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FORM AR21

Trade Union and Labour Relations (Consolidation) Act 1992

ANNUAL RETURN FOR A TRADE UNION

Name of Trade Union:	Prospect
Year ended:	31 December 2012
List no:	771T
Head or Main Office:	New Prospect House 8 Leake Street London SE1 7NN
Website address (if available)	www.prospect.org.uk
Has the address changed during the year to which the return relates?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
General Secretary:	Mike Clancy
Telephone Number:	02079026600
Contact name for queries regarding	Maria McLaughlin
Telephone Number:	02079026675
E-mail:	Maria.mclaughlin@prospect.org.uk

(Click the appropriate box)



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: 020 7210 3734

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

For Unions based in England and Wales:
Certification Office for Trade Unions and Employers' Associations
22nd Floor, Euston Tower, 286 Euston Road, London NW1 3JJ

For Unions based in Scotland:
Certification Office for Trade Unions and Employers' Associations
Melrose House, 69a George Street, Edinburgh EH2 2JG

(Revised February 2011)

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	85,567	1,349	20	2,229	89,165
FEMALE	27,176	357	3	1,916	29,452
TOTAL	112,743	1,706	23	4,145	A 118,617

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

716

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

108,219

OFFICERS IN POST

(see note 12)

Please attach as an annexe to this form a complete list of all officers in post at the end of the year to which this form relates, with the title of each persons office.

RETURN OF CHANGE OF OFFICERS

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

Title of Office	Name of Officer ceasing to hold office	Name of Officer Appointed	Date
President	Nigel Titchen	Alan Grey	May 2012
Vice President	Alan Grey	Denise McGuire	May 2012
Deputy Vice President	Denise McGuire	Craig Marshall	May 2012
General Secretary	Paul Noon	Mike Clancy	Jan 2013

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:

PRESIDENTIAL TEAM

1 January-24 May 2012

President
N Titchen

Vice-President
A Grey

Deputy Vice-Presidents
C Marshall
D McGuire

24 May-31 December 2012

President
A Grey

Vice-President
D McGuire

Deputy Vice-President
C Marshall

OFFICERS

General Secretary
P Noon

Deputy General Secretary
M Clancy

Deputy General Secretary
D Hudd

Deputy General Secretary
L Manasson

Resource Director
D Pelly

TRUSTEES

1 January-31 December 2012

J Longworth (chair)

R Humphreys

P Kemball

GENERAL FUND

(see notes 13 to 18)

	£'000	£'000
INCOME		
From Members: Contributions and Subscriptions		16,685
From Members: Other income from members (specify)		
 Total other income from members		
Total of all income from members		16,685
Investment income (as at page 12)		1,301
Other Income		
Income from Federations and other bodies (as at page 4)		
Income from any other sources (as at page 4)	192	
Total of other income (as at page 4)		192
		TOTAL INCOME
		18,178
EXPENDITURE		
Benefits to members (as at page 5)		1,091
Administrative expenses (as at page 10)		15,746
Federation and other bodies (specify) see attached	502	
Donations	15	
Net Movement in Pension Scheme	6,444	
Total expenditure Federation and other bodies		6,961
Taxation		
		TOTAL EXPENDITURE
		23,798
		Surplus (deficit) for year
		(5,620)
		Amount of general fund at beginning of year
		28,900
		Transfer of Engagements (Aspect) 1/2/12
		52
		Amount of general fund at end of year
		23,332

AFFILIATION AND MEMBERSHIP FEES	£
Aircraft Engineers International (AEI)	4,450
Confederation of Shipbuilding and Engineering Unions (CSEU)	1,950
European Federation of Public Service Unions (EPSU)	17,032
European Transport Federation (ETF)	2,847
Fairpension	1,000
General Federation of Trade Unions	18,178
IFATSEA	1,500
International Transport Workers Federation	7,003
Irish Congress of Trade Unions	6,871
National Pensioners Convention	1,500
Public Services International PSI	42,517
Scottish TUC	15,110
Trade Union Congress	325,972
Uni Europa	8,957
UK Flight Safety Commission	1,200
Union Network International	38,957
Work Foundation	1,800
Other affiliation and membership fees under £1,000 (24)	5,521
	502,365

ANALYSIS OF INCOME FROM FEDERATION AND OTHER BODIES AND OTHER INCOME

(see notes 19 and 20)

DESCRIPTION	£'000	£'000
Federation and other bodies		
TOTAL FEDERATION AND OTHER BODIES		
Other income		
Membership Services Income	62	
Journal Income	49	
Sundry Income	8	
Net VAT Refund	43	
Credit Card Royalties	30	
TOTAL OTHER INCOME		192
TOTAL OF ALL OTHER INCOME		192

ANALYSIS OF BENEFIT EXPENDITURE SHOWN AT GENERAL FUND

(see notes 21 to 23)

	£'000		£'000
Representation – Employment Related Issues	181	brought forward	871
		Education and Training services	218
Representation – Non Employment Related Issues Journal/Annual Report	604	Negotiated Discount Services	
Communications		Salary Costs	
Advisory Services		Other Benefits and Grants (specify) Careers Counselling	2
Dispute Benefits			
Other Cash Payments Death Benefit	86		
carried forward	871	Total (should agree with figure in General Fund)	1,091

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

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

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

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

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

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

(see notes 26 to 31)

POLITICAL FUND ACCOUNT 1		To be completed by trade unions which maintain their own fund	
		£	£'000
Income	Members contributions and levies		94
	Other income (specify) Investment Income (as page 12)		
	Transfer Political Fund (Aspect) 1/2/12	4	
	Total other income as specified		4
	Total income		98
Expenditure	Expenditure under section 82 of the Trade Union and Labour Relations (Consolidation) Act 1992 (specify)		
	Administration expenses in connection with political objects (specify)		38
	Non-political expenditure		
	Total expenditure		38
	Surplus (deficit) for year		(60)
	Amount of political fund at beginning of year		609
	Amount of political fund at the end of year (as Balance Sheet)		669
	Number of members at end of year contributing to the political fund		91,019
	Number of members at end of the year not contributing to the political fund		27,598
	Number of members at end of year who have completed an exemption notice and do not therefore contribute to the political fund		4,370

POLITICAL FUND ACCOUNT 2		To be completed by trade unions which act as components of a central trade union	
		£	£
Income	Contributions and levies collected from members on behalf of central political fund		
	Funds received back from central political fund		
	Other income (specify)		
	Total other income as specified		
	Total income		
Expenditure	Expenditure under section 82 of the Trade Union and Labour Relations (Consolidation) Act 1992 (specify)		
	Administration expenses in connection with political objects (specify)		
	Non-political expenditure		
	Total expenditure		
	Surplus (deficit) for year		
	Amount held on behalf of trade union political fund at beginning of year		
	Amount remitted to central political fund		
	Amount held on behalf of central political fund at end of year		
	Number of members at end of year contributing to the political fund		
	Number of members at end of the year not contributing to the political fund		
Number of members at end of year who have completed an exemption notice and do not therefore contribute to the political fund			

ANALYSIS OF ADMINISTRATIVE EXPENSES AND OTHER OUTGOINGS EXCLUDING AMOUNTS CHARGED TO POLITICAL FUND ACCOUNTS

(see notes 32 and 33)

		£'000
Administrative Expenses		
Remuneration and expenses of staff		11,639
Salaries and Wages included in above	£7,718,417	
Auditors' fees		48
Legal and Professional fees		26
Occupancy costs		967
Stationery, printing, postage, telephone, etc.		683
Expenses of Executive Committee (Head Office)		38
Expenses of conferences		399
Other administrative expenses (specify)		
NEC & Other Committee/Local Democratic Organisations	1,186	
Research/Editorial publishing – Publications	148	
Ballots/Recruitment/Other Admin	154	1,488
Other Outgoings		
Interest payable:		
Bank loans (including overdrafts)		
Mortgages		
Other loans		
Depreciation		458
Taxation		
Outgoings on land and buildings (specify)		
Other outgoings (specify)		
	Total	15,746
Charged to:	General Fund (Page 3)	15,746
	Fund (Account)	
	Fund (Account)	
	Fund (Account)	
	Fund (Account)	
	Total	15,746

ANALYSIS OF OFFICIALS SALARIES AND BENEFITS

(see notes 34 to 44 below)

Office held	Gross Salary £	Employers N.I. contributions £	Pension Contribution s £	Benefits		Total £
				Description	Value £	
General Secretary	107,026	12,550	19,725	Car	3,429	231,585
			88,855	Loss of Office (Pension Augmentation)		
NO OFFICER OF THE NEC IS	PAID ANY	ALLCE,	RECEIVES	ANY SALARY OR	BENEFIT	FROM
PROSPECT						

ANALYSIS OF INVESTMENT INCOME

(see notes 45 and 46)

	Political Fund £		Other Fund(s) £'000
Rent from land and buildings			235
Dividends (gross) from:			
Equities (e.g. shares)			372
Interest (gross) from:			
Government securities (Gilts)			
Mortgages			
Local Authority Bonds			
Bank and Building Societies			
Other investment income (specify)			
Money Market			12
Profit on sale of investments including £28K charges			334
Provision on investments			348
		Total investment income	1,301
Credited to:			
		General Fund (Page 3)	
		Fund (Account)	
		Fund (Account)	
		Fund (Account)	
		Fund (Account)	
		Fund (Account)	
		Political Fund	
		Total Investment Income	

BALANCE SHEET as at 31 December 2012

(see notes 47 to 50)

Previous Year		£'000	£'000
15,885	Fixed Assets (at page 14)		15,726
	Investments (as per analysis on page 15)		
9,081	Quoted (Market value £ 18,833,000)	15,363	
6,273	Unquoted (£1,362,000)	1,362	
15,354	Total Investments		16,725
	Other Assets		
	Loans to other trade unions		
1,856	Sundry debtors		1,665
1,231	Cash at bank and in hand		1,391
	Income tax to be recovered		
	Stocks of goods		
	Others (specify)		
	Total of other assets		3,056
34,326	TOTAL ASSETS		35,507
28,900	General Fund (Account)		23,332
	Fund (Account)		
	Fund (Account)		
	Superannuation Fund (Account)		
609	Political Fund (Account)		669
	Revaluation Reserve		
	LIABILITIES		
	Amount held on behalf of central trade union political fund		
	Loans: From other trade unions		
	Loans: Other		
	Bank overdraft		
	Tax payable		
838	Sundry creditors		1,083
	Accrued expenses		
	Provisions		
3,979	Other liabilities – Pension Scheme		10,423
34,326	TOTAL LIABILITIES		35,507
	TOTAL ASSETS		

FIXED ASSETS ACCOUNT

(see notes 51 to 55)

	Land and Buildings		Furniture and Equipment £'000	Motor Vehicles £'000	Not used for union business £	Total £'000
	Freehold £'000	Leasehold £'000				
Cost or Valuation						
At start of year	16,485		1,286	688		18,459
Transfer (Aspect)			27			27
Additions			87	254		341
Disposals			(66)	(210)		(276)
Revaluation/Transfer s						
At end of year	16,485		1,334	732		18,551
Accumulated Depreciation						
At start of year	1,238		971	365		2,574
Charges for year	247		149	49		445
Disposals	-		(67)	(127)		(194)
Revaluation/Transfer s						
At end of year	1,485		1,053	287		2,825
Net book value at end of year	15,000		281	445		15,726
Net book value at end of previous year	15,247		315	323		15,885

ANALYSIS OF INVESTMENTS

(see notes 56 and 57)

QUOTED	All Funds Except Political Funds £'000	Political Fund £
Equities (e.g. Shares)	6,350	
Government Securities (Gilts)		
Other quoted securities (to be specified)		
Unit Trusts	9,013	
TOTAL QUOTED (as Balance Sheet)	15,363	
Market Value of Quoted Investment	18,833	
UNQUOTED		
Equities		
Government Securities (Gilts)		
Mortgages		
Bank and Building Societies		
Bank including Money Market	1,242	
Other unquoted investments (to be specified)		
Unquoted Shares	120	
TOTAL UNQUOTED (as Balance Sheet)	1,362	
Market Value of Unquoted Investments	1,362	

ANALYSIS OF INVESTMENT INCOME (CONTROLLING INTERESTS)

(see notes 58 and 59)

Does the union, or any constituent part of the union, have a controlling interest in any limited company?		YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
If YES name the relevant companies:			
COMPANY NAME	COMPANY REGISTRATION NUMBER (if not registered in England & Wales, state where registered)		
Prospect Members' Services Ltd (dormant)	4284384		
Prospect Custodian Trustees Ltd	3836445		
Are the shares which are controlled by the union registered in the names of the union's trustees?		YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
If NO, state the names of the persons in whom the shares controlled by the union are registered.			
COMPANY NAME	NAMES OF SHAREHOLDERS		

SUMMARY SHEET

(see notes 60 to 71)

	All funds except Political Funds £'000	Political Funds £'000	Total Funds £'000
INCOME			
From Members	16,685	94	16,779
From Investments	1,301	-	1,301
Other Income (including increases by revaluation of assets)	192	4	196
Total Income	18,178	98	18,276
EXPENDITURE (including decreases by revaluation of			
Total Expenditure	23,746	38	23,784
Funds at beginning of year (including reserves)	28,900	609	29,509
Funds at end of year (including reserves)	23,332	669	24,001
ASSETS			
	Fixed Assets		15,726
	Investment Assets		16,725
	Other Assets		3,056
		Total Assets	35,507
LIABILITIES		Total Liabilities	11,506
NET ASSETS (Total Assets less Total Liabilities)			24,001

NOTES TO THE ACCOUNTS

(see notes 72 and 73)

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

SEE ATTACHED

PROSPECT NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2012

1 COMMITTEES AND CONFERENCES			
National committees	166	113	
National and sector conferences	399	126	
	<u>565</u>	<u>239</u>	
2 LOCAL DEMOCRATIC ORGANISATION AND EDUCATION			
Professional, departmental and other groups	154	120	
Branches and sections	904	979	
Education and training	218	217	
	<u>1,276</u>	<u>1,316</u>	
3 EMPLOYMENT COSTS			
Staff salary costs	9,630	8,929	
Additional pension contributions	1,155	1,320	
Travel, subsistence and mobile phones	639	658	
Other staffing costs	278	377	
	<u>11,702</u>	<u>11,284</u>	
4 PROPERTY COSTS			
Rent, rates and service charges	523	484	
Light and heat	94	57	
Decoration, repairs and maintenance	126	126	
Cleaning and security	155	162	
Property depreciation	247	247	
Insurance and health and safety	69	69	
	<u>1,214</u>	<u>1,145</u>	
5 ADMINISTRATION & OTHER SUPPLIES			
Equipment maintenance and repairs	80	70	
Printing, stationery and postage	285	355	
Telephone	79	78	
Computer services	302	245	
Other office services	86	83	
Bank charges and collection of subscriptions	9	12	
Research, publications and subscriptions	43	38	
Editorial publishing and publicity	106	100	
Legal, professional and audit fees	73	69	
	<u>1,063</u>	<u>1,050</u>	
6 BENEFITS TO MEMBERS			
Affiliations and donations	517	504	
Members' benefits	931	1,083	
Recruitment and organisation	86	66	
	<u>1,534</u>	<u>1,653</u>	
7 OTHER INCOME			
Membership services/net VAT recovered	135	157	
Net journal income	50	29	
Other income	8	63	
	<u>193</u>	<u>249</u>	

PROSPECT NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2012

8 TANGIBLE FIXED ASSETS					
COST					
At 1 January 2012	16,485	1,286	688	18,459	
Transfer (Aspect)	—	27	—	27	
Additions	—	87	254	341	
Disposals	—	(66)	(210)	(276)	
At 31 December 2012	16,485	1,334	732	18,551	
DEPRECIATION					
At 1 January 2012	1,238	971	365	2,574	
Charge for the year	247	149	49	445	
Disposals	—	(67)	(127)	(194)	
At 31 December 2012	1,485	1,053	287	2,825	
Net book value	15,000	281	445	15,726	
At 31 December 2011	15,247	315	323	15,885	
9 INVESTMENTS					
Cost					
At 1 January 2012	15,814			15,814	
Additions	8,324			8,324	
Transfer (Aspect)	129			129	
Disposals	(2,519)			(2,519)	
Net movement in cash deposits	(4,911)			(4,911)	
At 31 December 2012	16,837			16,837	
Provision for diminution in value					
At 1 January 2011	460			460	
Decrease in provision	(348)			(348)	
At 31 December 2011	112			112	
Net book value	16,725			16,725	
At 31 December 2012	15,354			15,354	
At 31 December 2011					
	2012	2012	Market value	2012	Market value
	£'000	£'000	£'000	£'000	£'000
	Net book value	Cost	value	Cost	value
	£'000	£'000	£'000	£'000	£'000
Quoted equities and gilts	6,350	6,450	9,080	9,080	
Unit trusts	9,013	9,025	9,753	9,753	
Bank deposits	1,242	1,242	1,242	1,242	
Unquoted shares	120	120	120	120	
	16,725	16,837	20,195	20,195	

**PROSPECT NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2012**

10 GENERAL FUND

	2012 £'000	2011 £'000
Balance at 1 January	28,900	32,741
Surplus for the year	824	339
FRS17 movement	276	1,540
Actuarial loss	(6,720)	(5,720)
Transfer of engagements (Aspect)	52	—
Balance at 31 December	23,332	28,900
Represented by: Prospect general fund	33,755	32,979
Pension scheme deficit	(10,423)	(3,979)
	23,332	28,900

11 NET CASH INFLOW FROM OPERATING ACTIVITIES

	2012 £'000	2011 £'000
Surplus for the year:		
General Fund	824	339
Political Fund	56	(43)
Investment income	(356)	(358)
Rent receivable	(235)	(249)
Depreciation	445	505
(Decrease)/Increase in provision on investments	(348)	150
Loss on disposal of fixed assets	13	13
Profit on disposal of investments	(361)	(29)
Movements in:		
Sundry debtors and prepayments	234	104
Sundry creditors and accrued expenses	71	(335)
Net cash inflow from operating activities	343	97
	23,332	28,900
INCREASE IN CASH		
Cash at bank	At 1 January 2012 £'000 1,231	At 31 December 2012 £'000 1,391
	Cashflow £'000 1,160	Cashflow £'000 1,391

13 CONTINGENT LIABILITIES

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

14 TRANSFER OF ENGAGEMENTS (Aspect)

This arose from the merger by transfer of engagements of Aspect to Prospect on 1 February 2012.

**PROSPECT NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2012**

15 STAFF PENSION SCHEMES

The union currently operates two defined benefit pension schemes (Prospect and Connect) for its employees and officials. The assets for both 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 Financial Reporting Standard 17 (Retirement Benefits). The accounting date to which these disclosures relate is 31 December 2012.

The Prospect Pension Scheme (PPS) employs a building block approach in determining the long-term rate of return on pension plan assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed long-term rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Scheme at 31 December 2012.

The Connect Pension Scheme (CPS) assets are all invested in a policy of insurance, ie 100% 'Other'. The expected return on assets is obtained by considering the expected return on risk-free investments (primarily government bonds), the historic level of the risk premium associated with other asset classes and the expectations for future returns of assets with the policy at the valuation date.

The last full actuarial valuation of the pension schemes was carried out using the projected unit method on 1 July 2011 for the Connect Scheme (showed an actuarial deficit of £3,324,000) and 31 December 2011 for the Prospect Scheme (showed an actuarial deficit of £14,500,000). The next full valuation is scheduled for 30 June 2014 for the Connect Scheme and 31 December 2014 for the Prospect Scheme.

Regular employer contributions to the Prospect Scheme in 2013 are estimated to be £2.4M including deficit contributions and £413,000 to the Connect Scheme.

The pension charge for the year was as follows:

	PPS		CPS	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
	1,941	2,170	418	316

There were no contributions outstanding at the year end.

The main financial assumptions used were:

	PPS		CPS	
	2012 %	2011 %	2012 %	2011 %
Rate of increase in pensionable salaries	3.5	3.8	3.5	3.8
Rate of increase in pensions in payments	3.0	3.3	5.0	5.0
Discount rate for scheme liabilities	4.2	5.1	4.2	5.1
Rate of inflation	3.0	3.3	3.0	3.3

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 55 will live on average for a further 22.1 years (PPS) and 22.4 years (CPS) if they are male, and for a further 24.4 years (PPS) and 24.8 years (CPS) if they are female.

PROSPECT NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2012

15 STAFF PENSION SCHEMES (continued)

Net Assets of the scheme
The net pension assets recognised in the union's balance sheet as at 31 December 2012 is as follows:

	PPS		CPS	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Equities	23,004	20,300	—	—
Government bonds	1,278	32,500	—	—
Property	4,473	5,000	—	—
Gifts	31,950	—	—	—
Cash/Other	3,195	3,600	8,819	7,991
Total market value of assets	63,900	61,400	8,819	7,991
Present value of liabilities	(67,200)	(60,800)	(15,942)	(12,570)
Scheme surplus/(deficit)	(3,300)	600	(7,123)	(4,579)

The expected long term rate of return was:

	PPS		CPS	
	2012 %	2011 %	2012 %	2011 %
PPS	4.6	4.6	4.8	4.8
CPS				

Analysis of FRS17 movement:

	PPS		CPS	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Current service cost	(1,300)	(1,000)	(187)	(222)
Past service cost	—	—	—	—
Contributions	1,900	2,200	418	335
Return on scheme assets	2,800	3,500	390	461
Interest on scheme liabilities	(3,100)	(3,100)	(645)	(634)
Net finance cost	(300)	(400)	(255)	(173)
FRS17 movement	300	1,600	(24)	(60)
Actuarial loss	(4,200)	(4,100)	(2,520)	(1,620)
FRS17 asset/(liability) brought forward	(3,900)	(2,500)	(2,544)	(1,680)
FRS17 (liability)/asset carried forward	600	3,100	(4,579)	(2,899)
	(3,300)	600	(7,123)	(4,579)

PROSPECT NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2012

15 STAFF PENSION SCHEMES (continued)

Analysis of the amount that recognised on the statement of total recognised gains and losses:

	PPS		CPS	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Actual return less expected return on pension scheme assets	—	1,600	150	(655)
— As percentage of year end scheme assets	0%	2.67%	(1.74%)	(8.32%)
Experience gains and (losses) arising on the scheme liabilities	0	0	0	0
— As percentage of present value of year end scheme liabilities	(0%)	(0%)	(0%)	(0%)
Changes in assumptions underlying the present value of scheme liabilities	2,600	2,800	(2,670)	(955)
ACTUARIAL GAIN/(LOSS) RECOGNISED	2,600	4,400	(2,520)	(1,620)
As percentage of present value of year end scheme liabilities	3.86%	7.23%	(15.8%)	(12.89%)

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

	PPS		CPS	
	Year ended 31/12/12 £'000	Year ended 31/12/11 £'000	Year ended 31/12/12 £'000	Year ended 31/12/11 £'000
Opening defined benefit obligation	60,800	53,500	12,570	10,878
Current service cost	1,300	1,000	187	222
Interest cost	3,100	3,100	645	634
Contributions by scheme participants	400	300	88	89
Actuarial losses/(gains) on scheme liabilities	(2,600)	(2,800)	2,670	955
Net benefits paid out	4,200	5,700	(218)	(208)
Past service cost	—	—	0	0
Closing defined benefit obligation	67,200	60,800	15,942	12,570

Changes to the fair value of Scheme assets during the year

	PPS		CPS	
	Year ended 31/12/12 £'000	Year ended 31/12/11 £'000	Year ended 31/12/12 £'000	Year ended 31/12/11 £'000
Opening fair value of scheme assets	61,400	56,600	7,991	7,979
Expected return on scheme assets	2,800	3,500	390	461
Actuarial gains/(losses) on scheme assets	—	1,600	150	(665)
Contributions by the employer	1,900	2,200	418	335
Contributions by scheme participants	400	300	88	89
Net benefits paid out	(2,600)	(2,800)	(218)	(208)
Closing fair value of scheme assets	63,900	61,400	8,819	7,991

PROSPECT NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2012

15 STAFF PENSION SCHEMES (continued)

History of experience gains and losses

	Year ended 31/12/12 £'000	Year ended 31/12/11 £'000	Year ended 31/12/10 £'000	Year ended 31/12/09 £'000	Year ended 31/12/08 £'000
Experience Gains/(losses) on					
Scheme assets – PPS	–	1,600	2,900	2,800	(8,200)
– CPS	150	(665)	(32)	720	(1,932)
Experience Gains/(losses)					
Scheme liabilities – PPS	–	–	1,600	(2,800)	(100)
– CPS	213	423	175	51	(91)

16 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2012, Prospect had annual commitments under non-cancellable operating leases/hire agreements as follows:

	Land and buildings		Other	
	2012 £	2011 £	2012 £	2011 £
Expiry date:				
Within one year	11,533	7,862	–	–
Between one and two years	27,248	–	65,351	65,495
Between two and five years	62,112	93,603	47,352	–
More than five years	–	7,290	6,432	–

INFORMATION TO BE PROVIDED TO MEMBERS UNDER THE TRADE UNION AND LABOUR RELATIONS (CONSOLIDATION) ACT 1992 (AMENDED)

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.

Name	Position	Details	Amount
P Noon	General secretary	Salary	£107,026
		Pension contributions	£19,725
		Taxable benefit (car)	£3,429
		Loss of office (pension augmentation)	£88,855

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.

ACCOUNTING POLICIES

(see notes 74 and 75)

See attached

SIGNATURES TO THE ANNUAL RETURN

(see notes 76 and 77)

including the accounts and balance sheet contained in the return.

Secretary's Signature: <u>Michael Clancy</u> Name: <u>MIKE CLANCY</u> Date: <u>30/5/13</u>	Chairman's Signature: <u>Alan Grey</u> (or other official whose position should be stated) Name: <u>ALAN GREY</u> Date: <u>30/5/13</u>
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CHECK LIST

(see notes 78 to 80)

(please tick as appropriate)

IS THE RETURN OF OFFICERS ATTACHED? (see Page 2 and Note 12)	YES	X	NO	<input type="checkbox"/>
HAS THE RETURN OF CHANGE OF OFFICERS BEEN COMPLETED? (see Page 2 and Note 12)	YES	X	NO	<input type="checkbox"/>
HAS THE RETURN BEEN SIGNED? (see Pages 19 and 21 and Notes 76 and 77)	YES	X	NO	<input type="checkbox"/>
HAS THE AUDITOR'S REPORT BEEN COMPLETED? (see Pages 20 and 21 and Notes 2 and 77)	YES	X	NO	<input type="checkbox"/>
IS A RULE BOOK ENCLOSED? (see Notes 8 and 78)	YES	X	NO	<input type="checkbox"/>
A MEMBER'S STATEMENT IS: (see Note 80)	ENCLOSE D	<input type="checkbox"/>	TO FOLLOW	X
HAS THE SUMMARY SHEET BEEN COMPLETED (see Page 17 and Notes 7 and 59)	YES	X	NO	<input type="checkbox"/>

PROSPECT ACCOUNTING POLICIES YEAR ENDED 31 DECEMBER 2012

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

Accounting convention

The accounts are prepared under the historical cost convention.

Subscriptions

Subscriptions are accounted for on an accruals basis.

Expenditure

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

Tangible fixed assets

Tangible fixed assets are stated at cost and depreciated as set out below.

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

Motor vehicles

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

Pension costs

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The net movements in the pension funds are transferred to the general fund and are made up of the following: the increase in the present value of the unions' defined benefit pension schemes expected to arise from employee service in the period; finance charges which include the expected return on the schemes' assets and the increase during the period in the present value of the schemes' liabilities arising from the passage of time and the actuarial gains and losses are recognised.

Corporation tax

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

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.

Investments

Investments are stated at cost less any provision for impairment.

Leases

Assets held under finance leases and hire purchase contracts are capitalised and depreciated over the shorter period of the lease and the estimated useful economic lives of the assets. 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. Operating lease rentals are charged to the income and expenditure account in equal instalments over the period of the lease.

AUDITOR'S REPORT

(see notes 81 to 86)

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

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

YES/~~NO~~

If "No" please explain below.

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

YES/~~NO~~

If "No" please explain below.

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

YES/~~NO~~


If "No" please explain below.

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

AUDITOR'S REPORT (continued)

SEE ATTACHED

Signature(s) of auditor or auditors:

H W Fisher & Co. 

Name(s):

H W FISHER & CO

Profession(s) or Calling(s):

CHARTERED ACCOUNTANTS

Address(es):

ACRES HOUSE
11-15 WILLIAM ROAD
WINDON NW1 3ER

Date:

7 June 2013

Contact name and telephone number:

SALISH D MEHTA
020 78388 7000

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

Report of the independent auditors to the members of Prospect

We have audited the financial statements of Prospect for the year ended 31 December 2012, set out on pages 29 to 40. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of the union's National Executive Committee and auditors

As explained more fully in the statement of responsibilities of the National Executive Committee, the union's National Executive Committee is responsible for the preparation of financial statements

which give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's ethical standards for auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Union's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Union's National Executive Committee; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial

statements give a true and fair view of the state of the Union's affairs as at 31 December 2012 and of its income and expenditure for the year then ended.

Matters on which we are required to report by exception

We are required by the Trade Union and Labour Relations (Consolidation) Act 1992 (Amended) to report to you by exception in respect of the following matters if, in our opinion:

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

We have nothing to report to you in respect of the above matters.

H W FISHER & COMPANY
Chartered Accountants
Statutory Auditor
Acre House, 11/15 William Road
London NW1 3ER
14 March 2013