

Annual Accounts 2021

Statement of Membership

Number of members on the books at 31 December 2021:

Male	21,431	
Female	10,310	
Other	210	
	Total	31,951
Of which, Honorary and Free		1,833

These accounts were approved for issue to the members on 22 September 2022

Naomi Pohl - General Secretary

Alex Gascoine - Chair of the Executive Committee

MUSICIANS' UNION

ACCOUNTS

YEAR ENDED 31 DECEMBER 2021

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REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF THE MUSICIANS' UNION

Opinion

We have audited the financial statements of Musicians' Union (the 'Union') for the year ended 31 December 2021 which comprise the Income and Expenditure Account - Combined Funds, the Income and Expenditure Account – Main Fund, the Income and Expenditure Account – Benevolent Fund, the Income and Expenditure Account – Political Fund, the Income and Expenditure Account – Hardship Fund, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2021 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 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Executive Committee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Union's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Executive Committee with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Executive Committee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF THE MUSICIANS' UNION

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Trade Union and Labour Relations (Consolidation) Act 1992 (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.

Responsibilities of the Executive Committee

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

As part of our planning process:

- We enquired of management the systems and controls the Union has in place, the areas of the financial statements that are mostly susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. The Union did not inform us of any known, suspected or alleged fraud.
- We obtained an understanding of the legal and regulatory frameworks applicable to the Union. We determined that the following were most relevant: FRS 102 and the Trade Union and Labour Relations (Consolidation) Act 1992 (Amended).
- We considered the incentives and opportunities that exist in the Union, including the extent of management bias, which present a potential for irregularities and fraud to be perpetuated, and tailored our risk assessment accordingly.
- Using our knowledge of the Union, together with the discussions held with the Union at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF THE
MUSICIANS' UNION**

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Identifying and testing journal entries and the overall accounting records, in particular those that were significant and unusual.
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.
- Reviewing and challenging the assumptions and judgements used by management in their significant accounting estimates, particularly in relation to the valuation of the defined benefit pension scheme.
- Assessing the extent of compliance, or lack of, with the relevant laws and regulations.
- Testing key revenue lines, in particular cut-off, for evidence of management bias.
- Performing a physical verification of key assets.
- Obtaining third-party confirmation of material bank and investment and defined benefit pension scheme assets.
- Documenting and verifying all significant related party balances and transactions.
- Reviewing documentation such as minutes of the meetings of the Executive Committee.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements even though we have properly planned and performed our audit in accordance with auditing standards. The primary responsibility for the prevention and detection of irregularities and fraud rests with those charged with governance of the Union.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

HW Fisher LLP

HW Fisher LLP

**Chartered Accountants
Statutory Auditor**

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

Date: 22 Sep 2022
Date:

MUSICIANS' UNION

STATEMENT OF EXECUTIVE COMMITTEE'S RESPONSIBILITIES

The legislation relating to trade unions requires the Union to submit a return for each calendar year to the Certification Officer. This return contains accounts which must give a true and fair view of the state of affairs of the Union at the year end and of its transactions for the year then ended. The financial statements set out on the following pages have been prepared on the same basis and are used to complete the return to the Certification Officer.

In relation to the Musicians' Union the preparation of financial statements that give a true and fair view is the responsibility of the Executive Committee. The Executive Committee is responsible for preparing financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which form the basis for the accounts information required to be included in the return. In preparing the financial statements, the Executive Committee is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Union will continue in business.

The Executive Committee is responsible for keeping proper accounting records and establishing and maintaining a satisfactory system of control over the Union's records and transactions in order to comply with the Trade Union and Labour Relations (Consolidation) Act 1992 (Amended). It is also responsible for safeguarding the assets of the Union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MUSICIANS' UNION
INCOME & EXPENDITURE ACCOUNT - COMBINED FUNDS
YEAR ENDED 31 DECEMBER 2021

	Notes	2021	<i>Restated 2020</i>
		£'000	£'000
INCOME AND EXPENDITURE ACCOUNT			
Operating income		7,869	7,937
Operating expenditure		<u>(8,212)</u>	<u>(9,138)</u>
Operating deficit		(343)	(1,201)
Investment operations		1,591	543
Other items	20	66	127
(Deficit)/surplus before taxation		<u>1,314</u>	<u>(531)</u>
Corporation Tax	10	<u>(174)</u>	<u>(149)</u>
SURPLUS/(DEFICIT) FOR THE YEAR		<u>1,140</u>	<u>(680)</u>
Other Comprehensive Income			
Remeasurement of defined benefit asset	20	<u>1,808</u>	<u>(698)</u>
COMPREHENSIVE RESULT FOR THE YEAR		<u><u>2,948</u></u>	<u><u>(1,378)</u></u>
ACCUMULATED FUND B/F			
- AS PREVIOUSLY STATED		15,160	16,093
- PRIOR YEAR ADJUSTMENT	21	<u>2,216</u>	<u>2,661</u>
- AS RESTATED		17,376	18,754
COMPREHENSIVE RESULT FOR THE YEAR		2,948	(1,378)
ACCUMULATED FUND C/F		<u><u>20,324</u></u>	<u><u>17,376</u></u>

For referencing of operating income, expenditure, investment operations, see page 6

MUSICIANS' UNION

MAIN FUND - INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 31 DECEMBER 2021

	Notes	2021		Restated 2020	
		£'000	£'000	£'000	£'000
INCOME					
Subscriptions			5,766		5,804
Other income	2		1,744		1,560
			<u>7,510</u>		<u>7,364</u>
EXPENDITURE					
Employee costs	3	4,672		4,590	
Property and equipment costs	4	1,070		899	
Representation costs	5	252		344	
Benefits & services to members	6	1,487		1,349	
Administrative expenses	7	357		399	
Grants & affiliation fees	8	189		1,198	
			<u>(8,027)</u>		<u>(8,779)</u>
OPERATING (DEFICIT)			(517)		(1,415)
INVESTMENT OPERATIONS					
Investment income	9	516		246	
Increase in market valuation		1,050		287	
			<u>1,566</u>		<u>533</u>
OTHER ITEMS					
Net pension scheme movement	20	66		127	
			<u>66</u>		<u>127</u>
SURPLUS/(DEFICIT) BEFORE TAXATION			1,115		(755)
CORPORATION TAX					
	10		<u>(174)</u>		<u>(149)</u>
SURPLUS/(DEFICIT) FOR THE YEAR			941		(904)
Remeasurement of defined benefit asset	20		1,808		(698)
COMPREHENSIVE RESULT FOR THE YEAR			2,749		(1,602)
ACCUMULATED FUND B/F					
- AS PREVIOUSLY STATED		16,389		18,120	
- PRIOR YEAR ADJUSTMENT	21	381		252	
- AS RESTATED			16,770		18,372
COMPREHENSIVE RESULT FOR THE YEAR			2,749		(1,602)
ACCUMULATED FUND C/F			<u>19,519</u>		<u>16,770</u>

MUSICIANS' UNION
BENEVOLENT FUND - INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 31 DECEMBER 2021

	2021		2020	
	£'000	£'000	£'000	£'000
INCOME				
Donations		47		55
		47		55
EXPENDITURE				
Grants to members	10		11	
Funeral grants	13		15	
Maternity grants	21		19	
Paternity grants	12		18	
Other admin expenses	-		(1)	
		(56)		(62)
OPERATING DEFICIT		(9)		(7)
INVESTMENT OPERATIONS				
Increase in market valuation	25		10	
		25		10
SURPLUS FOR THE YEAR		16		3
ACCUMULATED FUND BROUGHT FORWARD		353		350
ACCUMULATED FUND CARRIED FORWARD		369		353

One of the stated objectives of the Musicians' Union is to provide benevolent assistance to members or their dependants in times of need, whether due to illness or another cause. Grants from the Benevolent Fund are made in response to members' applications for new parents, adoptions, funeral costs and hardship.

MUSICIANS' UNION
POLITICAL FUND - INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 31 DECEMBER 2021

	2021		2020	
	£'000	£'000	£'000	£'000
INCOME				
Contributions		64		69
		64		69
EXPENDITURE				
Labour Party affiliation	32		25	
Other affiliations	-		1	
Conference expenses	5		-	
Other expenses	-		2	
		(37)		(28)
SURPLUS FOR THE YEAR		27		41
ACCUMULATED FUND BROUGHT FORWARD		73		32
ACCUMULATED FUND CARRIED FORWARD		100		73

The MU operates a political fund to enable its members to have a political voice. It is used to influence politicians on issues that affect the lives of MU members at home as well as in the workplace. It also enables the MU to pay its share of the cost of Performers' Alliance All Party Parliamentary Group, a cross party group of MP's and Peers.

MUSICIANS' UNION
HARDSHIP FUND - INCOME & EXPENDITURE ACCOUNT
YEAR ENDED 31 DECEMBER 2021

	2021	2020		
	£'000	£'000	£'000	£'000
INCOME				
Donations	<u>248</u>		<u>1,449</u>	
		248		1,449
EXPENDITURE				
Grants paid to Members	<u>92</u>		<u>1,269</u>	
		(92)		(1,269)
SURPLUS FOR THE YEAR		<u>156</u>		<u>180</u>
ACCUMULATED FUND B/F		180		-
ACCUMULATED FUND C/F		<u><u>336</u></u>		<u><u>180</u></u>

Background

The Executive Committee has considered the impact of the Covid 19 outbreak not only on the Union but also the members. An amount of £1 million was realised from the investment portfolio of the Union and transferred into the Hardship Fund during 2020. Additional donations were received from third parties.

The Hardship Fund has been utilised to make payments to members who are facing hardship arising from the loss of income as a consequence of Covid 19. There is a balance of funds that has not been distributed to date. If that amount is not distributed it will be transferred to the Benevolent Fund of the Union

MUSICIANS' UNION
BALANCE SHEET
AT 31 DECEMBER 2021

	Notes	2021		Restated 2020	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible fixed assets	11		855		980
Investments	12		15,195		13,613
			16,050		14,593
CURRENT ASSETS					
Sundry debtors and prepayments	13	529		756	
Cash at bank and on deposit		1,032		1,007	
C&D Cash at bank & on deposit	1	1,312		1,687	
C&D Sundry debtors	1	441		329	
			3,314		3,779
CURRENT LIABILITIES					
Sundry creditors, accruals and deferred income	14	1,620		1,443	
C&D Sundry creditors	1	-		40	
C & D held for distribution	1	1,753		1,976	
Corporation tax payable		174		170	
			3,547		3,629
NET CURRENT ASSETS			(233)		150
PENSION SCHEME ASSET	20		4,507		2,633
NET ASSETS			20,324		17,376
ACCUMULATED FUND					
Main fund			19,519		16,770
Benevolent fund			369		353
Political fund			100		73
Hardship Fund			336		180
			20,324		17,376

Approved for issue to the members on: 22 Sep 2022

Naomi Pohl - General Secretary

NPohl

Alex Gascoine - Chair of the Executive Committee

A. Gascoine

MUSICIANS' UNION
CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2021

	Notes	2021		2020	
		£'000	£'000	£'000	£'000
Net cash (outflow) from operating activities	16A		(102)		(1,027)
Returns on investments					
Bank interest received		1		1	
Income from listed investments		213		299	
Net cash inflow from returns on investments			214		300
Corporation tax			(170)		(170)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(109)		(123)	
Payments to acquire investments		(2,022)		(1,786)	
Receipts from sales of tangible fixed assets		27		25	
Receipts from sale of investments		1,812		3,517	
Net cash (outflow)/inflow from investing activities			(292)		1,633
(Decrease)/increase in cash	16B		(350)		736

MUSICIANS' UNION
ACCOUNTING CONVENTION
YEAR ENDED 31 DECEMBER 2021

Information in respect of the union

Musicians' Union is a trade union registered in accordance with the Trade Union and Labour Relations (Consolidation) Act 1992 with its head office at 60-62 Clapham Road, London, SW9 0JJ.

Accounting framework

The financial statements have been prepared in accordance with FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS102"). The Union is a Public Benefit Entity.

Trade Unions are governed by the Trade Union and Labour Relations (Consolidation Act) 1992 Amended. Under that Act the financial statements of Trade Unions are required to give a true and fair view. Therefore, the financial statements 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 financial statements give a true and fair view to the members of the Trade Union.

The Union has restated its opening reserves; details of the prior year adjustments are set out in note 21.

Presentation currency

The financial statements have been prepared in sterling, which is the functional currency of the Union. Monetary amounts of these financial statements are rounded to the nearest £'000.

Going concern

The National Executive Committee has considered the effect of the Covid-19 outbreak.

The Union reports a reduced operating deficit of £344k versus the prior year of £1,201k. The improvement is largely driven by cost-saving exercises and reduced operating expenditure as a result of remote working conditions. Investments are also recovering well, which have pushed the Union into a surplus before taxation. These savings are expected to be carried forward after a move to a smaller premises. There are substantial reserves, and post year end sale of the London building produced £4.1m, which will bolster reserves going forward.

For reasons included above, the Executive Committee acknowledges that the spread of Covid-19 does have an impact on the Union; but does not believe that this will be significant. The Executive Committee has a reasonable expectation that the Union can continue as a going concern for a period of at least twelve months from the date of approval of these accounts.

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

- Deferred tax

MUSICIANS' UNION
ACCOUNTING CONVENTION
YEAR ENDED 31 DECEMBER 2021

Unrealised valuation increases relating to investments and investment properties would potentially give rise to chargeable gains on the sale of the asset, but any potential liability to tax is eliminated if the proceeds of sale are reinvested in other chargeable assets used for provident purposes. The tax on any proceeds which are not reinvested is reduced by indexation allowances and any balance can also be offset against expenditure on provident benefits. Deferred tax has not been provided for potential chargeable gains because the Union is satisfied that proceeds of the sale of all related assets can be substantially reinvested, sufficient that any remaining balance can be offset against allowance or expenses. Therefore, no unrealised gain at 31 December 2021 is expected to give rise to a liability to tax.

- Recognition of surplus on defined benefit pension scheme

The difference between the market value of the assets of the Pension Fund and the present value of accrued pension liabilities is shown as an asset or liability on the balance sheet, except that an asset is only recognised where the union has the sole right to determine the use of surplus of assets over 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 20.

MUSICIANS' UNION
ACCOUNTING POLICIES
YEAR ENDED 31 DECEMBER 2021

The accounts have been prepared under the historical cost convention as modified to include the revaluation of certain fixed assets, and in accordance with the specific accounting policies as set out below.

Tangible Fixed Assets

Tangible Fixed Assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property (excluding land), plant and equipment, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Buildings	2/10% per annum on cost
Fixtures and fittings	10/20% per annum on cost
Computer equipment	33% per annum on costs
Telephones	20/50% per annum on cost
Motor vehicles	33% per annum on cost/25% on hybrid/electric vehicles from 1 January 2021

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

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 as 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 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.

Cash and cash equivalents

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

Revenue recognition

The following criteria must also be met before revenue is recognised:

Contribution income

Contribution income is accounted for on an accruals basis and recognised in the period in which they are due.

Other income

Other income is accounted for on a receivable basis. Certain receipts in the Main Fund are accounted for once received as they are non-contractual and are not received on predetermined dates.

MUSICIANS' UNION
ACCOUNTING POLICIES
YEAR ENDED 31 DECEMBER 2021

Interest income

Revenue is recognised as interest is received.

Dividends

Revenue is recognised when the Union's right to receive payment is established.

Corporation tax

Current tax is payable on the excess of interest income, rental income and chargeable gains arising on the disposal of properties and investment over expenditure on the provident benefits and reinvested chargeable gains for the year. Current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

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 accounts.

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 reinvested no current tax liability is considered likely to arise due to expenditure on provident benefits exceeding any chargeable gains that might arise.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Leasing commitments

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

Pensions and other post-retirement benefits

The Union operates a defined benefit pension scheme, which requires contributions to be made to an administered fund. 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 defined benefit obligations) and is based on actuarial advice. When a settlement or a curtailment occur the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the income statement during the period in which it occurs.

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 profit or loss as other finance revenue or cost.

MUSICIANS' UNION
ACCOUNTING POLICIES
YEAR ENDED 31 DECEMBER 2021

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

The defined net benefit pension asset or liability in the balance sheet comprises the total for the 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.

Contributions to defined contribution schemes are recognised in the profit and loss account in the period in which they become payable.

Musicians' Union is the sponsoring employer of defined benefit scheme as it has legal responsibility for the plan. There is no contractual agreement or stated policy for charging the defined benefit cost of the plan, therefore the company has recognised the entire net defined benefit cost and relevant net defined benefit liability in its financial statements.

MUSICIANS' UNION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

1. COLLECTION & DISTRIBUTION NO 4

Background

The MU acts as an intermediary between musicians or their beneficiaries and the music industry for the collection and distribution of funds due to musicians. Neither the fee Income or distribution payments to members is included in the Musicians Union Combined Statement of Funds, however, the assets and liabilities relating to the C&D fund are included in the Union's balance sheet as the Union has control over them.

The transfer of undistributable amounts to the Main Fund takes place where despite all efforts to locate the beneficiaries under the MU's distribution policy, they cannot be identified or located. The MU has decided that these amounts should be used for collective purposes. The MU is committed to meeting any claims relating to undistributable amounts which may subsequently emerge from musicians or their beneficiaries.

The funds received and expended in the year relating to the C&D fund are shown below together with the assets and liabilities of the fund.

A. Income & Expenditure Statement	2021		2020	
Amounts held for distribution	£'000	£'000	£'000	£'000
Not included within the MU statement of funds				
INCOME				
Fee income	<u>1,195</u>		<u>1,335</u>	
		1,195		1,335
EXPENDITURE				
Distribution to members	1,064		790	
Provision for bad debts	105		-	
Administration Fees	152		149	
Undistributable amounts to Main Fund	<u>97</u>		<u>35</u>	
		<u>(1,418)</u>		<u>(974)</u>
(DECREASE)/INCREASE IN AMOUNTS HELD FOR DISTRIBUTION		(223)		361
AMOUNTS HELD FOR DISTRIBUTION BROUGHT FORWARD		<u>1,976</u>		<u>1,615</u>
AMOUNTS HELD FOR DISTRIBUTION CARRIED FORWARD		<u><u>1,753</u></u>		<u><u>1,976</u></u>
 B. Current Assets & Liabilities				
Included within the Musicians Union Balance Sheet				
	2021		2020	
	£'000	£'000	£'000	£'000
CURRENT ASSETS				
Cash at bank and on deposit		1,312		1,687
Debtors		546		329
Provision for bad debts		(105)		-
Due from Main Fund		-		-
		<u>1,753</u>		<u>2,016</u>
CURRENT LIABILITIES				
Monies held for distribution	1,753		1,976	
VAT Creditor	-		35	
Due to Main Fund	-		5	
		<u>1,753</u>		<u>2,016</u>
		<u><u>-</u></u>		<u><u>-</u></u>

MUSICIANS' UNION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021

	2021	<i>2020</i>
	£'000	<i>£'000</i>
2. OTHER INCOME		
Collection and Distribution Account collection fee	152	149
Services, Sound and Vision Corporation	12	12
BBC WW - cable revenue	518	435
ITV & other cable revenue	35	38
Education Income	897	858
The Educational Recording Agency Limited	6	-
Commission and other income	27	32
Undistributable monies from C & D No 4 account	97	35
	1,744	<i>1,560</i>

	2021	<i>2020</i>
	£'000	<i>£'000</i>
3. EMPLOYEE COSTS		
Salaries and national insurance	3,711	3,668
Pension costs	922	888
Organising expenses	20	23
Training and sundry expenses	19	11
	4,672	<i>4,590</i>

Number of employees at balance sheet date	2021	2020
Full time Union officials & organisers	37	38
Membership support staff	13	11
Administrative staff	9	10
	59	59

As at year end 31 December 2021, there was an outstanding loan of £1,500 (2020: £825) to key management personnel

	2021	<i>2020</i>
	£'000	<i>£'000</i>
4. PROPERTY AND EQUIPMENT COSTS		
Rent, rates, light, heat and cleaning	243	286
Repairs and maintenance	58	57
HQ Move Costs	161	-
Motor vehicle costs	12	9
Hire of equipment	21	23
Profit on disposal of fixed assets	(26)	(3)
Depreciation	233	234
IT costs	300	236
Insurance	68	57
	1,070	<i>899</i>

MUSICIANS' UNION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

	2021 £'000	2020 £'000
5. REPRESENTATION COSTS		
Committees, Delegates & Stewards		
Executive committee	64	83
Delegates conference	17	50
Section committees	17	28
Regional committees	12	15
Stewards' commission	57	54
International Representation		
FIM Affiliation fees	78	108
Delegates expenses	7	6
	<u>252</u>	<u>344</u>
	2021	2020
	£'000	£'000
6. BENEFITS & SERVICES TO MEMBERS		
Member Benefits		
Legal defence of members	325	346
The Musician	216	222
Training and education services	86	53
Members Insurance Services	358	350
Diaries, publications & loyalty pins	139	118
Communications		
Advertising, Leaflets PR	47	52
Events, exhibitions & seminars	55	11
Brand management	124	142
Political Lobbying	102	-
Special Projects	3	6
Other promotional	32	49
	<u>1,487</u>	<u>1,349</u>

MUSICIANS' UNION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021

	2021	<i>2020</i>
	£'000	<i>£'000</i>
7. ADMINISTRATIVE EXPENSES		
Administration		
Printing, postage, stationery and telephone	77	103
Ballot expenses	33	47
Magazine/publication subscriptions	6	6
Archiving costs	12	7
Catering	1	3
Sundry expenses	1	10
Bank charges	28	37
Bad Debts written off	-	-
VAT previous periods	6	(2)
Professional Fees		
Audit fee	50	54
Legal and professional	69	82
Investment management fees	52	45
Property management fees	22	7
	357	<i>399</i>
	357	<i>399</i>
	2021	<i>2020</i>
	£'000	<i>£'000</i>
8. GRANTS & AFFILIATION FEES		
Grants and awards	75	82
Donation to MU Hardship Fund	-	1,000
Trades Union Congress	93	93
Other affiliations	21	23
	189	<i>1,198</i>
	189	<i>1,198</i>
	2021	<i>2020</i>
	£'000	<i>£'000</i>
9. INVESTMENT INCOME		
Income from listed investments	213	299
Bank interest receivable	1	1
Profit/(loss) on sale of investments	297	(50)
Net profit/(loss) on forward foreign exchange contracts	5	(4)
	516	<i>246</i>
	516	<i>246</i>

MUSICIANS' UNION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

	2021 £'000	2020 £'000
10. CORPORATION TAX		
Corporation tax at 19.00% (2020 : 19.25%)	170	170
Under/(over) provision in respect of prior periods	4	(21)
Tax charge for the year	<u>174</u>	<u>149</u>

Taxable income primarily relates to the collection fee from the C&D fund and income from the Educational Recording Agency Limited.

Unrealised valuation increases relating to investments and would potentially give rise to chargeable gains on the sale of the asset, but any potential liability to tax is eliminated if the proceeds of sale are reinvested in other chargeable assets used for provident purposes. The tax on any proceeds which are not reinvested is reduced by indexation allowances and any balance can also be offset against expenditure on provident benefits. Deferred tax has not been provided for potential chargeable gains because the Executive Committee is satisfied that proceeds of the sale of all related assets can be substantially reinvested, sufficient that any remaining balance can be offset against allowance or expenses. Therefore no unrealised gain at 31 December 2021 expected to give rise to a liability to tax.

	Land & Buildings £'000	Fixtures Fittings & Equip- ment £'000	Motor Vehicles £'000	Total £'000
11. FIXED ASSETS				
Cost				
At 1 January 2021	1,624	381	392	2,397
Additions	-	5	104	109
Disposals	-	-	(44)	(44)
At 31 December 2021	<u>1,624</u>	<u>386</u>	<u>452</u>	<u>2,462</u>
Accumulated depreciation				
At 1 January 2021	869	334	214	1,417
Charge for the year	86	27	120	233
Relating to disposals			(43)	(43)
At 31 December 2021	<u>955</u>	<u>361</u>	<u>291</u>	<u>1,607</u>
Net book value				
At 31 December 2021	<u>669</u>	<u>25</u>	<u>161</u>	<u>855</u>
At 31 December 2020	<u>755</u>	<u>47</u>	<u>178</u>	<u>980</u>

MUSICIANS' UNION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

	Main Fund unlisted invest- ments £'000	Main Fund listed invest- ments £'000	Benevol- ent Fund listed invest- ments £'000	Total £'000
12. INVESTMENTS				
Market Value				
At 1 January 2021	130	13,224	259	13,613
Additions	-	2,124	-	2,124
Disposals	-	(1,515)	-	(1,515)
Net movement in cash deposits	-	(102)	-	(102)
Change in investment values	120	930	25	1,075
At 31 December 2021	250	14,661	284	15,195
	2021	2021	2020	
	Cost	Market	Cost	Market
	Value	Value	Value	Value
	£'000	£'000	£'000	£'000
Ruffer investments	4,349	4,830	4,053	4,450
Legal and General investments	5,655	8,286	5,452	7,347
Miscellaneous investments	982	1,545	974	1,427
Unlisted investments	65	250	65	130
Benevolent Fund unit trusts	94	284	94	259
	11,145	15,195	10,638	13,613

As set out in the accounting policies, deferred tax has not been provided for potential chargeable gains because the Executive Committee is satisfied that proceeds of the sale of all related investment assets can be substantially reinvested, sufficient that any remaining balance can be offset against allowance or expenses. Therefore, no unrealised gain at 31 December 2021 is expected to give rise to a liability to tax.

	2021 £'000	2020 £'000
13. SUNDRY DEBTORS AND PREPAYMENTS		
Trade debtors	103	-
Prepayments and accrued income	426	756
	529	756

MUSICIANS' UNION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

	2021 £'000	<i>Restated</i> 2020 £'000
14. SUNDRY CREDITORS, ACCRUALS AND DEFERRED INCOME		
Trade creditors	117	118
Other creditors	335	222
Accruals and deferred income	1,168	1,103
	<u>1,620</u>	<u>1,443</u>

A prior year adjustment has been posted to deferred income to more accurately reflect the spread of subscription income which is paid by members to the union throughout the year. This has resulted in an increase in deferred income of £417k in 2020, and £543k in 2019.

	C & D £'000	Total £'000
15. INDEMNITY FUNDS HELD		
Balance at 1 January 2021	-	-
Payments made	(6)	(6)
Release of Funds	-	-
Addition of Funds	6	6
	<u>-</u>	<u>-</u>
Balance at 31 December 2021	-	-

	2021 £'000	<i>Restated</i> 2020 £'000
16. NOTES TO THE CASH FLOW STATEMENT		
A. Reconciliation of surplus, before taxation, to net cash inflow from operating activities		
Surplus/(deficit) after investment operations	1,313	(531)
Bank interest received	(1)	(1)
Income from listed investments	(213)	(299)
Depreciation	233	234
Movement of investments' market valuation	(1,075)	(297)
Net pension scheme income	(66)	(127)
Profit on sale of fixed assets	(26)	(3)
Profit on sale of investments	(297)	50
Decrease in creditors	(86)	(244)
Decrease in debtors	115	191
Other movement	1	-
	<u>(102)</u>	<u>(1,027)</u>
Net cash inflow/(outflow) from operating activities	<u>(102)</u>	<u>(1,027)</u>

	Cash at bank and on deposit £'000
B. Analysis of net funds	
At 1 January 2021	2,694
Cashflow	(350)
	<u>2,344</u>
At 31 December 2021	<u>2,344</u>

Of the cash at bank and on deposit of £2,344k (2020: £2,694k), an amount of £1,312k (2020 £1,687k) is held as agent for the C&D fund (see note 1).

MUSICIANS' UNION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

17. OPERATING LEASES

At 31 December 2021, the Union had obligations of total future minimum lease payments under non-cancellable operating leases for the following period:

	2021		2020	
	Plant & Equip- ment £'000	Land & Buildings £'000	Plant & Equip- ment £'000	Land & Buildings £'000
Expiry date:				
No later than one year	4	273	17	99
Later than one, no later than 5 years	2	977	10	264
Later than five years	-	1,012	-	156
	6	2,262	27	519
	6	2,262	27	519

The lease payment recognised as an expense during the year was £133,837 (2020: £125,556)

18. POST BALANCE SHEET EVENTS

The Union completed the sale of its Clapham Road property included within Land & Buildings on 4th January 2022 for £4,068,654

Since the year end, given the surplus in the pension scheme, the Trustees of the Pension Scheme (with the full support of the Union) have secured a bulk annuity contract with Aviva in respect of members' benefits in the Fund. This will provide the Trustees with sufficient funds each month to meet the remaining members' benefits due in accordance with the Fund's governing documentation. In the accounts for the year ending 31 December 2022, it is therefore expected that, based on market conditions as at 31 12 21, there will be a significantly reduced Pension Fund surplus reflecting the securing of the bulk annuity contract. The intention is that Aviva will take over the administration of benefits and pay pensions directly by individual policies in due course.

19. CONTINGENT LIABILITIES

As explained in note 10, no tax liabilities are expected to arise on the realisation of unrealised valuation increases on investments and investment properties. If the unrealised valuation increases at 31 December 2021 were all to give rise to chargeable gains (less indexation) the maximum liability to tax would be £1,013k (2020: £564k). In addition, the Union has disposed of its property at Clapham Road (see note 18) post year end although for tax purposes this is treated as a disposal pre year end. If deferred tax was to be accounted for in respect of this, the asset on the timing difference would be £871k but no tax liability has arisen in 2021 due to the availability of provident benefits, capital losses and reinvestment relief.

MUSICIANS' UNION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021

20. STAFF PENSION SCHEMES

The Musicians' Union operates two pension schemes as follows:

(a) Defined Contribution Scheme

The Union operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Union in an independently administered fund. The charge for the year was £922,473 (2020: £888,498).

(b) Defined Benefit Scheme

The Union currently operates a defined benefit pension scheme for its employees and officials. The assets are held in trustee administered funds separate from the Union's finances. This note sets out the pension cost information required for Musicians' Union to meet its pension obligations as specified under FRS 102. The accounting date to which these disclosures relate is 31 December 2021.

The last full actuarial valuation of the Musicians' Union Permanent Officials and Staff Pension Fund was carried out using the chosen assumptions and then the results have been updated to reflect the position at 31 December 2021. The next full valuation is scheduled for 1 January 2024

The main financial assumptions used were:

	2021	<i>2020</i>	<i>2019</i>
Rate of increase in pensionable salaries	3.40%	<i>3.00%</i>	<i>3.00%</i>
Rate of increase in pensions in payment	3.40%	<i>3.00%</i>	<i>3.00%</i>
Discount rate for scheme liabilities	1.80%	<i>1.40%</i>	<i>2.10%</i>
Rate of inflation	3.55%	<i>3.10%</i>	<i>3.15%</i>

Mortality assumption

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member currently age 65 will live on average for a further 22.2 years if they are male; and for a further 24.5 years if they are female.

Prior Year Adjustment

The financial statements reflect a prior year adjustment in respect of two matters relating to the pension scheme.

1. Annuities have now been included which reflect the asset value and liability values of the annuitants. This has increased the pension surplus by £795K at 1 January 2020 and £798K at 31 December 2020.
2. The surplus (excluding the annuities) had previously been presented as a deduction from net funds. The presentation has been amended to show the asset within net assets this has increased the net assets by £2,409K at 1 January 2020 and £1,835K at 31 December 2020.

MUSICIANS' UNION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021

20. STAFF PENSION SCHEMES

(Continued)

Net Assets of the scheme

The net pension assets recognised in the Union's balance sheet as at 31 December 2021 is as follows:

	2021	<i>Restated</i>
	£'000	<i>2020</i>
		<i>£'000</i>
Equities	-	4,369
Fixed Interest Gilts	2,119	-
Index Linked Gilts	6,391	-
Bonds	5,967	9,269
Property	-	1,259
Cash/other	888	177
Insured Assets	4,544	5,502
	<hr/>	<hr/>
Total market value of assets	19,909	20,576
	<hr/>	<hr/>
Present value of liabilities	(15,402)	(17,943)
	<hr/>	<hr/>
Scheme surplus	4,507	2,633
	<hr/> <hr/>	<hr/> <hr/>

Analysis of FRS102 movement:

	2021	<i>Restated</i>
	£'000	<i>2020</i>
		<i>£'000</i>
Contributions	30	60
Return on scheme assets	280	406
Interest on scheme liabilities	(244)	(339)
	<hr/>	<hr/>
Net interest on defined benefit liability	36	67
	<hr/>	<hr/>
Net pension scheme income	66	127
	<hr/>	<hr/>
Remeasurement of defined benefit pensions	1,808	(698)
	<hr/>	<hr/>
	1,874	(571)
	<hr/>	<hr/>
Pension assets brought forward	2,633	3,204
	<hr/>	<hr/>
Pension assets carried forward	4,507	2,633
	<hr/> <hr/>	<hr/> <hr/>

MU Statement to Members

Updated: 08 December 2022 | 17:28 PM

REPORT

The Union's Summary Accounts as required under the Trade Union and Labour Relations (Consolidation) Act 1992 (Amended) for the year ended 31 December 2021.

The Union's Accounts for 2021 are now available for members to view.

They have been made available later than usual due to an extended audit process carried out by HW Fisher Ltd.

We received an extension from both relevant Certification Officers so are still within the deadline for publication to members.

The audit process was longer this year for two key reasons:

- A change in the way we record subscriptions income in the accounts. Following the advice of our auditors, we have spread (or 'deferred') subscriptions payments across a 12 month period to more accurately attribute that income. If a member pays in December 2020, for example, one month's subscription should be allocated to 2020 and eleven months' should be attributed to 2021.
- A change in the presentation of the surplus in the MU Permanent Officials Pension Fund. This is an old final salary pension scheme which is closed to new entrants but has still been the Union's liability. We are in the process of handing it over to Aviva which will mean we now longer have the liability. At present, it is showing as a surplus in our accounts but this will disappear once the process of handing over to Aviva is complete.

Any members with queries about the accounts can contact the General Secretary, Naomi Pohl, at naomi.pohl@theMU.org.

Political fund notice: Every member of the Union has a right to be exempt from contributing to the Union's Political Fund or, for those members joining on or after 1 March 2018, the right to withdraw their opt-in to the Political Fund. A form of exemption notice can be obtained by or on behalf of any member either by application at, or by post or email from, the head office of the Union or from the Certification Office for Trade Unions and Employers' Associations