

Form AR21

Trade Union and Labour Relations (Consolidation) Act 1992

Annual Return for a Trade Union

Name of Trade Union:	Prospect		
Year ended:	31 December 2019		
List no:	771T		
Head or Main Office address:	New Prospect House		
	8 Leake Steet		
	London		
Postcode	SE1 7NN		
Website address (if available)	https://prospect.org.uk		
Has the address changed during the year to which the return relates?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	('X' in appropriate box)
General Secretary:	Mr Mike Clancy		
Telephone Number:	Contact Centre: 0300 600 1878		
Contact name for queries regarding the completion of this return	Joanne Rowe		
Telephone Number:	0207 902 2262		
E-mail:	joanne.rowe@prospect.org.uk		

Please follow the guidance notes in the completion of this return

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

You should send the annual return to the following email address stating the name of the union in subject:

For Unions based in England and Wales: returns@certoffice.org

For Unions based in Scotland: ymw@tcyoung.co.uk

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Return of Members

(see notes 10 and 11)

	Number of members at the end of the year				
	Great Britain	Northern Ireland	Irish Republic	Elsewhere Abroad (including Channel Islands)	Totals
Male	98,654	1,574	54	2,635	102,917
Female	38,778	649	14	2,927	42,368
Other	229	2		4	235
Total	137,661	2,225	68	5,566	A 145,520

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

145,433

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

418

Change of Officers

Please complete the following to record any changes of officers during the twelve months covered by this return

Position Held	Name of Officer ceasing to hold Office	Name of Officer Appointed	Date of change

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:

Officers in post

(see note 12)

Please complete list of all officers in post at the end of the year to which this return relates.

Name of Officer	Position held
Craig Marshall	President
Elenor Wade	Vice President
Ann Jones	Deputy Vice President
Neil Hope-Collins	Deputy Vice President
Mike Clancy	General Secretary

General Fund

(see notes 13 to 18)

	£000	£000
Income		
From Members: Contributions and Subscriptions		21,656
From Members: Other income from members (specify)		
Membership Services Income		420
Total other income from members		420
Total of all income from members		22,075
Investment income (as at page 12)		5,978
Other Income		
Income from Federations and other bodies (as at page 4)		
Income from any other sources (as at page 4)		
Total of other income (as at page 4)		
Total income		28,053
Interfund Transfers IN		
Expenditure		
Benefits to members (as at page 5)		1,681
Administrative expenses (as at page 10)		21,712
Federation and other bodies (specify)		
Net Pension Scheme Expenditure		743
Actuarial (losses) gains on defined benefit pension schemes		1,878
Total expenditure Federation and other bodies		2,621
Taxation		
Total expenditure		26,014
Interfund Transfers OUT		
Surplus (deficit) for year		2,039
Amount of general fund at beginning of year		21,878
Amount of general fund at end of year		23,917

Analysis of income from federation and other bodies and other income

(see notes 19 and 20)

Description	£000
Federation and other bodies	
Total federation and other bodies	
Any Other Sources	
Total other sources	
Total of all other income	

Analysis of benefit expenditure shown at the General Fund

(see notes 21 to 23)

			£000
Representation – Employment Related Issues		brought forward	824
	423	Advisory Services	
Representation – Non Employment Related Issues		Other Cash Payments	
		Death Benefit	109
		Education and Training services	
Communications			
Printing & Distribution	250		
Website	136		
		Negotiated Discount Services	
Dispute Benefits			
Ballots	14	Other Benefits and Grants (specify)	
		Recruitment	137
		Affiliations	598
		Donations	13
carried forward	824	Total (should agree with figure in General Fund)	1,681

(See notes 21 and 23)

Fund 2		Fund Account	
Name:		£000	£000
Income	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	Total other income as specified		
	Total Income		
	Interfund Transfers IN		
Expenditure	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	Total Expenditure		
	Interfund Transfers OUT		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		
	Number of members contributing at end of year		

Fund 3		Fund Account	
Name:		£000	£000
Income	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	Total other income as specified		
	Total Income		
	Interfund Transfers IN		
Expenditure	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	Total Expenditure		
	Interfund Transfers OUT		
	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		

Political fund account

(see notes 24 to 33)

£000

£000

Political fund account 1		To be completed by trade unions which maintain their own political fund	
	Income		
	Members contributions and levies		63
	Investment income (as at page 12)		
Other income (specify)			
		Total other income as specified	
		Total income	63
Expenditure under section (82) of the Trade Union and Labour Relations (Consolidation) Act 1992 on purposes set out in section (72) (1) where consolidation of expenditures from the political funds exceeds £2,000 during the period			
	Expenditure A (as at page i)		
	Expenditure B (as at page ii)		
	Expenditure C (as at page iii)		
	Expenditure D (as at page iv)		
	Expenditure E (as at page v)		
	Expenditure F (as at page vi)		
	Non-political expenditure (as at page vii)		44
		Total expenditure	44
		Surplus (deficit) for year	19
		Amount of political fund at beginning of year	613
		Amount of political fund at the end of year (as <u>Balance Sheet</u>)	632
		Number of members at end of year contributing to the political fund	104,693
		Number of members at end of the year not contributing to the political fund	40,827
		Number of members at end of year who have completed an exemption notice and do not 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 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	
		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	

Political fund account expenditure (c)

Expenditure under section 72 (1) (a) of the Trade Union and Labour Relations (consolidation) Act.

To be completed where total expenditure from the political fund exceeds £2,000 during the period to which return relates.

Expenditure in connection with the registration of electors, the candidature of any person, the selection of any candidate or the holding of any ballot by the union in connection with any election to a political office			
Title and Date of election	Name of political party/organisation	Name of candidate, organisation or political party (see 33(iii))	£000
Nil return			
Total			

Political fund account expenditure (f)

Expenditure under section 72 (1) (a) of the Trade Union and Labour Relations (consolidation) Act.

To be completed where total expenditure from the political fund exceeds £2,000 during the period to which return relates

On the production, publication or distribution of any literature, document, film, sound recording or advertisement the main purpose of which is to persuade people to vote for a political party or candidate or to persuade them not to vote for a political party or candidate

Name of organisation or political party	£000
Nil return	
Total	

**Expenditure from the political fund not falling within section 72 (1) of the trade union & labour relations
(consolidation) act 1992**

For expenditure not falling within section 72 (1) the required information is-

(a) the nature of each cause or campaign for which money was expended, and the total amount expended in relation to each one	£000
Support of fringe events at Labour & SNP conference	14
Civil Service Live 2019 Sponsorship (DODS)	12
Northern Energy Skills Transition Research Project	8
Natural England Report Lunch - Feb 19	2
Hull City Council - Energy ABD Clean Growth Conference - November 2019	1
Total expenditure	37

(b) the name of each organisation to which money was paid (otherwise than for a particular cause of campaign), and the total amount paid to each one	£000
Total expenditure	

(c) the total amount of all other money expended	£000
Miscellaneous	6
Total expenditure	6

Total of all expenditures **44**

Analysis of administrative expenses and other outgoings excluding amounts charged to political fund accounts

(see notes 34 and 35)

		£000
Administrative Expenses		
Remuneration and expenses of staff		16,662
Salaries and Wages included in above	15,559	
Auditors' fees		106
Legal and Professional fees		168
Occupancy costs		1,344
Stationery, printing, postage, telephone, etc.		519
Expenses of Executive Committee (Head Office)		125
Expenses of conferences		281
Other administrative expenses (specify)		
Advisory Service		136
Branch Expenses		777
Education & Training		160
Research		48
Editorial Publications		77
IT Costs		450
Bank Charges		80
Sundry Office Expenses		125
Equipment Maintenance and Repairs		43
Other Outgoings		
Depreciation		613
Outgoings on land and buildings (specify)		
Other outgoings (specify)		
Total		21,712
Charged to:	General Fund (Page 3)	21,712
Total		21,712

Analysis of officials' salaries and benefits

(see notes 36 to 46 below)

Office held	Gross Salary £000	Employers N.I. contributions £000	Benefits			Total £000
			Pension Contributions £000	Other Benefits		
				Description	Value £000	
General Secretary	124	15	18	Car	5	162

Analysis of investment income

(see notes 47 and 48)

	Political Fund £000		Other Fund(s) £000
Rent from land and buildings			163
Dividends (gross) from:			814
Equities (e.g. shares)			
Interest (gross) from:			
Government securities (Gilts)			
Mortgages			
Local Authority Bonds			
Bank and Building Societies			
Other investment income (specify)			
Surplus/(Deficit) on sale of investments			48
Other income			47
Change in the Fair Value of Investments			4,906
			5,978
		Total investment income	5,978
		Credited to:	
		General Fund (Page 3)	5,978
		Political Fund	
		Total Investment Funds	5,978

Fixed assets account

(see notes 53 to 57)

	Land and Buildings		Furniture and Equipment £000	Motor Vehicles £000	Not used for union business £000	Total £000
	Freehold £000	Leasehold £000				
Cost or Valuation						
At start of year	15,758		1,883	894		18,535
Additions			271	231		502
Disposals				-229		-229
Revaluation/Transfers						
At end of year	15,758		2,154	896		18,808
Accumulated Depreciation						
At start of year	2,436		1,306	508		4,250
Charges for year	219		300	94		613
Disposals				-151		-151
Revaluation/Transfers						
At end of year	2,655		1,606	452		4,713
Net book value at end of year	13,102		548	445		14,096
Net book value at end of previous year	13,321		577	386		14,285

Analysis of investments

(see notes 58 and 59)

Quoted	All Funds Except Political Funds £000	Political Fund £000
Equities (e.g. Shares)	8,866	
Government Securities (Gilts)		
Other quoted securities (to be specified)		
Unit Trusts	27,821	
Total quoted (as Balance Sheet)	36,687	
Market Value of Quoted Investment	36,687	
Unquoted		
Equities		
Unity Trust Bank Shares	455	
Other Shares	9	
Government Securities (Gilts)		
Mortgages		
Bank and Building Societies		
Other unquoted investments (to be specified)		
Cash Deposits	777	
Total unquoted (as Balance Sheet)	1,241	
Market Value of Unquoted Investments		

Analysis of investment income (controlling interests)

(see notes 60 and 61)

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"/>
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If YES name the relevant companies:

Company name	Company registration number (if not registered in England & Wales, state where registered)
Prospect Custodian Trustees Ltd	3836445

Are the shares which are controlled by the union registered in the names of the union's trustees?

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
---	-----------------------------

If NO, state the names of the persons in whom the shares controlled by the union are registered.

Company name	Names of shareholders

Summary sheet

(see notes 62 to 73)

	All funds except Political Funds £000	Political Funds £000	Total Funds £000
Income			
From Members	22,075	63	22,138
From Investments	5,978		5,978
Other Income (including increases by revaluation of assets)			
Total Income	28,053	63	28,116
Expenditure (including decreases by revaluation of assets)			
Total Expenditure	26,014	44	26,058
Funds at beginning of year (including reserves)	21,878	613	22,491
Funds at end of year (including reserves)	23,917	632	24,549
Assets			
Fixed Assets			14,096
Investment Assets			37,928
Other Assets			4,756
		Total Assets	56,779
Liabilities		Total Liabilities	32,231
Net Assets (Total Assets less Total Liabilities)			24,549

Ballots & Industrial Action- If you have 6 or more entries for either of these, please complete the Excel Spreadsheet

(see notes 74 to 80)

<p>Did the union hold any ballots in respect of industrial action during the return period? <input style="width: 50px; height: 15px;" type="text"/></p>	
<p>If Yes How many ballots were held: <input style="width: 50px; height: 15px;" type="text"/></p>	
<p>For each ballot held please complete the information below:</p>	
<p>Ballot 1</p>	
Number of individual who were entitled to vote in the ballot	<input style="width: 80px; height: 15px;" type="text"/>
Number of votes cast in the ballot	<input style="width: 80px; height: 15px;" type="text"/>
Number of Individuals answering "Yes" to the question	<input style="width: 80px; height: 15px;" type="text"/> ¹
Number of individuals answering "No" to the question	<input style="width: 80px; height: 15px;" type="text"/> ²
Number of invalid or otherwise spoiled voting papers returned	<input style="width: 80px; height: 15px;" type="text"/> ³
1-3 should total "Number of votes cast"	
Were the number of votes cast in the ballot at least 50% of the number of individuals who were entitled to vote in the ballot	<input style="width: 60px; height: 15px;" type="text"/>
Does section 226(2B) of the 1992 Act apply in relation to this ballot (see notes 76-80)?	<input style="width: 60px; height: 15px;" type="text"/>
If yes, were the number of individuals answering "Yes" to the question (or each question) at least 40% of the number of individuals who were entitled to vote in the ballot	<input style="width: 60px; height: 15px;" type="text"/>
<p>Ballot 2</p>	
Number of individual who were entitled to vote in the ballot	<input style="width: 80px; height: 15px;" type="text"/>
Number of votes cast in the ballot	<input style="width: 80px; height: 15px;" type="text"/>
Number of Individuals answering "Yes" to the question	<input style="width: 80px; height: 15px;" type="text"/> ¹
Number of individuals answering "No" to the question	<input style="width: 80px; height: 15px;" type="text"/> ²
Number of invalid or otherwise spoiled voting papers returned	<input style="width: 80px; height: 15px;" type="text"/> ³
1-3 should total "Number of votes cast"	
Were the number of votes cast in the ballot at least 50% of the number of individuals who were entitled to vote in the ballot	<input style="width: 60px; height: 15px;" type="text"/>
Does section 226(2B) of the 1992 Act apply in relation to this ballot (see notes 76-80)?	<input style="width: 60px; height: 15px;" type="text"/>
If yes, were the number of individuals answering "Yes" to the question (or each question) at least 40% of the number of individuals who were entitled to vote in the ballot	<input style="width: 60px; height: 15px;" type="text"/>
<p>Ballot 3</p>	
Number of individual who were entitled to vote in the ballot	<input style="width: 80px; height: 15px;" type="text"/>
Number of votes cast in the ballot	<input style="width: 80px; height: 15px;" type="text"/>
Number of Individuals answering "Yes" to the question	<input style="width: 80px; height: 15px;" type="text"/> ¹
Number of individuals answering "No" to the question	<input style="width: 80px; height: 15px;" type="text"/> ²
Number of invalid or otherwise spoiled voting papers returned	<input style="width: 80px; height: 15px;" type="text"/> ³
1-3 should total "Number of votes cast"	
Were the number of votes cast in the ballot at least 50% of the number of individuals who were entitled to vote in the ballot	<input style="width: 60px; height: 15px;" type="text"/>
Does section 226(2B) of the 1992 Act apply in relation to this ballot (see notes 76-80)?	<input style="width: 60px; height: 15px;" type="text"/>
If yes, were the number of individuals answering "Yes" to the question (or each question) at least 40% of the number of individuals who were entitled to vote in the ballot	<input style="width: 60px; height: 15px;" type="text"/>

Ballots & Industrial Action: If you have 6 or more entries for either of these, please complete the Excel Spreadsheet

Information on Industrial Action Ballots

Name of Organisation:		Prospect			Reporting Period	1 Jan to 31 Dec 2019			
Did the union hold any ballots in respect of industrial action during the return period?				<u>Yes</u>	For each ballot held please complete the information below				
If yes, how many ballots were held?				<u>12</u>					
Ballot	Number of individuals who were entitled to vote in the ballot	Number of votes cast in the ballot	Number of Individuals answering "Yes" to the question	Number of Individuals answering "No" to the question	Number of invalid or otherwise spoiled voting papers returned	Were the number of votes cast in the ballot at least 50% of the number of individuals who were entitled to vote in the ballot?	Does 226(2B) of the 1992 Act apply to this ballot?	If yes, were the number of individuals answering "Yes" to the question (or each question) at least 40% of the number of individuals who were entitled to vote in the ballot?	
1	180	103	85	18	0	Yes	No		
2	180	103	89	13	1	Yes	No		
3	49	42	37	5	0	Yes	Yes	Yes	
4	49	42	38	4	0	Yes	Yes	Yes	
5	52	43	39	4	0	Yes	Yes	Yes	
6	52	43	40	3	0	Yes	Yes	Yes	
7	76	76	69	7	0	Yes	No		
8	76	76	72	3	1	Yes	No		
9	528	329	169	153	7	Yes	No		
10	528	329	285	40	4	Yes	No		
11	5	5	5	0	0	Yes	Yes	Yes	
12	6	2	1	1	0	No	Yes	No	
13	329	231	180	47	4	Yes	No		
14	329	231	217	12	2	Yes	No		
15	138	103	95	8	0	Yes	No		
16	138	103	99	4	0	Yes	No		

17	180	120	94	26	0	Yes	No	
18	180	120	110	8	2	Yes	No	
19	96	82	65	15	2	Yes	No	
20	96	82	68	7	7	Yes	No	
21	1019	573	465	105	3	Yes	No	
22	1019	573	525	39	9	Yes	No	

(see note 81)

***Categories of Nature of Trade Dispute**

- A: terms and conditions of employment, or the physical conditions in which any workers require to work;
- B: engagement or non-engagement, or termination or suspension of employment or the duties of employment, of one or more workers;
- C: allocation of work or the duties of employment between workers or groups of workers;
- D: matters of discipline;
- E: a worker's membership or non-membership of a trade union;
- F: facilities for officials of trade unions;
- G: machinery for negotiation or consultation, and other procedures, relating to any of the above matters, including the recognition by employers or employers' associations of the right of a trade union to represent workers in such negotiation or consultation or in the carrying out of such procedures

Did Union members take industrial action during the return period in response to any inducement on the part of the Union? YES/NO

If **YES**, for each industrial action taken please complete the information below:

Industrial Action 1

1. please tick the nature of the trade dispute for which industrial action was taken using the categories* below:

A B C D E F G

2. Dates of the industrial action taken: to

3. Number of days of industrial action:

4. Nature of industrial action.

Industrial Action 2

1. please tick the nature of the trade dispute for which industrial action was taken using the categories* below:

A B C D E F G

2. Dates of the industrial action taken: to

3. Number of days of industrial action:

4. Nature of industrial action.

Industrial Action 3

1. please tick the nature of the trade dispute for which industrial action was taken using the categories* below:

A B C D E F G

2. Dates of the industrial action taken: to

3. Number of days of industrial action:

4. Nature of industrial action.

use a continuation page if necessary

Information on Industrial Action

Name of Organisation:		Prospect		Reporting Period	1 Jan to 31 Dec 2019
Did Union members take industrial action during the return period in response to any inducement on the part of the union?			<u>Yes</u>	If YES, for each industrial action taken please complete the information below	
Industrial Action	Nature of the trade dispute for which action was taken	Dates of the industrial action taken	Number of days of industrial action	Nature of industrial action	Categories of nature of Trade Dispute
1	A	23/05/2019	1	Strike Action	<p>A: Terms and conditions of employment, or the physical conditions in which any workers are required to work</p> <p>B: Engagement or non-engagement, or termination or suspension of employment or the duties of employment, of one or more workers</p> <p>C: Allocation of work or the duties of employment between workers or groups of workers</p> <p>D: Matters of discipline</p> <p>E: A worker's membership or non-membership of a trade union</p> <p>F: Facilities for officials of trade unions</p> <p>G: Machinery for negotiation or consultation, and other procedures, relating to any of the above matters, including the recognition by employers or employers' associations of the right of a</p>
2	A	01/04/2019	152	Action Short of a Strike	
3	A	31/08/2019	81	Action Short of a Strike	
4	A	24/08/2019	7	Action Short of a Strike	
5	A	30/08/2019	1	Strike Action	
6	A	23/10/2019	1	Strike Action	
7	A	24/10/2019	0.5	Strike Action	
8	A	11/12/2019	1	Strike Action	
9	A	11/12/2019	13	Action Short of a Strike	
10	A	05/07/2019	1	Action Short of a Strike	
11	A	12/07/2020	1	Action Short of a Strike	
12	A	19/07/2019	1	Action Short of a Strike	
13	A	26/07/2019	1	Action Short of a Strike	
14	A	02/08/2019	1	Action Short of a Strike	

15	A	08/08/2019	1	Action Short of a Strike
16	A	16/08/2019	1	Action Short of a Strike
17	A	23/08/2019	1	Action Short of a Strike
18	A	30/08/2019	1	Action Short of a Strike
19	A	06/09/2019	1	Action Short of a Strike
20	A	13/09/2019	1	Action Short of a Strike
21	A	20/09/2019	1	Action Short of a Strike
22	A	27/09/2019	1	Action Short of a Strike
23	A	04/10/2019	1	Action Short of a Strike
24	A	11/10/2019	1	Action Short of a Strike
25	A	18/10/2019	1	Action Short of a Strike

trade union to represent workers in such negotiation or consultation or in the carrying out of such procedures

Notes to the accounts

(see notes 82 and 83)

All notes to the accounts must be entered on or attached to this part of the return.

NOTES TO THE FINANCIAL STATEMENTS

	2019 £'000	2018 £'000
3 COMMITTEES AND CONFERENCES		
National Committees	125	132
National and Sector Conferences	281	563
	<u>406</u>	<u>695</u>
4 LOCAL DEMOCRATIC ORGANISATION AND EDUCATION		
Professional, Departmental and Other Groups	136	152
Branches and Sections	777	953
Education and Training	160	199
	<u>1,073</u>	<u>1,304</u>
5 EMPLOYMENT COSTS		
Staff Salary Costs	14,097	13,296
Additional Pension Contributions	1,462	1,538
Travel, Subsistence and Mobile Phones	727	711
Other Staffing Costs	469	398
	<u>16,756</u>	<u>15,943</u>
6 PROPERTY COSTS		
Rent, Rates and Service Charges	701	788
Light and Heat	147	132
Decoration, Repairs and Maintenance	182	136
Cleaning and Security	214	245
Property Depreciation	219	234
Insurance and Health and Safety	101	102
	<u>1,563</u>	<u>1,637</u>
7 ADMINISTRATION & OTHER SUPPLIES		
Equipment Maintenance and Repairs	112	153
Printing, Stationery and Postage	294	221
Telephone	225	166
IT Costs	681	595
Other Office Services	125	115
Bank Charges and Collection of Subscriptions	80	14
Research, Publications and Subscriptions	48	42
Editorial Publishing and Publicity	77	65
Legal, Professional and Audit Fees	273	434
	<u>1,915</u>	<u>1,805</u>

NOTES TO THE FINANCIAL STATEMENTS

8 BENEFIT TO MEMBERS

Affiliations and Donations	611	658
Members Benefits	933	600
Recruitment and Organisation	137	211
	<u>1,681</u>	<u>1,469</u>

2019	2018
£'000	£'000

9 INVESTMENT INCOME

Investment Income	814	671
Rental Income	163	132
Surplus /(Deficit) on sale of investments	48	(72)
Other Income	47	52
	<u>1,072</u>	<u>783</u>

10 NET PENSION SCHEME EXPENDITURE

	PPS		CPS		BECTU		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Current service cost	(2,814)	(2,753)	(318)	(356)	(347)	(431)	(3,479)	(3,540)
Administration Costs	(182)	(198)	(36)	(40)	(112)	(96)	(330)	(334)
Contributions	2,187	2,170	692	590	917	868	3,796	3,628
	<u>(809)</u>	<u>(781)</u>	<u>338</u>	<u>194</u>	<u>458</u>	<u>341</u>	<u>(13)</u>	<u>(246)</u>
Interest on scheme assets	2,561	2,355	359	325	594	525	3,514	3,205
Interest on scheme liabilities	(2,708)	(2,463)	(753)	(704)	(783)	(738)	(4,244)	(3,905)
Net interest on defined benefit	(147)	(108)	(394)	(379)	(189)	(213)	(730)	(700)
Net pension scheme	<u>(956)</u>	<u>(889)</u>	<u>(56)</u>	<u>(185)</u>	<u>269</u>	<u>128</u>	<u>(743)</u>	<u>(946)</u>

11 EXCEPTIONAL ITEMS

	2019	2018
	£'000	£'000
Exceptional Income	-	1,388
Exceptional Costs	-	456
	<u>-</u>	<u>1,844</u>

- Exceptional income for 2018 related to the sale of the Chertsey Office. The income was calculated as the proceeds received less the carrying value.
- Exceptional costs for 2018 related to staffing costs following the transfer of engagements of BECTU.

NOTES TO THE FINANCIAL STATEMENTS

12 TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £'000	Office Equip £'000	Fixtures & Fittings £'000	IT Equip £'000	Motor Vehicles £'000	Total £'000
COST						
At 1 January 2019	15,758	274	124	1,485	894	18,535
Additions	-	3	27	241	231	502
Disposals	-	-	-	-	(229)	(229)
At 31 December 2019	15,758	277	151	1,726	896	18,808
Depreciation						
At 1 January 2019	2,436	118	69	1,119	508	4,251
Charge for the Year	219	60	9	231	94	613
Disposals	-	-	-	-	(151)	(151)
At 31 December 2019	2,655	178	78	1,350	452	4,713
Net book value						
At 31 December 2019	13,102	99	73	376	445	14,096
At 31 December 2018	13,321	156	55	366	386	14,285

13 INVESTMENTS

	2019
	£'000
Market Value	
At 1 January 2019	32,834
Additions	3,213
Disposal proceeds	(1,861)
Net movement in cash deposits	(1,212)
Surplus on sale of investments	48
Change in Investment Values	4,906
At 31 December 2019	37,928

NOTES TO THE FINANCIAL STATEMENTS

13 INVESTMENTS (CONTINUED)

	Cost	Market Value
	£'000	2019 £'000
Equities and Gilts		
Sarasin & Partners	650	754
Rathbone Investment Management	6,613	8,112
	<u>7,263</u>	<u>8,866</u>
Unit Trusts		
Sarasin & Partners	13,463	16,705
Rathbone Investment Management	1,755	2,492
Trade Union Fund Managers	1,955	7,165
Aberdeen Multi Manager	1,062	1,459
	<u>18,235</u>	<u>27,821</u>
Bank deposits		
Sarasin & Partners	233	233
Rathbone Investment Management	544	544
	<u>777</u>	<u>777</u>
Unquoted Shares		
Unity Trust Bank PLC	327	455
Other	9	9
	<u>336</u>	<u>464</u>
	<u>26,611</u>	<u>37,928</u>

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

14 DEBTORS

	2019	2018
	£'000	£'000
Trade Debtors	1,282	1,335
Other Debtors	541	308
Prepayments and accrued income	481	437
	<u>2,306</u>	<u>2,080</u>

15 CREDITORS

	2019	2018
	£'000	£'000
Trade Creditors	237	446
Other Creditors	251	290
Other Taxes and Social Security	926	349
Accruals and Deferred Income	595	284
	<u>2,009</u>	<u>1,369</u>

NOTES TO THE FINANCIAL STATEMENTS

16 CONTINGENT LIABILITIES

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

17 STAFF PENSION SCHEMES

The Union currently operates three defined benefit pension schemes for its employees; Prospect, BECTU and Connect. The assets for all of the schemes are held in trustee administered funds separate from the Union's finances. This note sets out the pension cost information required for Prospect to meet its pension obligations as specified under FRS 102. The accounting date to which these disclosures relate is 31 December 2019.

The last full actuarial valuation of the pension schemes was carried out using the projected unit method on 1 July 2017 for the Connect Scheme, which showed an actuarial deficit of £7.7M, at 31 December 2017 for the Prospect Scheme, which showed an actuarial deficit of £4.8M and 31 October 2016 for the BECTU Scheme with an actuarial deficit of £5.6M. The next full valuation is scheduled for 1 July 2020 for the Connect Scheme, 31 December 2020 for the Prospect Scheme and 31 October 2019 for the BECTU Scheme.

There was an understatement from prior years, in respect of the actuarial calculation of the FRS 102 pension deficit for the Connect Pension Scheme, which has been adjusted for a misstatement from prior years. The calculation for benefits paid for in 2017 and 2018 was understated. This was due to a group of pensioners being paid via a separate payroll who were not included in the accounting cash flow data used. The combined figure for both 2017 and 2018 was £472,000 and has been shown on the analysis of FRS 102 pension movement currently shown on page 20.

Included within current service costs are the following amounts relating to GMP equalisation: PPS £107K (2018: £96K), CPS £61K (2018: £53K) and BECTU £94K (2018: £83K), totalling £262K (2018:£233k).

Regular employer contributions to the Prospect Scheme in 2020 are estimated to be £1.4M; £0.4M to Prospect, £0.5M to the Connect Scheme and £0.5M to the BECTU Scheme.

The union's contributions for the year were as follows:

	PPS		CPS		BECTU	
	2019	2018	2019	2018	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000
	2,147	2,170	678	590	942	868

Outstanding Contributions at the year end were:

	2019
	£'000
PPS	373
CPS	55
BECTU	79
	<u>507</u>

The main financial assumptions used in all three schemes were:

	PPS / CPS / BECTU	
	2019	2018
	%	%
Rate of increase in pensionable salaries	2.7	2.9
Rate of increase in pensions in payments	3.1	3.3
Discount rate for scheme liabilities	2.1	2.9
Rate of inflation - RPI	3.2	3.4
Rate of inflation - CPI	2.2	2.4

NOTES TO THE FINANCIAL STATEMENTS

17 STAFF PENSION SCHEMES (CONTINUED)

Mortality assumption

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member currently aged 65 will live on average for a further 22.2 years (PPS) and (CPS) and 21.5 years (BECTU) if they are male; and for a further 24.5 years (PPS), 24.3 years (CPS) and 23.5 (BECTU) if they are female.

Net Liabilities of the schemes

The net pension liabilities recognised in the Union's balance sheet as at 31 December 2019 is as follows:

	PPS		CPS		BECTU		Totals	
	2019	2018	2019	2018	2019	2018	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Diversified Growth Funds	17,520	15,838	6,044	5,486	-	-	23,564	21,324
Equities	33,642	26,664	6,375	4,318	6,878	5,881	46,895	36,863
Bonds & Gilts	39,448	37,421	2,090	1,957	12,381	11,463	53,919	50,841
Property	10,352	10,155	-	160	3,439	3,289	13,791	13,604
Cash/Other	127	234	80	607	229	224	436	1,065
Total Market Value of Assets	101,089	90,312	14,589	12,528	22,927	20,857	138,605	123,697
Present value of liabilities	(106,960)	(96,449)	(30,584)	(27,126)	(31,283)	(27,723)	(168,827)	(151,298)
Scheme Surplus/(Deficit)	(5,871)	(6,137)	(15,995)	(14,598)	(8,356)	(6,866)	(30,222)	(27,601)

The return on scheme assets for the year was a gain of £11.7m (2018: loss of £3.4m) for PPS, a gain of £1.9m (2018: loss of £691,000) for CPS, and a gain of £2.1m (2018: loss of £161,000) for BECTU.

Analysis of FRS 102 pension movement:

	PPS		CPS		BECTU		TOTALS	
	2019	2018	2019	2018	2019	2018	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Other Pension Scheme expenditure (Note 10)	(956)	(889)	(56)	(185)	269	128	(743)	(946)
Understated payment of benefits from prior years (see restatement paragraph above)	-	-	472	-	-	-	472	-
Remeasurement of defined benefit pensions	1,222	43	(1,813)	1,016	(1,759)	1,713	(2,350)	2,772
	266	(846)	(1,397)	831	(1,490)	1,841	(2,621)	1,826
Pension (liability) brought forward	(6,137)	(5,291)	(14,598)	(15,429)	(6,866)	(8,707)	(27,601)	(29,427)
Pension (liability) carried forward	(5,871)	(6,137)	(15,995)	(14,598)	(8,356)	(6,866)	(30,222)	(27,601)

NOTES TO THE FINANCIAL STATEMENTS

17 STAFF PENSION SCHEMES (CONTINUED)

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

	PPS		CPS		BECTU		TOTALS	
	Year ended		Year ended		Year ended		Year ended	
	2019	2018	2019	2018	2019	2018	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening defined benefit obligation	96,449	99,951	27,126	28,235	27,723	29,661	151,298	157,847
Current service cost	2,814	2,753	318	356	347	431	3,479	3,540
Interest cost	2,708	2,463	753	704	783	738	4,244	3,905
Contributions by Scheme participants	12	10	-	-	-	-	12	10
Actuarial (gains)/losses on Scheme liabilities & changes to demo & fin assumptions	7,885	(5,807)	2,885	(2,032)	3,272	(2,399)	14,042	(10,238)
Net benefits paid out	(2,908)	(2,921)	(498)	(137)	(842)	(708)	(4,248)	(3,766)
Closing defined benefit obligation	106,960	96,449	30,584	27,126	31,283	27,723	168,827	151,298

Changes to the fair value of Scheme assets during the year

	PPS		CPS		BECTU		TOTALS	
	Year ended		Year ended		Year ended		Year ended	
	2019	2018	2019	2018	2019	2018	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening fair value of Scheme Assets	90,312	94,660	12,528	12,806	20,857	20,954	123,697	128,420
Expected return on Scheme assets	2,561	2,355	359	325	594	525	3,514	3,205
Return on plan assets excluding interest income	9,107	(5,764)	1,544	(1,016)	1,513	(686)	12,164	(7,466)
Contributions by the employer	2,187	2,170	692	590	917	868	3,796	3,628
Contributions by Scheme participants	12	10	-	-	-	-	12	10
Net benefits paid out	(2,908)	(2,921)	(498)	(137)	(842)	(708)	(4,248)	(3,766)
Administration Costs	(182)	(198)	(36)	(40)	(112)	(96)	(330)	(334)
Closing fair value of Scheme assets	101,089	90,312	14,589	12,528	22,927	20,857	138,605	123,697
Actual return on assets	11,668	(3,409)	1,903	(691)	2,107	(161)	15,678	(4,261)

NOTES TO THE FINANCIAL STATEMENTS

18 COMMITMENTS UNDER OPERATING LEASES

LESSEE

At 31 December 2019, Prospect had obligations of total future minimum lease payments under non-cancellable operating leases for the following periods:

	Land & Buildings		Other	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Expiry date:				
No later than 1 year	197	156	4	25
Later than 1, no later than 5 years	209	261	2	9
	<u>406</u>	<u>417</u>	<u>6</u>	<u>34</u>

The lease payments recognised as an expense during the year was £217,453 (2018: £184,211).

LESSOR

At 31 December 2019, Prospect had contractual future minimum lease receipts under non-cancellable operating leases for the following periods:

	Land & Buildings	
	2019	2018
	£'000	£'000
Expiry date:		
No later than 1 year	142	130
Later than 1, no later than 5 years	288	401
	<u>429</u>	<u>531</u>

The lease receipts recognised as rental income during the year was £136,808 (2018: £105,346)

19 ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2019	Cash Flows	At 31 Dec 2019
	£'000	£'000	£'000
Cash	<u>2,262</u>	<u>189</u>	<u>2,450</u>

20 POST BALANCE SHEET EVENT

The National Executive Committee has considered the effect of the Covid-19 outbreak that has been spreading throughout the world in early 2020 on the Union's activities. Although the outbreak is likely to cause some disruption to the Union's business, the National Executive Committee believe that these are not likely to be significant as the Union will take actions in relation to expenditure in order to mitigate the risk. Furthermore, given the Union has healthy cash balances and liquid investments the National Executive Committee has a reasonable expectation that the Union has adequate resources to continue in operation for the next twelve months from the date that the accounts are approved by the auditors. Membership is rising during the crisis and the Union is taking steps to mitigate costs such as cancelling the biennial national conference and temporarily closing down offices where possible. Some staff who are unable to work during this period will be furloughed and the government job retention scheme utilised where possible. The Union will of course continue to pay staff their full contractual pay and benefits. Should it be necessary for cash flow purposes the Union will liquidate our investments to cover our day to day costs. The Union is however monitoring cash flow closely and this is not currently necessary

NOTES TO THE FINANCIAL STATEMENTS

INFORMATION TO BE PROVIDED TO MEMBERS UNDER THE TRADE UNION AND LABOUR RELATIONS

Under the Trade Union and Labour Relations (Consolidation) Act 1992 (Amended), the Union is required to circulate all members with details of the salary and benefits provided to the General Secretary, the President and members of the National Executive Committee. The President and members of the National Executive Committee do not receive any salary from the Union or any benefits. All members of the National Executive Committee and the President are reimbursed for any out of pocket expenditure incurred by them in the performance of their duties on behalf of the Union, as is the General Secretary.

<u>Name</u>	<u>Details</u>	<u>Amount</u>
M Clancy	Salary	£123,589
	Pension contributions	£18,415
	Taxable Benefit (Car)	£5,324

DECLARATION TO MEMBERS

We are also required by the Trade Union and Labour Relations (Consolidation) Act 1992 (Amended) to include the following declaration in this statement to all members. The wording is as prescribed by the Act.

"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 concerns with such one or more of the following as it seems appropriate to raise it with: the officials of the union, the trustees of the property of the union, the auditor or 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 rules of the union and contemplates bringing civil proceedings against the union or responsible officials or trustees, he should consider obtaining independent legal advice."

NOTES TO THE FINANCIAL STATEMENTS

SCHEDULE OF SUBSCRIPTIONS, DONATIONS AND AFFILIATION FEES

AFFILIATION & MEMBERSHIP FEES	£
Aircraft Engineers International	4,697
British Screen Advisory Council (BSAC)	2,400
Confederation of Shipbuilding & Engineering Unions (CSEU)	1,788
European Federation of Public Service Unions (EPSU)	14,095
European Transport Federation (ETF)	4,057
Int Fed Air Traffic Safety Electronics Assn (IFATSEA)	1,500
International Transport Workers Federation	9,721
Irish Congress of Trade Unions	8,586
National Pensioners Convention	2,250
National Union of Journalists (NUJ)	2,500
Royal Aeronautical Society	1,302
Scottish TUC	23,333
Share Action	1,167
Trade Union Congress	408,838
UK Flight Safety Commission	1,200
UNI Global Union	100,000
Union 21	5,671
Wales TUC	1,494
Other Affiliation & Membership Fees under £1,000 (19)	3,564
	<hr/>
	598,162
	<hr/> <hr/>
DONATIONS & APPEALS	£
Wendy Searle - Antarctica Expedition Sponsorship	1,000
Show Racism the Red Card	1,250
BECTU History Project	2,000
Other Donations under £1,000 (34)	8,396
	<hr/>
	12,646
	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

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

1.1 Accounting Convention

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

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

The Union is a public benefit entity.

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

1.2 Going concern

As stated in note 20, the National Executive Committee has considered the effect of the Covid-19 outbreak. The National Executive Committee considers that the outbreak is likely to cause some disruption to the Union's business but does not believe that these are likely to be significant. The National Executive Committee is confident that the Union can continue as a going concern for a period of at least twelve months from the date of approval of these financial statements. The National Executive Committee has a reasonable expectation that the Union has adequate resources to continue in operation for the foreseeable future.

1.3 Subscriptions

Subscriptions are accounted for on an accruals basis.

1.4 Rental income

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

1.5 Expenditure

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

NOTES TO THE FINANCIAL STATEMENTS

1.6 Tangible Fixed Assets

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

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

1.7 Depreciation

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

Freehold buildings	-	50 years
Furniture and fittings	-	10 years
Office equipment	-	4 years
IT Equipment	-	4 years

Motor vehicles are depreciated over a 5 year period with a residual value of 30% of cost.

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

1.8 Pension Costs

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

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, at the start of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in the income and expenditure accounts as pension movement.

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

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

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

NOTES TO THE FINANCIAL STATEMENTS

1.9 Corporation Tax

Corporation tax is payable on the excess of interest income, rental income and chargeable gains arising on the disposal of properties and investments over expenditure on the provident benefits and reinvested chargeable gains for the year.

Provident benefits comprise of payments as set out in the rules of the Union, which relate to death benefit and legal assistance, and a proportion of the costs of administering the Union in relation to those benefits.

1.10 Deferred Tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable income.

Deferred tax is calculated at the tax rates that are expected to apply in the period where the liability is settled or the asset is realised. Deferred tax is charged or credited in the income and expenditure account.

The Union has adopted a reinvestment policy whereby all realised proceeds on the disposal of investments are reinvested into other chargeable assets, thereby eliminating any current tax liability and thereby the need for the recognition of a deferred tax liability. Where the proceeds are not fully invested no current tax liability is considered likely to arise due to expenditure on provident benefits exceeding any chargeable gains that might arise.

1.11 Cash and cash equivalents

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

1.12 Financial instruments

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

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

1.13 Basic financial assets

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

1.14 Other financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

1.15 Impairment of financial assets

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

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

1.16 Basic financial liabilities

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

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

1.17 Branches

The transactions of the branches during the period are included in these accounts as are the net assets held directly by them at the balance sheet date.

1.18 Fixed asset investments

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

1.19 Realised gains and losses

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

NOTES TO THE FINANCIAL STATEMENTS

1.20 Leases

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

2 JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However the nature of estimation means that actual outcomes could differ from those estimates.

Critical Judgements

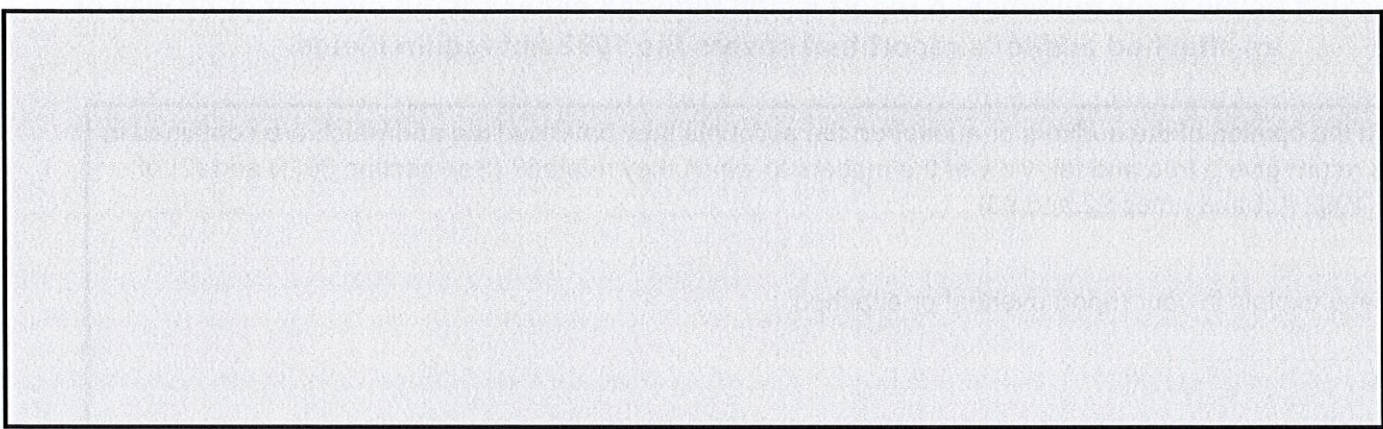
Under HMRC rules affecting the taxation of trade unions, a corporation tax liability does not arise on chargeable gains arising from the disposal of properties and investments where such gains are reinvested into other chargeable assets in the same accounting period. The Union has adopted a policy whereby such chargeable gains are all reinvested, thereby eliminating any corporation tax liability. Where the proceeds are not fully reinvested, no corporation tax liability is considered likely to arise due to the availability of sufficient excess expenditure on provident benefits. Accordingly in the opinion of the management, the revaluation of properties and investments does not give rise to a timing difference and to deferred tax liabilities.

Key Sources of estimation uncertainty

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details are given in note 17.

Accounting policies

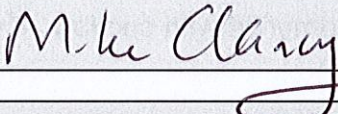

(see notes 84 and 85)



Signatures to the annual return

(see notes 86 & 87)

Including the accounts and balance sheet contained in the return. Please send the return with the original signatures. Copies will not be accepted.

Secretary's Signature:		Chairman's Signature:	
			(or other official whose position should be stated)
Name:	MIKE CLANCY	Name:	ELEANOR WADE VICE PRESIDENT
Date:	20/08/2020	Date:	25/08/2020

Checklist

(see notes 88 to 89)

(please tick as appropriate)

Has the return of change of officers been completed? (see Page 2 and Note 12)	Yes	<input checked="" type="checkbox"/>	No	
Has the list of officers in post been completed? (see Page 2 and Note 12)	Yes	<input checked="" type="checkbox"/>	No	
Has the return been signed? (see Pages 23 and 25 and Notes 86 and 95)	Yes	<input checked="" type="checkbox"/>	No	
Has the auditor's report been completed? (see Pages 20 and 21 and Notes 2 and 77)	Yes	<input checked="" type="checkbox"/>	No	
Is a rule book enclosed? (see Notes 8 and 88)	Yes	<input checked="" type="checkbox"/>	No	
A member statement is: (see Note 80)	Enclosed	<input checked="" type="checkbox"/>	To follow	
Has the summary sheet been completed? (see Page 17 and Notes 7 and 62)	Yes	<input checked="" type="checkbox"/>	To follow	
Has the membership audit certificate been completed? (see Page i to iii and Notes 97 and 103)	Yes	<input checked="" type="checkbox"/>	No	

Checklist for auditor's report

(see notes 90 and 96)

The checklist below is for guidance. A report is still required either set out overleaf or by way of an attached auditor's report that covers the 1992 Act requirements.

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 related? (See section 36(1) and (2) of the 1992 Act and notes 92 and 93)

Please explain in your report overleaf or attached.

2. 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 note 92)

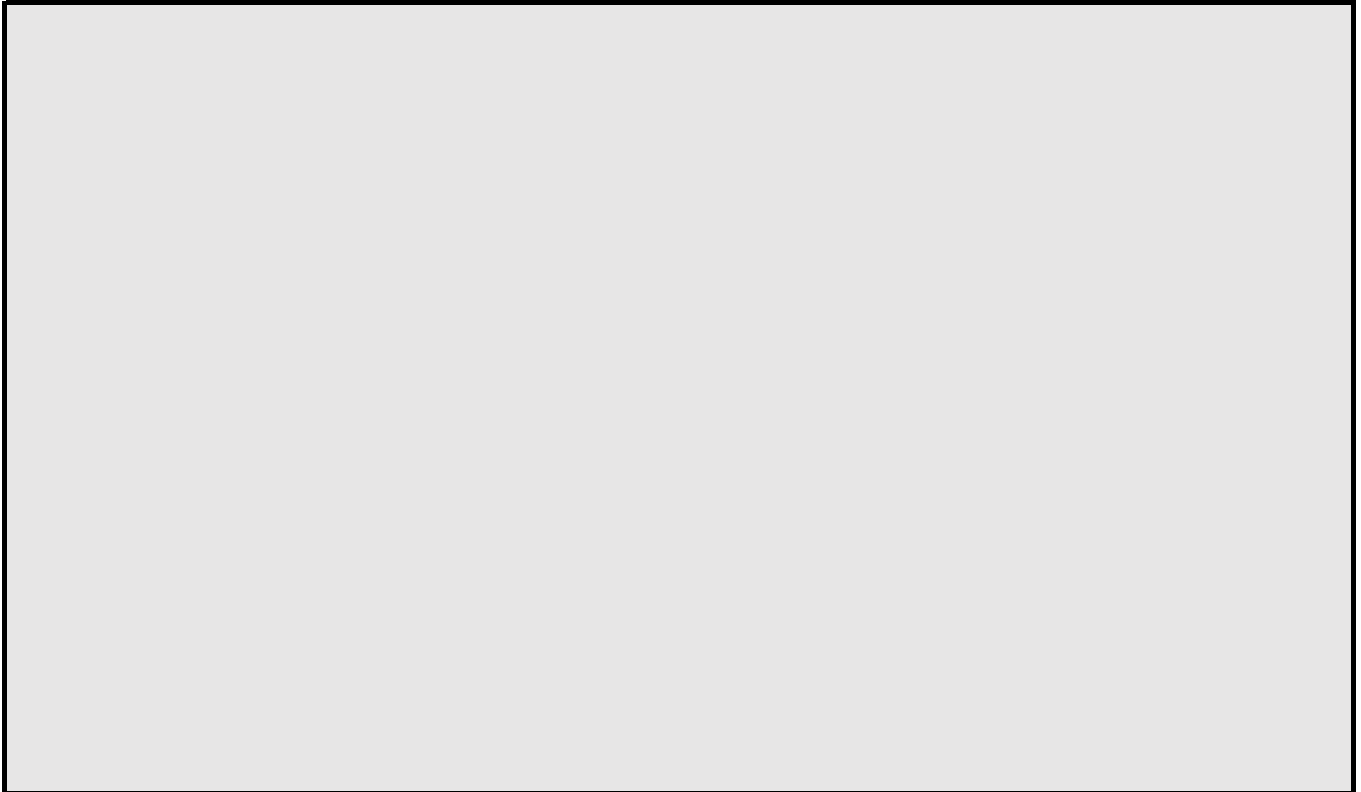
Please explain in your report overleaf or attached


3. Your auditors or auditor must include in their report the following wording:

In our opinion the financial statements:

- give a true and fair view of the matters to which they relate to.
- have been prepared in accordance with the requirements of the sections 28, 32 and 36 of the Trade Union and Labour Relations (consolidation) Act 1992.

Auditor's report (continued)



Signature(s) of auditor or auditors:		
Name(s):	HW Fisher	
Profession(s) or Calling(s):	Chartered Accountants Statutory Auditor	
Address(es):	Acre House	
	11-15 William Road	
	London	
	Postcode	NW1 3ER
Date	28-Aug-20	
Contact name for inquiries and telephone number:	Sailesh P Mehta - 020 7388 7000	

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

PROSPECT

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PROSPECT

Opinion

We have audited the financial statements shown on pages 5-22 of Prospect [“The Union”] for the year ended 31 December 2019 which comprise the Income and Expenditure Account General Fund, the Income and Expenditure Account Political Fund, the Balance Sheet, the Combined Income and Expenditure Account, the Statement of Cash Flows and Notes to the Financial Statements, including a summary of the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- Give a true and fair view of the state of the Union's affairs as at 31 December 2019 and of its income and expenditure for the year then ended; and
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Conclusions relating to going concern

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

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

PROSPECT

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PROSPECT

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

We have nothing to report in this regard.

Responsibilities of the National Executive Committee

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

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

PROSPECT

**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF PROSPECT**

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 <https://www.frc.org.uk/auditors/audit-assurance>. This description forms part of our auditor's report.

Use of our report to the members of Prospect

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



HW FISHER
Chartered Accountants
Statutory Auditor
Date

1 April 2020

Acre House
11/15 William Road
London
NW1 3ER

Membership audit certificate
made in accordance with section 24ZD of the
Trade Union and Labour Relations (Consolidation) Act 1992
[\(See notes 97 to 103\)](#)

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

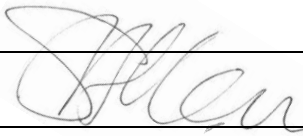
2. In the opinion of the assurer has he/she obtained the information and explanations necessary for the performance of his/her functions?

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	Simon Hearn
Address	Civica Election Services The Election Centre 33 Clarendon Road London, N8 0NW
Date	31/03/2020
Contact name and telephone number	Simon Hearn, Managing Director 020 8365 8909

Prospect