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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 2013					
List no:	7711					
Head or Main Office:	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?	<table><tr><td>Yes</td><td><input type="checkbox"/></td><td>No</td><td><input checked="" type="checkbox"/></td><td>(Click the appropriate box)</td></tr></table>	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	(Click the appropriate box)
Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	(Click the appropriate box)		
General Secretary:	Mr M Clancy					
Telephone Number:	02079026600					
Contact name for queries regarding	Maria McLaughlin					
Telephone Number:	02079026675					
E-mail:	Maria.mclaughlin@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: 020 7210 3734

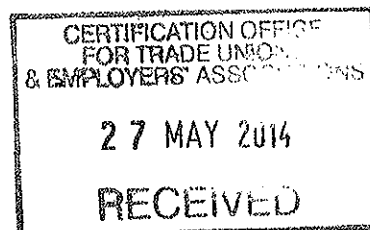
The address to which returns and other documents should be sent are:

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)

AFFILIATION AND MEMBERSHIP FEES

	£
Aircraft Engineers International (AEI)	4,639
Confederation of Shipbuilding & Engineering Unions (CSEU)	1,950
European Federation of Public Service Unions (EPSU)	17,746
European Transport Federation (ETF)	3,070
Fairpension	2,000
General Federation of Trade Unions	9,200
IFATSEA	1,500
International Transport Workers Federation	7,253
Irish Congress of Trade Unions	6,196
National Pensioners Convention	1,500
Public Services International PSI	43,617
RYL Aeronaut Soc Aff	1,070
Scottish TUC	12,686
Trade Union Congress	310,784
UNI Europa	9,640
UK Flight Safety Commission	1,200
UNI Global Union	39,900
Work Foundation	1,800
Other affiliation and membership fees under £1,000 (13)	2,278

478,029

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	82,704	1,337	15	2,498	86,554
FEMALE	26,659	375	4	2,044	29,082
TOTAL	109,363	1,712	19	4,542	A 115,636

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

916

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

114,028

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
General Secretary	Paul Noon	Mike Clancy	01/01/2013
			<hr/> PRESIDENTIAL TEAM <hr/> 1 January – 31 December 2013 <hr/> President A Grey <hr/> Vice-President D McGuire <hr/> Deputy Vice-President C Marshall

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

General Secretary
M Clancy

GENERAL FUND

(see notes 13 to 18)

	£	£
INCOME		
From Members: Contributions and Subscriptions		16,532
From Members: Other income from members (specify)		
Total other income from members		
Total of all income from members		16,532
Investment income (as at page 12)		1,088
Other Income		
Income from Federations and other bodies (as at page 4)		
Income from any other sources (as at page 4)	194	
Total of other income (as at page 4)		194
	TOTAL INCOME	17,814
EXPENDITURE		
Benefits to members (as at page 5)		964
Administrative expenses (as at page 10)		15,408
Federation and other bodies (specify) see attached	479	
Donations	12	
Net Movement in Pension Scheme	(1,868)	
Total expenditure Federation and other bodies		(1,377)
Taxation		
	TOTAL EXPENDITURE	14,995
Surplus (deficit) for year		2,819
Amount of general fund at beginning of year		23,332
Amount of general fund at end of year		26,151

ANALYSIS OF INCOME FROM FEDERATION AND OTHER BODIES AND OTHER INCOME

(see notes 19 and 20)

DESCRIPTION	£	£
Federation and other bodies		
TOTAL FEDERATION AND OTHER BODIES		
Other income		
Membership Services Income	75	
Journal Income	48	
Sundry Income	11	
Net VAT Refund	58	
Credit Card Royalties	2	
TOTAL OTHER INCOME		194
TOTAL OF ALL OTHER INCOME		194

ANALYSIS OF BENEFIT EXPENDITURE SHOWN AT GENERAL FUND

(see notes 21 to 23)

	£		£
Representation – Employment Related Issues	49	brought forward	730
		Education and Training services	234
Representation – Non Employment Related Issues Journal/Annual Report	602	Negotiated Discount Services	
Communications			
Advisory Services		Salary Costs	
Dispute Benefits		Other Benefits and Grants (specify)	
Other Cash Payments Death Benefit	79		
carried forward	730	Total (should agree with figure in General Fund)	964

(See notes 24 and 25)

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		

(See notes 24 and 25)

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

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

(See notes 24 and 25)

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

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

(see notes 26 to 31)

POLITICAL FUND ACCOUNT 1		To be completed by trade unions which maintain their own fund		
		£	£	
Income	Members contributions and levies		75	
	Investment income (as at page 12)			
	Other income (specify)			
		Total other income as specified		
		Total income	75	
Expenditure	Expenditure under section 82 of the Trade Union and Labour Relations (Consolidation) Act 1992 (specify)			
	Administration expenses in connection with political objects (specify)		140	
	Non-political expenditure			
			Total expenditure	140
			Surplus (deficit) for year	(65)
		Amount of political fund at beginning of year	669	
		Amount of political fund at the end of year (as Balance Sheet)	604	
		Number of members at end of year contributing to the political fund	102,597	
		Number of members at end of the year not contributing to the political fund	13,039	
Number of members at end of year who have completed an exemption notice and do not therefore contribute to the political fund			3,239	

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

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

(see notes 32 and 33)

		£
Administrative Expenses		
Remuneration and expenses of staff		11,827
Salaries and Wages included in above	£7,546,606	
Auditors' fees		45
Legal and Professional fees		77
Occupancy costs		952
Stationery, printing, postage, telephone, etc.		630
Expenses of Executive Committee (Head Office)		19
Expenses of conferences		91
Other administrative expenses (specify)		
NEC & Other Committee/Local Democratic Organisations	1,092	
Research/Editorial publishing – Publications	119	
Ballots/Recruitment/Other Admin	71	1,282
Other Outgoings		
Interest payable:		
Bank loans (including overdrafts)		
Mortgages		
Other loans		
Depreciation		485
Taxation		
Outgoings on land and buildings (specify)		
Other outgoings (specify)		
		15,408
Charged to:	General Fund (Page 3)	
	Fund (Account)	
	Fund (Account)	
	Fund (Account)	
	Fund (Account)	
Total		

ANALYSIS OF OFFICIALS SALARIES AND BENEFITS

(see notes 34 to 44 below)

Office held	Gross Salary £	Employers N.I. contributions £	Benefits			Total £
			Pension Contribution s £	Other Benefits		
				Description	Value £	
General Secretary	106,626	12,491	21,325	Car	2,638	143,080

ANALYSIS OF INVESTMENT INCOME

(see notes 45 and 46)

	Political Fund £		Other Fund(s) £
Rent from land and buildings			289
Dividends (gross) from:			
Equities (e.g. shares)			505
Interest (gross) from:			
Government securities (Gilts)			
Mortgages			
Local Authority Bonds			
Bank and Building Societies			
Other investment income (specify)			
Money Market			
Profit on sale of investments including £16K charges			303
Provision on investments			(9)
		Total investment income	1,088
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 2013

(see notes 47 to 50)

Previous Year		£	£
15,726	Fixed Assets (at page 14)		15,455
	Investments (as per analysis on page 15)		
15,363	Quoted (Market value £ 22,799)	17,129	
<u>1,362</u>	Unquoted	425	
16,725	Total Investments		17,554
	Other Assets		
	Loans to other trade unions		
1,665	Sundry debtors		1,608
1,391	Cash at bank and in hand		1,574
	Income tax to be recovered		
	Stocks of goods		
	Others (specify)		
	Total of other assets		3,182
<u>35,507</u>	TOTAL ASSETS		36,191
23,332	Fund (Account)		26,151
	Fund (Account)		
	Fund (Account)		
	Superannuation Fund (Account)		
669	Political Fund (Account)		604
	Revaluation Reserve		
	LIABILITIES		
	Amount held on behalf of central trade union political fund		
	Loans: From other trade unions		
	Loans: Other		
	Bank overdraft		
	Tax payable		
1,083	Sundry creditors		881
	Accrued expenses		
	Provisions		
<u>10,423</u>	Other liabilities – Pension Scheme		8,555
35,507	TOTAL LIABILITIES		36,191
	TOTAL ASSETS		

FIXED ASSETS ACCOUNT

(see notes 51 to 55)

	Land and Buildings		Furniture and Equipment £	Motor Vehicles £	Not used for union business £	Total £
	Freehold	Leasehold				
Cost or Valuation						
At start of year	16,485		1,334	732		18,551
Additions			107	140		247
Disposals			(344)	(79)		(423)
Revaluation/Transfer s						
At end of year	16,485		1,097	793		18,375
Accumulated Depreciation						
At start of year	1,485		1,053	287		2,825
Charges for year	247		128	106		481
Disposals			(344)	(42)		(386)
Revaluation/Transfer s						
At end of year	1,732		837	351		2,920
Net book value at end of year						
	14,753		260	442		15,455
Net book value at end of previous year						
	15,000		281	445		15,726

ANALYSIS OF INVESTMENTS

(see notes 56 and 57)

QUOTED	All Funds Except Political Funds £	Political Fund £
Equities (e.g. Shares)	3,430	
Government Securities (Gilts)		
Other quoted securities (to be specified)		
Unit Trusts	13,699	
TOTAL QUOTED (as Balance Sheet)	17,129	
Market Value of Quoted Investment	22,799	
UNQUOTED		
Equities		
Government Securities (Gilts)		
Mortgages		
Bank and Building Societies		
Bank including Money Market	305	
Other unquoted investments (to be specified)		
Unquoted Shares	120	
TOTAL UNQUOTED (as Balance Sheet)	425	
Market Value of Unquoted Investments	425	

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 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	16,532	75	16,607
From Investments	1,088	-	1,088
Other Income (including increases by revaluation of assets)	194	-	194
Total Income	17,814	75	17,889
EXPENDITURE (including decreases by revaluation of			
Total Expenditure	14,995	140	15,135
Funds at beginning of year (including reserves)	23,332	669	24,001
Funds at end of year (including reserves)	26,151	604	26,755
ASSETS			
Fixed Assets			15,455
Investment Assets			17,554
Other Assets			3,182
		Total Assets	36,191
LIABILITIES			
		Total Liabilities	9,436
NET ASSETS (Total Assets less Total Liabilities)			26,755

PROSPECT NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2013

8 TANGIBLE FIXED ASSETS	Land and Buildings £'000	Office Equipment £'000	Motor Vehicles £'000	Total £'000
COST				
At 1 January 2013	16,485	1,334	732	18,551
Additions	—	107	140	247
Disposals	—	(344)	(79)	(423)
At 31 December 2013	16,485	1,097	793	18,375
Depreciation				
At 1 January 2013	1,485	1,053	287	2,825
Charge for the year	247	128	106	481
Disposals	—	(344)	(42)	(386)
At 31 December 2013	1,732	837	351	2,920
Net book value				
At 31 December 2013	14,753	260	442	15,455
At 31 December 2012	15,000	281	445	15,726

9 INVESTMENTS

Cost	2013 £'000
At 1 January 2013	16,837
Additions	3,887
Disposals	(2,171)
Net movement in cash deposits	(928)
At 31 December 2013	17,675
Provision for diminution in value	
At 1 January 2013	112
Increase in provision	9
At 31 December 2013	121

Net book value

2013	Cost value £'000	Market value £'000
Quoted equities and gilts	3,430	3,935
Unit trusts	13,699	18,864
Bank deposits	305	305
Unquoted shares	120	120
	17,554	23,224

PROSPECT NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2013

	2013 £'000	2012 £'000
1 COMMITTEES AND CONFERENCES		
National committees	126	166
National and sector conferences	90	399
	216	565
2 LOCAL DEMOCRATIC ORGANISATION AND EDUCATION		
Professional, departmental and other groups	143	154
Branches and sections	841	904
Education and training	235	218
	1,219	1,276
3 EMPLOYMENT COSTS		
Staff salary costs	9,477	9,650
Additional pension contributions	1,494	1,155
Travel, subsistence and mobile phones	650	639
Other staffing costs	315	278
	11,936	11,702
4 PROPERTY COSTS		
Rent, rates and service charges	526	523
Light and heat	97	94
Decoration, repairs and maintenance	112	126
Cleaning and security	152	155
Property depreciation	247	247
Insurance and health and safety	65	69
	1,199	1,214
5 ADMINISTRATION & OTHER SUPPLIES		
Equipment maintenance and repairs	61	80
Printing, stationery and postage	239	285
Telephone	83	79
Computer services	286	302
Other office services	90	86
Bank charges and collection of subscriptions	13	9
Research, publications and subscriptions	44	43
Editorial publishing and publicity	74	106
Legal, professional and audit fees	123	73
	1,013	1,063
6 BENEFITS TO MEMBERS		
Affiliations and donations	491	517
Members' benefits	737	931
Recruitment and organisation	51	86
	1,279	1,534
7 OTHER INCOME		
Membership services/net VAT recovered	135	135
Net Journal income	48	50
Other income	11	8
	194	193

**PROSPECT NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2013**

10 GENERAL FUND

	2013	2012
	£'000	£'000
Balance at 1 January	23,332	28,900
Surplus for the year	951	824
FRS17 movement	789	276
Actuarial gain/ (loss)	1,079	(6,720)
Transfer of engagements (Aspect)	—	52
Balance at 31 December	<u>26,151</u>	<u>23,332</u>
	26,151	23,332
Represented by: Prospect general fund	34,706	33,755
Pension scheme deficit	<u>(8,555)</u>	<u>(10,423)</u>
	<u>26,151</u>	<u>23,332</u>
	26,151	23,332

11 NET CASH INFLOW FROM OPERATING ACTIVITIES

	2013	2012
	£'000	£'000
Surplus for the year:		
General fund	951	824
Political fund	(65)	56
Investment income	(489)	(356)
Rent receivable	(289)	(235)
Depreciation	481	445
Increase/(decrease) in provision on investments	9	(348)
Loss on disposal of fixed assets	3	13
Profit on disposal of investments	(318)	(361)
Movements in:		
Sundry debtors and prepayments	57	234
Sundry creditors and accrued expenses	(202)	71
Net cash inflow from operating activities	<u>138</u>	<u>343</u>
	138	343

12 INCREASE IN CASH

	At 1 January 2013	At 31 December 2013
	£'000	£'000
Cash at bank	1,391	1,574
	<u>183</u>	<u>1,574</u>
	1,391	1,574

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.

**PROSPECT NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2013**

14 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 2013.

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 2013.

The Connect Pension Scheme (CPS) assets are all invested in unit-linked policies. 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 each asset class. The expected return for each asset class was then weighted based on the underlying distribution of assets at 31 December 2013.

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 1 July 2014 for the Connect scheme and 31 December 2014 for the Prospect scheme.

Regular employer contributions to the Prospect scheme in 2014 are estimated to be £2.1m including deficit contributions and £21,000 to the Connect scheme.

The pension charge for the year was as follows:

	PPS		CPS	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
	2,400	1,941	494	418

There were no contributions outstanding at the year end.

The main financial assumptions used were:

	PPS		CPS	
	2013	2012	2013	2012
	%	%	%	%
Rate of increase in pensionable salaries	4.1	3.5	4.2	3.5
Rate of increase in pensions in payments	3.6	3.0	5.0	5.0
Discount rate for scheme liabilities	4.6	4.2	4.6	4.2
Rate of inflation	3.6	3.0	3.7	3.0

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 (PPS) and 22.3 years (CPS) if they are male, and for a further 24.4 years (PPS) AND 24.6 years (CPS) if they are female.

PROSPECT NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2013

PROSPECT NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2013

14 STAFF PENSION SCHEMES (continued)

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

	PPS		CPS	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Actual return less expected return on pension scheme assets	2,700	—	280	150
— As percentage of year end scheme assets	3.87%	0%	2.85%	(1.7%)
Experience gains and (losses) arising on the scheme liabilities	0	1,500	(7)	(213)
— As percentage of present value of year end scheme liabilities	0%	2.23%	(0.04%)	(1.34%)
Changes in assumptions underlying the present value of scheme liabilities	2,600	(5,700)	692	(2,457)
ACTUARIAL GAIN/(LOSS) RECOGNISED	5,300	(4,200)	979	(2,520)
As percentage of present value of year end scheme liabilities	0.14%	(6.25%)	6.12%	(15.8%)

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

	PPS		CPS	
	Year ended 31/12/13	Year ended 31/12/12	Year ended 31/12/13	Year ended 31/12/12
	£'000	£'000	£'000	£'000
Opening defined benefit obligation	67,200	60,800	15,942	12,570
Current service cost	1,600	1,300	265	187
Interest cost	2,800	3,100	671	645
Contributions by scheme participants	400	400	83	88
Actuarial (gains)/losses on scheme liabilities	(2,600)	(2,600)	(699)	2,670
Net benefits paid out	2,600	4,200	(285)	(218)
Past service cost	100	0	0	0
Closing defined benefit obligation	72,100	67,200	15,977	15,942

Changes to the fair value of scheme assets during the year

	PPS		CPS	
	Year ended 31/12/13	Year ended 31/12/12	Year ended 31/12/13	Year ended 31/12/12
	£'000	£'000	£'000	£'000
Opening fair value of scheme assets	63,900	61,400	8,819	7,991
Expected return on scheme assets	2,900	2,800	431	390
Actuarial gains/(losses) on scheme assets	2,700	—	280	150
Contributions by the employer	2,400	1,900	494	418
Contributions by scheme participants	400	400	83	88
Net benefits paid out	(2,600)	(2,600)	(285)	(218)
Closing fair value of scheme assets	69,700	63,900	9,822	8,819

14 STAFF PENSION SCHEMES (continued)

Net liabilities of the scheme
The net pension assets recognised in the union's balance sheet as at 31 December 2013 is as follows:

	PPS		CPS	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Equities	28,557	23,004	5,893	—
Government bonds	1,394	1,278	982	—
Property	4,182	4,473	982	—
Gifts	33,456	31,950	1,965	—
Cash/Other	2,091	3,195	—	8,819
Total market value of assets	69,700	63,900	9,822	8,819
Present value of liabilities	(72,100)	(67,200)	(15,977)	(15,942)
Scheme surplus/(deficit)	(2,400)	(3,300)	(6,155)	(7,123)

The expected long term rate of return was:

	PPS		CPS	
	2013	2012	2013	2012
	%	%	%	%
	5.6	4.6	5.5	4.8

Analysis of FRS17 movement:

	PPS		CPS	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Current service cost	(1,600)	(1,300)	(265)	(187)
Past service cost	(100)	—	—	—
Contributions	2,400	1,900	494	418
Return on scheme assets	2,900	431	—	—
Interest on scheme liabilities	(2,800)	(671)	—	—
Net finance cost	100	(300)	(240)	(255)
FRS17 movement	800	300	(11)	(24)
Actuarial gain/(loss)	100	(4,200)	979	(2,520)
FRS17 (liability)/asset brought forward	900	(3,900)	968	(2,544)
FRS17 (liability) carried forward	(2,400)	(3,300)	(6,155)	(7,123)

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.

A large, empty rectangular box with a black border, intended for the taxpayer to enter their notes to the accounts. The box occupies most of the page below the instructions.

PROSPECT ACCOUNTING POLICIES YEAR ENDED 31 DECEMBER 2013

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 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 values of the union's 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.

ACCOUNTING POLICIES

(see notes 74 and 75)

SIGNATURES TO THE ANNUAL RETURN

(see notes 76 and 77)

including the accounts and balance sheet contained in the return.

Secretary's Signature: <u>Mike Clancy</u> Name: <u>MIKE CLANCY</u> Date: <u>28TH APRIL 2014</u>	Chairman's Signature: <u>Alan K Grey</u> (or other official whose position should be stated) Name: <u>ALAN GREY</u> Date: <u>28TH APRIL 2014</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)	ENCLOSED	<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"/>

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)

ATTACHED

AUDITOR'S REPORT (continued)

Report of the independent auditors to the members of Prospect

We have audited the financial statements of Prospect for the year ended 31 December 2013, set out on pages 3 to 17. 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 above, 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 2013 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
Dated: 27 February 2014

Signature(s) of auditor or auditors:

H W FISHER & COMPANY

Name(s):

H W FISHER & COMPANY

Profession(s) or Calling(s):

CHARTERED ACCOUNTANTS

Address(es):

ACRE HOUSE
11-15 WILLIAM ROAD
LONDON NW1 3ER

Date:

9 MAY 2014

Contact name and telephone number:

SAILESH P MENNA
020 7388 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.