	(38,464)	(71,615)	(126,892)
At 31 December 2017	36,377	238,646	1,161,839	1,436,862
Net book value				
31 December 2017	£278,623	£129,674	£300,183	£708,480
31 December 2016	£435,675	£180,616	£355,036	£971,327

The freehold land and building at Wallasey was professionally valued on 7th April 2011. Charles Living & Sons valued Nautilus House, on a depreciated replacement cost basis in accordance with the Statements of Asset and Valuation Practice and Guidance Notes as issued by the Royal Institution of Chartered Surveyors. The Nautilus property in Bannermill Place was sold in January 2017, the disposal value, the original cost of purchase and the revaluation reserves have been adjusted appropriately. If the revalued land and properties were stated on a historical cost basis, the amounts would be as follows:

	2017 £	2016 £
Cost	278,778	353,778
Accumulated depreciation	(252,389)	(277,200)
Net Book Value	£26,389	£76,578

4. INVESTMENTS

£	2017 £	2016
Market value of quoted investments at 1 January	16,809,480	14,992,201
Additions at cost	4,831,829	2,314,591
Disposal proceeds	(5,744,192)	(2,841,012)
Realised gains	206,456	9,537
Unrealised gains	1,128,468	1,109,308
Impact of foreign exchange gains	143,270	1,224,855
Market value of quoted investments at 31 December	17,375,311	16,809,480
Unquoted investments	276,007	276,007
Total investments at market value	£17,651,318	£17,085,487
Cost of investments		
Fixed interest securities	7,020,528	6,947,183
Other quoted securities		
Investment Trusts	333,011	692,458
Overseas Trusts	3,111,043	2,939,552
Equity Holdings	3,989,859	3,337,689
	14,454,441	13,916,882
Unquoted Equity holdings	276,007	276,007
Total cost of quoted and unquoted investments at 31 December	£14,730,448	£14,192,889

5. CREDITORS

Legal Defence Fund costs	76,000	123,000
Corporation tax	233,436	4,328
VAT	7,739	11,518
Other creditors	1,187,072	1,117,715
	£1,504,247	£1,256,561

6. DEFERRED TAXATION

Balance at 1 January	283,026
Decrease in year	(101,475)
Balance at 31 December	£181,551

7. PENSION COMMITMENTS

The Union operates a defined benefit pension scheme, the MNAOA Supplementary Pension Scheme (SPF) for certain members of staff. This scheme is now closed to new entrants. It is funded by the payment of contributions to a separately administered trust fund. The assets of the scheme are held separately from those of Nautilus International.

The Union adopts the valuation and disclosure requirements of section 28 of FRS102. The Union includes the assets and liabilities of the SPF in the Union's statement of financial position, with a consequent effect on reserves.

The pension contributions are determined with the advice of a qualified actuary on the basis of triennial valuations using the aggregate method. The most recent valuation was conducted as at 31 December 2014, the next triennial valuation will be conducted as at 31 December 2018. The principal assumptions used by the actuaries were Discount Rate of 4.5% for Pre Retirement and 2.3% for Post Retirement and salaries would

increase by 3.0% per annum. The market value of the assets at 31 December 2014 was £4,894,000.

Nautilus International pension contribution into the MNAOASPF for the year was £65,000 (2016: £150,000). Contributions to the scheme will be £65,000 each year from 2018 to 2022 with a final balancing payment in 2023.

The most recent valuation has been updated to reflect conditions at the balance sheet date. The key assumptions were as follows:

Main assumptions	% per annum	
	2017	2016
RPI inflation	3.20	3.30
CPI inflation	2.20	2.30
Discount rate	2.35	2.50
Expected salary increases	3.20	3.30
Gross pension increases (in deferment and payment)	3.20	3.30

	Value at 31 December 2017 £'000s	Value at 31 December 2016 £'000s
Market value of assets	5,285	5,203
Present value of scheme liabilities	(5,805)	(5,841)
Net pension scheme (deficit)/surplus	£(520)	£(638)
Analysis of scheme assets		
Equities	772	741
Bonds	4,298	4,253
Cash and other asset types	215	209
	£5,285	£5,203

	2017 £'000s	2016 £'000s
Reconciliation of present value of defined benefit obligation:		
Present value of defined benefit obligation at the start of the period	5,841	4,740
Current service cost	-	7
Interest on defined benefit obligation	144	172
Past service cost	-	9
Employee contributions	-	-
Loss on change of assumptions	11	1,181
Experience gain on liabilities	-	(94)
Benefits paid	(191)	(174)
Present value of defined benefit obligation at the end of the period	£5,805	£5,841

	2017 £'000s	2016 £'000s
Reconciliation of fair value of scheme assets:		
Fair value of scheme assets at the beginning of the period	5,203	4,832
Interest income (at discount rate)	129	181
Actual return on assets greater than discount rate	79	214
Employer contributions	65	150
Employee contributions	-	-
Benefits paid	(191)	(174)
Fair value of scheme assets at the end of the period	£5,285	£5,203

In the opinion of the actuary the resources of the scheme are likely in the normal course of events, to meet in full the liabilities of the scheme as they fall due. The next actuarial valuation is to be carried out as at 31 December 2018.

In addition Nautilus International has financial commitments to pay employer contributions and as laid down in legislation and the trust deeds and rules, to two multi employer pension schemes – the MNOPF, a defined benefit scheme, and the Ensign Retirement Plan formerly the MNOPP, a defined contribution scheme.

The actuarial valuations in March 2003, 2006, 2009 and 2012 of the MNOPF identified significant deficits in the New Section of the industry wide scheme. This is now being funded by the relevant employers. In 2013 Nautilus International paid off the balance due (£154,815) from both the 2003 and 2006 deficit. The 2009 deficit of some £1,308,670 was paid off in 2010 and 2011. A further deficit of £415,424 as disclosed in the March 2012 Valuation was fully paid off in 2013. These contributions are charged to the statement of comprehensive income when they become payable. In 2016 the final payment was made and no deficit remains.

The Trustees of the pension scheme cannot identify the Union's share of the underlying assets and liabilities of the MNOPF defined benefit scheme on a consistent and reasonable basis. As explained above, the Union's pension contributions are assessed in accordance with the advice of a qualified independent actuary whose calculations are based upon the total scheme membership of the MNOPF.

In accordance with section 28 of FRS102 the scheme is therefore included in the financial statements as if it was a defined contribution scheme.

8. KEY MANAGEMENT PERSONNEL

The aggregate remuneration for the five individuals identified as key management personnel during the year was £314,787 (2016: £331,210).

9. TAXATION	2017 £	2016 £
Current year taxation		
UK corporation tax	166,321	4,505
Adjustment for prior year underprovision	91,182	29,537
Overseas taxation	-	4,753
	257,503	38,795
Deferred tax	(101,475)	27,656
	£156,028	£66,451

Reconciliation of tax charge	2017 £	2016 £
Surplus on ordinary activities	596,868	870,777
Corporation tax at 19.25% (2016: 20.25%)	114,897	174,155
Effects of:		
Exempt ABGH distributions	(34,184)	-
Non-taxable income and non-deductible expenditure	(81,161)	(149,959)
Chargeable gains	104,457	-
Foreign tax paid	-	4,753
Prior year adjustments	91,182	29,537
Deferred tax not recognised	46,471	-
Deferred tax adjustment	7,308	7,965
Corporation tax charge /(credit)	£156,028	£66,451

10. WELFARE FUND

The Balance Sheet and Statement of Financial Activities of the Nautilus Welfare Fund, which operate under a Charity Commission Scheme, are published separately.

11. OPERATING LEASE COMMITMENTS

2017
£ 2016
£

At the year end date, the Union had the following commitments in respect of non-cancellable operating leases:

Land and buildings		
Payable within one year	106,995	106,995
Payable after more than one year but not later than five years	427,980	427,980
Payable after more than five years	838,128	945,123
Total	£1,373,103	£1,480,098

12. STATEMENT OF COMPREHENSIVE INCOME – 2016

	General fund £	Legal defence fund £	Total £
Subscription income from individual			
Subscription income from Memorandum	3,224,967	261,484	3,486,451
Agreements with employers			
Investment income	2,319,734	188,087	2,507,821
Advertising revenue	259,960	-	259,960
Other income	369,411	-	369,411
	113,460	-	113,460
	<u>6,287,532</u>	<u>449,571</u>	<u>6,737,103</u>

EXPENDITURE

Travel and general organising	523,374	-	523,374
Elections and BGM costs	113,921	-	113,921
Legal defence costs	-	317,076	317,076
Affiliations & council expenses	270,989	-	270,989
Telegraph – net cost	433,841	-	433,841
Phone, post, printing and stationery	339,858	-	339,858
Professional fees and bank charges	345,980	-	345,980
Donations	34,107	-	34,107
Staff costs	3,749,550	-	3,749,550
Pension fund asset and costs	7,000	-	7,000
Building costs	430,293	-	430,293
Computer & equipment costs	281,698	-	281,698
Gain on disposal of fixed assets	(36,768)	-	(36,768)
Depreciation –			
Freehold buildings	8,865	-	8,865
Motor vehicles	71,770	-	71,770
Computer and equipment	93,617	-	93,617
	<u>6,668,095</u>	<u>317,076</u>	<u>6,985,171</u>

TOTAL OPERATING

SURPLUS	(380,563)	132,495	(248,068)
Gains on disposal of investments	9,537	-	9,537
Gains on revaluation of investments	1,109,308	-	1,109,308

SURPLUS BEFORE TAXATION	738,282	132,495	870,777
Taxation	(66,451)	-	(66,451)

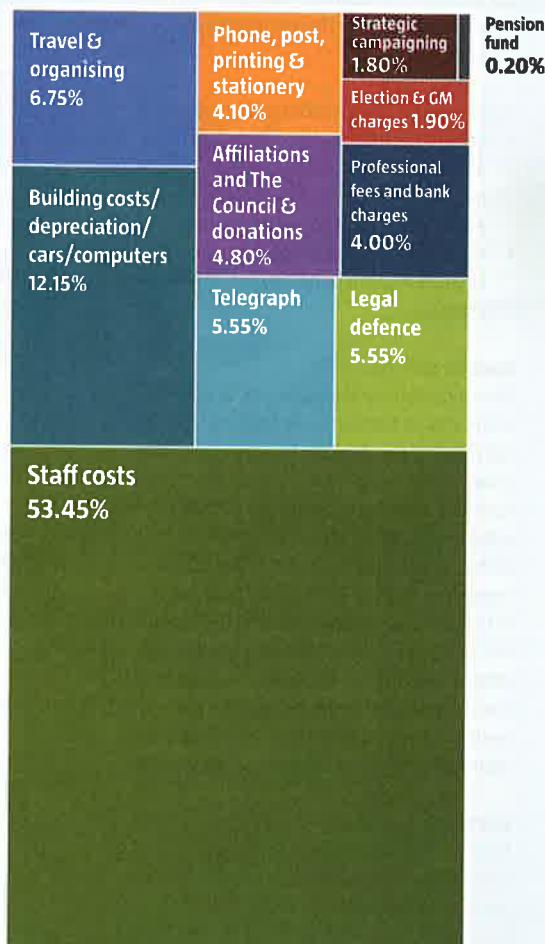
TOTAL SURPLUS FOR THE YEAR	671,831	132,495	804,326
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OTHER COMPREHENSIVE INCOME

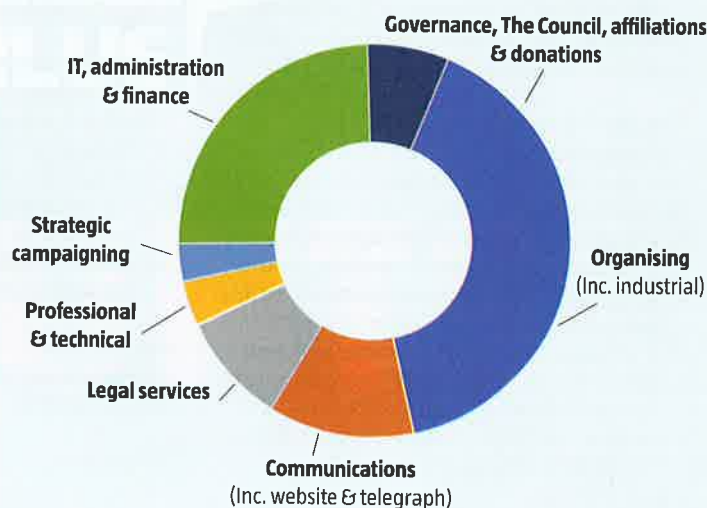
Actuarial losses on SPF scheme			(873,000)
Foreign exchange gains			1,272,919

TOTAL COMPREHENSIVE INCOME			£1,204,245
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Nautilus International expenditure for the year ended 31 December 2017



2017 Nautilus International cost breakdown by activity



Statement of Council and General Secretary's responsibilities

Opinion

We have audited the financial statements of Nautilus International for the year ended 31 December 2017 set out on pages 1 to 13. These financial statements have been prepared under the accounting policies set out on pages 5 to 7.

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 the Union's net movement in funds, including the 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 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.

Use of audit report

This report is made solely to the members of the Union, as a body, in accordance with the Trade Union and Labour Relations (Consolidation) Act 1992 (amended). Our audit work has been undertaken so that we might state to the members of the Union those matters we are required to state to them in an independent 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 members of the Union as a body, for our audit work, for this report, or for the opinion we have formed

Respective responsibilities of the Union's Council and auditors

As described on page 14 the Council are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK & Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standard for Auditors.

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

Conclusions relating to going concern

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

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the regulations require us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Union; or
- sufficient accounting records have not been kept; or
- the Union's 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.

haysmacintyre
Chartered Accountants
Registered Auditors

10 Queen Street Place
London
EC4R 1AG

19 April 2018

Income and expenditure

The total income of the Union for the period was £7,799,809. This amount included payments of £5,929,888 in respect of membership of the Union. The Union's total expenditure for the period was £6,978,411. The Union does not maintain a political fund.

Benefits

The only person covered under the Act is the General Secretary of the Union who was paid £95,315 gross salary; employers' National Insurance contributions £12,030; employers' Pension contributions £17,840; telephone rental £300; use of vehicle £3,150.

Irregularity statement

A member who is concerned that some irregularity may be occurring, or have occurred, in the conduct of the financial affairs of the Union may take steps with a view to investigating further, obtaining clarification and, if necessary, securing regularisation of that conduct.

The member may raise any such concern with such one or more of the following as it seems appropriate to raise it with: the officials of the Union via Olu Tunde, director of finance, AGS the trustees of the property of the Union, the auditor of auditors of the Union, the certification officer (who is an independent officer appointed by the Secretary of State) and the police.

Where a member believes that the financial affairs of the Union have been or are being conducted in breach of the law or in breach of the rules of the Union and contemplates bringing civil proceedings against the Union or responsible officials or trustees, he should consider obtaining independent legal advice.