

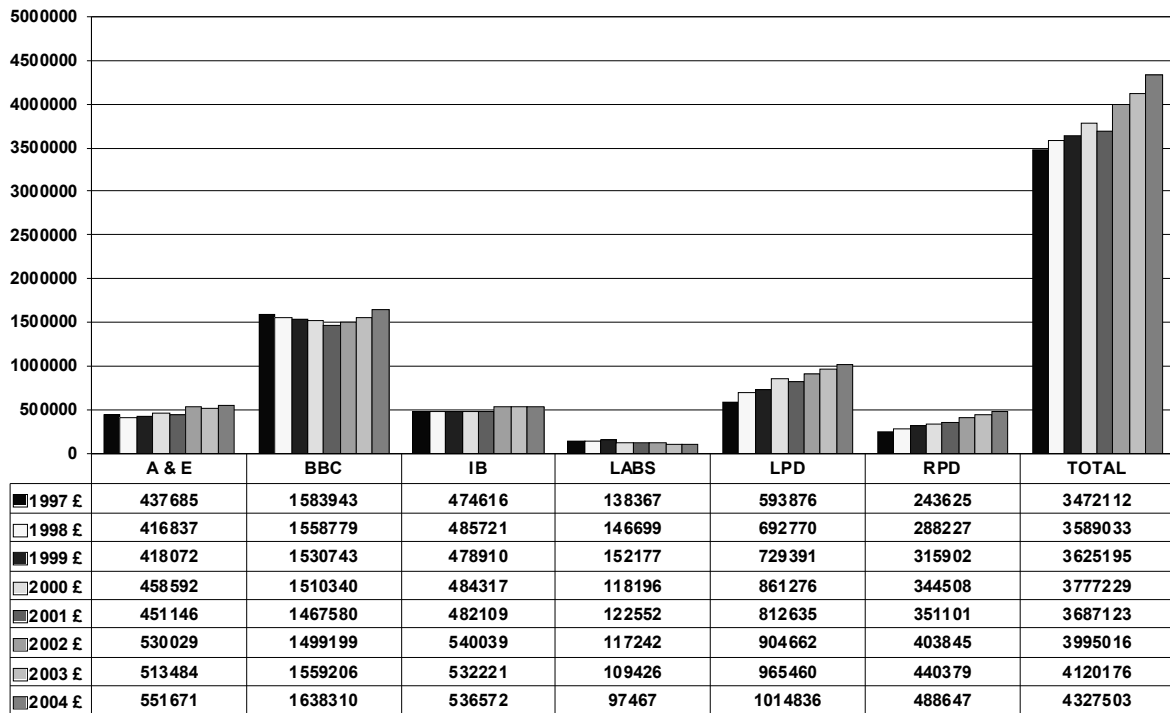
BECTU ANNUAL CONFERENCE 2005

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2004

- 1 In the year ended 31 December 2004 the union has recorded a general fund deficit of £216,378. The deficit at the end of the previous year was £177,844.
- 2 The financial year 2004 showed an operating surplus of £70,230, prior to bank and interest charges on the mortgage of £229,018 and depreciation costs of £57,591. As note 14 to the audited accounts states, a contract for the sale of 111 Wardour Street for £3,200,000 was exchanged on 9 March 2005 for completion within one month. The 2005 accounts will therefore show a marked decrease in bank and interest charges as the mortgage will have been settled.
- 3 The total general fund income generated in 2004 was £4,346,898 as against £4,148,427 in 2003, an increase of 4.8%. Total general fund expenditure increased from £4,326,271 to £4,563,276, or 5.5%.
- 4 The union's income is derived almost entirely from members' subscriptions. In 2004 this totalled £4,327,503 as against £4,120,177 in 2004, an increase of 5% and £27,503 above budget forecast. The breakdown of membership subscription income by division for the years 1997 to 2004 is shown in the graph below.
- 5 General fund expenditure excluding bank charges and depreciation stayed in line with budget forecasts, with some movement between accounts. For example, regional telephone costs are now included in communication costs and not in organising, to take full advantage of discounts on offer. There were also unbudgeted costs for 111 Wardour Street – utilities, window cleaning and building insurance.
- 6 The income and expenditure account for 2004 is detailed in the audited accounts and explanatory notes on the following pages.

BECTU MEMBERSHIP INCOME 1997 to 2004



FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

Statement of the National Executive Committee's responsibilities

Trade Union law requires the National Executive Committee to prepare financial statements for each financial year which give a true and fair view of the state of the union's affairs and of the surplus or deficit of the union for that year. In preparing those financial statements the National Executive Committee is required to:-

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the union will continue to operate.

The National Executive Committee is also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the union and to enable them to ensure that the financial statements comply with the Trade Union and Labour Relations (Consolidation) Act 1992. It must also establish and maintain a satisfactory system of control over its accounting records its cash holdings and all its receipts and remittances.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BROADCASTING ENTERTAINMENT CINEMATOGRAPH AND THEATRE UNION

We have audited the financial statements of the Broadcasting Entertainment Cinematograph and Theatre Union for the year ended 31 December 2004 which comprise the General Fund, Political Fund and Death Benefit Fund Income and Expenditure Accounts, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of quoted investments and the accounting policies set out therein.

This report is made solely to the members of the union in accordance with the Trade Union and Labour Relations (Consolidation) Act 1992. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the union and the members as a body for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of the National Executive Committee and Auditors

The National Executive Committee's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of the National Executive Committee's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Trade Union and Labour Relations (Consolidation) Act 1992. We also report to you if, in our opinion, the Financial Report for the year ended 31 December 2004 contained in the Agenda for the 2005 Conference is not consistent with the financial statements, if the union has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Agenda for the 2005 Conference and consider whether it is consistent with the audited financial statements. This other information comprises only the National Executive Committee's report to the 2005 Conference. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the National Executive Committee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the union's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the union's affairs as at 31 December 2004 and of its deficit for the year then ended and have been properly prepared in accordance with the Trade Union and Labour Relations (Consolidation) Act 1992.

23/28 Great Russell Street
London WC1B 3NG

HARD DOWDY
Registered auditors
14 March 2005

**GENERAL FUND
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED
31 DECEMBER 2004**

	Note	2004	2003
		£	£
INCOME			
Subscriptions	1b	4,327,503	4,120,177
Other income	2	<u>19,395</u>	<u>28,250</u>
		<u><u>4,346,898</u></u>	<u><u>4,148,427</u></u>
EXPENDITURE			
Administration			
Salaries and national insurance		1,994,173	1,787,887
Staff pension and insurance costs	3	392,227	365,045
Office occupancy		269,453	247,941
Communications		146,469	128,609
Printing and stationery		98,290	114,366
Organising	4	720,423	754,435
Annual conference		118,616	82,906
Trade Union education		27,623	8,938
Journal		109,164	123,556
Legal and professional		168,734	245,686
Audit		19,680	18,218
Bank charges and interest paid		249,638	199,147
Carried forward		4,314,490	4,076,734

**GENERAL FUND
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED
31 DECEMBER 2004**

	Note	2004	2003
		£	£
Brought forward		4,314,490	4,076,734
EXPENDITURE			
Miscellaneous			
Affiliation fees	5	99,041	89,226
Grants and donations		5,295	3,333
Ballot expenses		16,450	176
Property repairs		16,238	26,246
Depreciation	1c, 9	57,591	76,499
		194,615	195,480
Transfers to other funds			
Death benefit fund	6	14,350	14,350
Political fund		39,821	39,707
		54,171	54,057
		<u>4,563,276</u>	<u>4,326,271</u>
(DEFICIT) FOR THE YEAR	8	<u>(216,378)</u>	<u>(177,844)</u>

**POLITICAL FUND
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED
31 DECEMBER 2004**

	Note	2004 £	2003 £
INCOME			
Transfer from general fund		39,821	39,707
Donations		<u>2,343</u>	<u>2,642</u>
		<u>42,164</u>	<u>42,349</u>
EXPENDITURE			
Affiliations	7	32,624	30,103
The Labour Party Affiliation Campaign		-	27,020
Delegates' expenses		3,297	1,774
Parliamentary grants and donations		300	150
Ballot expenses		4,114	-
Administration		<u>369</u>	<u>61</u>
		<u>40,704</u>	<u>59,108</u>
SURPLUS (DEFICIT) FOR THE YEAR	8	<u>1,460</u>	<u>(16,759)</u>

**DEATH BENEFIT FUND
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED
31 DECEMBER 2004**

	Note	2004 £	2003 £
INCOME			
Transfer from general fund	6	<u>14,350</u>	<u>14,350</u>
EXPENDITURE			
Death grants		<u>14,350</u>	<u>14,350</u>
RESULT FOR THE YEAR	8	<u>-</u>	<u>-</u>

BALANCE SHEET AT 31 DECEMBER 2004

	Note	2004 £	2003 £
FIXED ASSETS	1c, 9		
Freehold properties		4,888,425	4,739,195
Computer equipment, furniture and fittings		74,848	91,245
INVESTMENTS	10		
Quoted at market value		1,230	1,162
Unquoted		5,000	5,000
CURRENT ASSETS			
Debtors and prepaid expenditure		221,058	273,213
Staff loans		19,624	24,617
Deposits with solicitors		73,099	73,136
Cash at bank and in hand		142,534	184,581
		<u>456,315</u>	<u>555,547</u>
CURRENT LIABILITIES			
Bank overdraft		-	-
Bank loan		-	-
Creditors and accruals		724,509	675,990
		<u>724,509</u>	<u>675,990</u>
NET CURRENT (LIABILITIES)		<u>(268,194)</u>	<u>(120,443)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,701,309	4,716,159
Amounts falling due after more than one year	11	<u>(3,650,000)</u>	<u>(3,450,000)</u>
TOTAL ASSETS		<u><u>1,051,309</u></u>	<u><u>1,266,159</u></u>
FINANCED BY			
Accumulated funds	8	1,051,079	1,265,997
Investment revaluation reserve		<u>230</u>	<u>162</u>
		<u><u>1,051,309</u></u>	<u><u>1,266,159</u></u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004

1 ACCOUNTING POLICIES

a Basis of Accounts

The accounts have been prepared under the historical cost basis of accounting as modified by the revaluation of quoted investments and in accordance with applicable Accounting Standards.

b Subscriptions

Subscriptions are shown in the accounts on the basis of those amounts collected from members in respect of the year under review.

c Depreciation

No depreciation is provided on freehold property.

Depreciation is provided on furniture and fittings at 20% per annum on cost and on computer equipment at 33% per annum on cost in order to write these assets off over their estimated useful life. Assets which were fully depreciated at 1 January 2004 have been eliminated from these accounts.

	2004	2003
	£	£
2 OTHER INCOME		
Rent receivable	-	3,275
Investment income	3,383	2,671
Miscellaneous	<u>16,012</u>	<u>22,304</u>
	<u>19,395</u>	<u>28,250</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004

3 PENSION SCHEME CONTRIBUTIONS

The union operates a defined benefit scheme in the United Kingdom. A full actuarial valuation was carried out at 1 November 2001 and updated to 31 December 2003 by a qualified independent actuary. Contributions during the year were £382,197 (2003: £356,935). This represented 28.4% of pensionable pay (2003: 28.4%). The trustees have agreed with the employer that this rate will remain in force subject to future actuarial reviews. The major assumptions used by the actuary at 31 December 2004 were: rate of increase in salary 4.4% (2003: 4.25%), rate of increase in fixed pensions in payment 4.13% (2003: 4%), discount rate 5.3% (2003: 5.5%), and inflation 2.9% (2003: 2.75%).

The assets in the scheme and the long term rate of return expected were:

		2004		2003
		£		£
Equities	7.0%	4,435,865	7.5%	3,842,000
Bonds	5.3%	2,258,210		-
Fixed interest gilts	4.5%	1,130,132	5.5%	2,910,000
Cash and other current assets	4.0%	<u>46,356</u>	4%	<u>32,000</u>
Total market value of assets		7,870,563		6,784,000
Present value of scheme liabilities		<u>(13,713,000)</u>		<u>(9,807,000)</u>
(Deficit) in the scheme		<u><u>(5,842,437)</u></u>		<u><u>(3,023,000)</u></u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004

	2004	2003
	£	£
3 PENSION SCHEME CONTRIBUTIONS		
(continued)		
Total Operating Charge		
Current service cost	(369,952)	(276,000)
Past service cost	-	-
Settlements	-	-
Curtailments	-	-
	(369,952)	(276,000)
Contributions Invested	384,425	360,000
Finance Income		
Expected return on pension scheme assets at 1 January 2004	419,120	393,000
Expected increase in scheme liabilities in year	548,101	484,000
	(128,981)	(91,000)
Actuarial (Loss) Gain		
Difference between actual and expected investment returns (4.2% [2003: 7.2%] of scheme assets)	331,710	490,000
Difference between actual and expected changes in liabilities (5.8% [2003: 0.8%] of scheme liabilities)	(796,639)	(87,000)
Change in actuarial assumptions (16.3% [2003: 3.2%] of scheme liabilities)	(2,240,000)	(319,000)
	<u>(2,704,929)</u>	<u>84,000</u>
(Increase) decrease in deficit in year	<u>(2,819,437)</u>	<u>77,000</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004

	2004	2003
	£	£
4 ORGANISING		
Members' public liability insurance	45,727	20,792
Head office and general organising	102,524	126,695
Divisional and other organising	457,519	483,498
Regional offices	69,417	67,717
NEC and committees	30,152	39,362
Miscellaneous committees	<u>15,084</u>	<u>16,371</u>
	<u><u>720,423</u></u>	<u><u>754,435</u></u>
 5 AFFILIATION FEES		
Trades Union Congress	53,432	48,624
General Federation of Trade Unions	6,750	9,000
Media Entertainment International	31,408	26,684
Federation of Entertainment Unions	2,500	2,500
Scottish Trades Union Congress	2,018	1,769
Irish Congress of Trade Unions	846	649
Various	<u>2,087</u>	<u>-</u>
	<u><u>99,041</u></u>	<u><u>89,226</u></u>
 6 DEATH BENEFIT FUND		

In accordance with rules 5(s) and 22 the Death Benefit Fund is maintained at a sum equivalent to twice the highest total annual amount of death benefit claims paid in any of the five years immediately preceding by an allocation from (or to) the General Fund of the union.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004

	2004	2003
	£	£
7 POLITICAL FUND AFFILIATION FEES		
Labour Party	21,200	19,700
Labour Research Department	912	490
British Screen Advisory Council	4,430	4,415
British Copyright Council	883	845
Skillset	1,000	1,250
Various	4,199	3,403
	<u>32,624</u>	<u>30,103</u>

8 ACCUMULATED FUNDS	Total	General Fund	Death Benefit	Political Fund
	£	£	£	£
Balance at 1 January 2004	1,265,997	1,230,629	34,300	1,068
(Deficit) surplus result for the year	(214,918)	(216,378)	-	1,460
	<u>1,051,079</u>	<u>1,014,251</u>	<u>34,300</u>	<u>2,528</u>

	2004	2003
	£	£
9 FIXED ASSETS		
Freehold Properties		
373/377 Clapham Road London SW9	2,839,996	2,839,996
111 Wardour Street London W1	2,048,429	1,899,199
	<u>4,888,425</u>	<u>4,739,195</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004

9 FIXED ASSETS

Computer Equipment, Furniture and Fittings

	Computer Equipment	Furniture and Fittings	Total
	£	£	£
Cost at 1 January 2004	140,069	149,047	289,116
Additions	36,719	4,475	41,194
Disposals	(82,020)	(23,505)	(105,525)
	<u>94,768</u>	<u>130,017</u>	<u>224,785</u>
Depreciation at 1 January 2004	114,227	83,644	197,871
Disposals	(82,020)	(23,505)	(105,525)
Charged in year	31,589	26,002	57,591
	<u>63,796</u>	<u>86,141</u>	<u>149,937</u>
Net Book Value at:			
31 December 2004	<u>30,972</u>	<u>43,876</u>	<u>74,848</u>
31 December 2003	<u>25,842</u>	<u>65,403</u>	<u>91,245</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004

10 INVESTMENTS

	Cost	Market value
	£	£
Quoted		
British Government Stock	1,000	1,230
	<hr/> <hr/>	<hr/> <hr/>
Unquoted		
Equities	5,000	
	<hr/> <hr/>	
	2004	2003
	£	£

11 AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Bank loan	3,650,000	3,450,000
	<hr/> <hr/>	<hr/> <hr/>

12 TAXATION

The union is not liable to taxation on income from its members. Taxation is payable to the extent that investment income and chargeable gains exceed allowable provident benefits.

13 There are no outstanding capital commitments at 31 December 2004 (2003: refurbishment of 111 Wardour Street, London W1 of £10,786).

14 A contract for the sale of 111 Wardour Street, London W1 for £3,200,000 was exchanged on 9 March 2005 for completion within one month.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2004

	2004	2003
	£	£
RECONCILIATION OF OPERATING RESULTS TO NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES		
Total (deficit) for year	(214,918)	(194,603)
Depreciation	57,591	76,499
Decrease in debtors and prepayments	57,185	43,019
Increase in creditors and accruals	<u>48,519</u>	<u>54,281</u>
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	<u><u>(51,623)</u></u>	<u><u>(20,804)</u></u>
 CASH FLOW STATEMENT		
Net cash (outflow) from operating activities	(51,623)	(20,804)
Purchases of fixed assets	(190,424)	(638,108)
Bank loan	<u>200,000</u>	<u>857,874</u>
	<u><u>(42,047)</u></u>	<u><u>198,962</u></u>
 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN CASH		
(Decrease) increase in cash in the year	(42,047)	198,962
Net cash at 1 January 2004	<u>184,581</u>	<u>(14,381)</u>
NET CASH AT 31 DECEMBER 2004	<u><u>142,534</u></u>	<u><u>184,581</u></u>