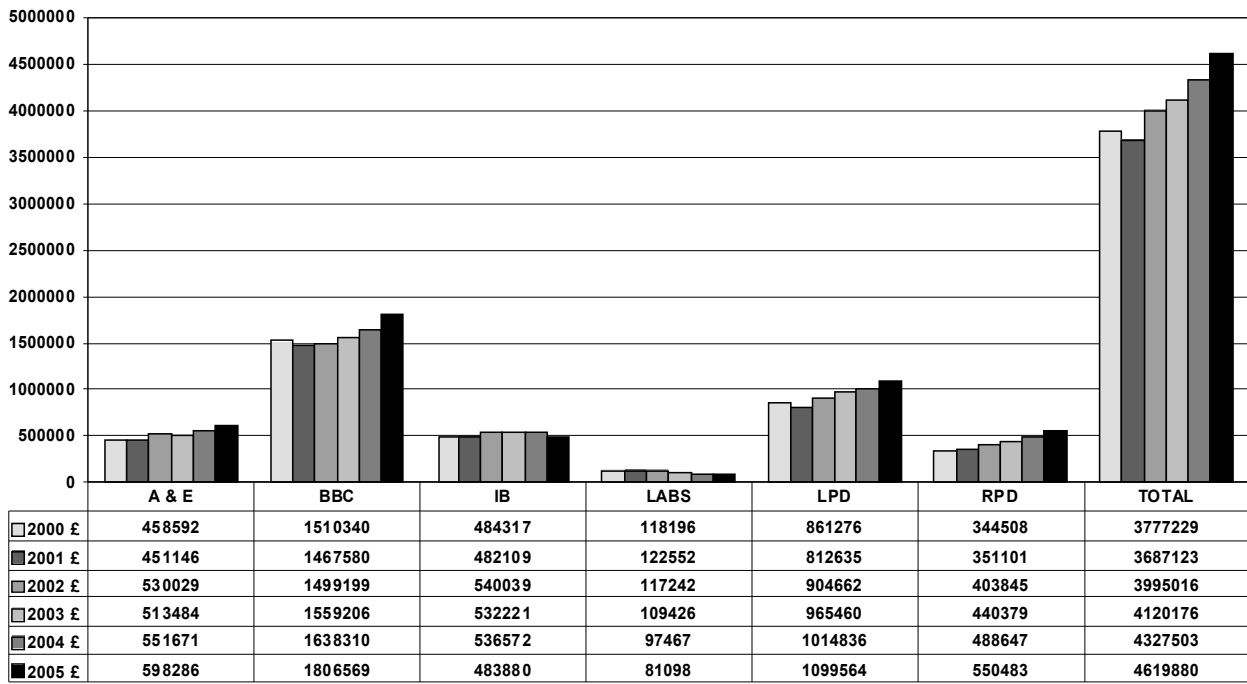


ANNUAL CONFERENCE 2006

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

- 1 For the year ended 31 December 2005 the audited accounts will look different to everyone, as (Financial Reporting Standard) FRS17 on pensions is now fully integrated into them, whereas it was previously a note to the accounts. This is an extremely complex area, which we will not attempt to explain in this report, but we will gladly take questions from conference concerning this subject.
- 2 The 111 Wardour Street property was sold in 2005 for £3.2 million. The funds were used to settle the loan with Unity Trust Bank. The union currently has one loan outstanding of £279,203.
- 3 In focusing on the general fund we need to look at expenditure against budget for 2005. To do this we need to exclude one-off items in the accounts such as the FRS17 other employer pension costs of £333,767, profit on sale of Wardour Street, loan repayments and charges.
- 4 The total general fund income generated for 2005 was £4,634,273, approximately 0.3% under budget forecast. Of this amount membership subscriptions were £4,619,881 for 2005 as against £4,327,503 in 2004, an increase of £292,378 or approximately 0.2% below budget forecast.
- 5 Total general fund expenditure for the year was £4,227,327 excluding depreciation and loan repayments, an impressive 6.5% below budget. The majority of savings against budget were made against overhead expenditure and not on organising or membership services.
- 6 The breakdown of membership subscription income by division for the years 2000 to 2005 is shown in the graph on the next page.
- 7 The income and expenditure account is detailed in the audited accounts and explanatory notes on the following pages.

BECTU MEMBERSHIP INCOME 2000 to 2005



FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

Statement of the National Executive Committee's responsibilities

Trade Union law requires the National Executive Committee to prepare the Annual Report and the financial statements in accordance with applicable law and relevant United Kingdom Generally Accepted Accounting Practice for each financial year which give a true and fair view of the state of affairs of the union and of the surplus or deficit of the union for that period. 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 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 and must also establish and maintain a satisfactory system of control over its accounting records, its cash holdings and all its receipts and remittances.

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 2005 which comprise the Balance Sheet, the General Fund, Political Fund and Death Benefit Fund, Income and Expenditure Accounts, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses 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 union's members, as a body, 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 union's 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 union's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the National Executive Committee and Auditors

The National Executive Committee's responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and relevant United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 2005 contained in the Agenda for the 2006 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 2006 Conference and consider whether it is consistent with the audited financial statements. 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 International Standards on Auditing (UK and Ireland) 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, in accordance with relevant United Kingdom Generally Accepted Accounting Practice, of the state of the union's affairs as at 31 December 2005 and of its results 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

15 March 2006

BROADCASTING ENTERTAINMENT CINEMATOGRAPH AND THEATRE UNION

GENERAL FUND INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	2005	2004
		£	£
INCOME			
Subscriptions	1b	4,619,881	4,327,503
Grant	1d	3,994	-
Other income	2	281,429	19,395
		4,905,304	4,346,898
EXPENDITURE			
Administration			
Salaries and national insurance		1,951,344	1,994,173

Staff pension and insurance costs	3	793,361	506,735
Office occupancy		250,437	269,453
Communications		163,691	146,469
Printing and stationery		103,244	98,290
Organising	4	636,311	720,423
Annual conference		128,027	118,616
Trade Union education		33,940	27,623
Journal		105,815	109,164
Legal and professional		204,712	168,734
Audit		20,889	19,680
Bank charges and interest paid		121,181	249,638
Carried forward		4,512,952	4,428,998

**BROADCASTING ENTERTAINMENT CINEMATOGRAPH AND THEATRE UNION
GENERAL FUND**

**INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED
31 DECEMBER 2005**

	Note	2005	2004
		£	£
Brought forward		4,512,952	4,428,998
EXPENDITURE			
Miscellaneous			
Affiliation fees	5	98,816	99,041
Grants and donations		11,519	5,295
Ballot expenses		-	16,450
Property repairs		16,684	16,238
Depreciation	1c, 9	58,484	57,591
		185,503	194,615
Transfers to other funds			
Death benefit fund	6	4,900	14,350
Political fund		41,414	39,821
		46,314	54,171
		<u>4,744,769</u>	<u>4,677,784</u>
SURPLUS (DEFICIT) FOR THE YEAR		160,535	(330,886)
PENSION SCHEME ACTUARIAL LOSS	3	(1,006,259)	(2,704,929)
		(845,724)	(3,035,815)
EXCEPTIONAL ITEMS			
Surplus on sale of 111 Wardour Street		1,079,239	-
Surplus on sale of land at 373/377 Clapham Road		547,833	-
SURPLUS (DEFICIT) AFTER EXCEPTIONAL ITEMS	8	<u>781,348</u>	<u>(3,035,815)</u>

BROADCASTING ENTERTAINMENT CINEMATOGRAPH AND THEATRE UNION

POLITICAL FUND INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	2005	2004
		£	£
INCOME			
Transfer from general fund		41,414	39,821
Donations		2,130	2,343
		<u>43,544</u>	<u>42,164</u>
EXPENDITURE			
Affiliations	7	29,567	32,624
Delegates' expenses		1,884	3,297
Parliamentary grants and donations		1,095	300
Ballot expenses		-	4,114
Administration		608	369
		<u>33,154</u>	<u>40,704</u>
SURPLUS FOR THE YEAR	8	<u>10,390</u>	<u>1,460</u>

DEATH BENEFIT FUND INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	2005	2004
		£	£
INCOME			
Transfer from general fund	6	4,900	14,350
EXPENDITURE			
Death grants		10,500	14,350
(DEFICIT) RESULT FOR THE YEAR	8	<u>(5,600)</u>	<u>-</u>

BROADCASTING ENTERTAINMENT CINEMATOGRAPH AND THEATRE UNION

BALANCE SHEET AT 31 DECEMBER 2005

	Note	2005 £	2004 £
FIXED ASSETS	1c, 9		
Freehold properties		2,789,996	4,888,425
Computer equipment, furniture and fittings		82,033	74,848
INVESTMENTS	10		
Quoted at market value		1,260	1,230
Unquoted		5,000	5,000
CURRENT ASSETS			
Debtors and prepaid expenditure		229,948	221,058
Staff loans		22,468	19,624
Deposits with solicitors		72,939	73,099
Cash at bank and in hand		775,578	142,534
		1,100,933	456,315
CURRENT LIABILITIES			
Bank loan		52,392	-
Creditors and accruals		522,515	724,509
		574,907	724,509
NET CURRENT ASSETS (LIABILITIES)		526,026	(268,194)
TOTAL ASSETS LESS CURRENT LIABILITIES		3,404,315	4,701,309
Amounts falling due after more than one year	11	(226,812)	(3,650,000)
TOTAL ASSETS		3,177,503	1,051,309
PENSION SCHEME LIABILITY		(7,182,463)	(5,842,437)
		(4,004,960)	(4,791,128)
FINANCED BY			
Accumulated funds	8	(4,005,220)	(4,791,358)
Investment revaluation reserve		260	230
		(4,004,960)	(4,791,128)

BROADCASTING ENTERTAINMENT CINEMATOGRAPH AND THEATRE UNION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005

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 2005 have been eliminated from these accounts.

d Government grants are amortised over the useful economic life of the assets purchased.

2005

2004

£

£

2 OTHER INCOME

Investment income

12,292

3,383

Miscellaneous

269,137

16,012

281,429

19,395

BROADCASTING ENTERTAINMENT CINEMATOGRAPH AND THEATRE UNION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005

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 2004 and updated to 31 December 2005 by a qualified independent actuary.

The major assumptions used by the actuary

	At 31.12.2005	At 31.12.2004	At 31.12.2003
Rate of increase in salaries	4.4%	4.4%	4.25%
Rate of increase of pensions in payment	2.2% to 4.13%	2.2% to 4.13%	2.75% to 4%
Discount rate	4.73%	5.3%	5.5%
Inflation assumption	2.9%	2.9%	2.75%

The assets in the scheme and the expected rate of return

	Long-term expected rate of return	Value at 31.12.2005	Long-term expected rate of return	Value at 31.12.2004	Long-term expected rate of return	Value at 31.12.2003
		£		£		£
Equities	6.7%	5,402,787	7.0%	4,435,865	7.5%	3,842,000
Bonds	4.7%	2,655,246	5.3%	2,258,210		-
Fixed interest gilts	4.1%	1,353,123	4.5%	1,130,132	5.5%	2,910,000
Cash	4.5%	96,381	4.0%	46,356	4.0%	32,000
Total market value of assets		<u>9,507,537</u>		<u>7,870,563</u>		<u>6,784,000</u>
Present value of scheme liabilities		<u>16,690,000</u>		<u>13,713,000</u>		<u>9,807,000</u>
Deficit in scheme being net pension liability		<u>(7,182,463)</u>		<u>(5,842,437)</u>		<u>(3,023,000)</u>

The union is only subject to corporation tax in line with note 13 and does not therefore account for deferred tax. As a consequence, there cannot be a deferred tax asset related to the above pension liability.

	2005	2004
	£	£
Analysis of amount charged to expenditure		
Current service cost	494,975	369,952
Past service cost	-	-
Curtailements	-	-
Total operating charge	<u>494,975</u>	<u>369,952</u>

BROADCASTING ENTERTAINMENT CINEMATOGRAPH AND THEATRE UNION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005

3 **PENSION SCHEME CONTRIBUTIONS (Continued)**

	2005	2004
	£	£
Analysis of amount included as income		
Expected return on pension scheme assets	491,313	419,120
Interest on pension scheme liabilities	(736,386)	(548,101)
Expenses	(51,509)	-
	(296,582)	(128,981)
Negative return	(296,582)	(128,981)
Analysis of actuarial amount recognised as loss		
Actual return less expected return on scheme assets	867,459	331,710
Experience gains and losses arising on scheme liabilities	22,282	(796,639)
Changes in assumptions underlying the present value of the scheme liabilities	(1,896,000)	(2,240,000)
	(1,006,259)	(2,704,929)
Actuarial loss recognised	(1,006,259)	(2,704,929)
Movement in deficit during the year		
Deficit in scheme at beginning of the year	(5,842,437)	(3,023,000)
Movement in the year:		
Charge to expenditure	(494,975)	(369,952)
Negative income return	(296,582)	(128,981)
Actuarial loss	(1,006,259)	(2,704,929)
Contributions	457,790	384,425
	(7,182,463)	(5,842,437)
Deficit in scheme at end of the year	(7,182,463)	(5,842,437)

The full actuarial valuation at 1 November 2004 showed a deficit of £3,860,000. The trustees agreed with the employer that the union's rate of contribution would rise from 28.4% to 32% on 1 August 2005. Employee contributions were 7% throughout the year.

BROADCASTING ENTERTAINMENT CINEMATOGRAPH AND THEATRE UNION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005

3 PENSION SCHEME CONTRIBUTIONS (continued)

	2005	2004	2003
	£	£	£
History of experience gains and losses			
Difference between expected and actual return on assets	867,459	331,710	490,000
Percentage of scheme assets	9.1%	4.2%	7.0%
Experience gains and losses arising on scheme liabilities	22,282	(796,639)	(87,000)
Percentage of the present value of scheme liabilities	0.1%	5.8%	1.0%
Amount of recognised actuarial loss	(1,006,259)	(2,704,929)	80,000
Percentage of the present value of scheme liabilities	6.0%	19.7%	1.0%

Under FRS17 the operating costs of providing benefits, the service costs, and the interest cost and expected return on assets are included in the income and expenditure account in the period in which they arise. Market fluctuations are set out as recognised gains and losses. The cash flow required to meet any deficit relates to future pension contributions and in the long term this is expected to rise. However the amount of any deficit is subject to considerable variation as it depends on a number of both demographic and financial assumptions.

Provision of the expected benefit is, at least partly, based on the assumption that the liability can be funded in equities. There is an expectation that a higher return on equities, compared with that on less risky investments, eg AA corporate bonds, will make such promises affordable.

Relevant comparative figures have been restated in these accounts to reflect the effect of pension costs.

BROADCASTING ENTERTAINMENT CINEMATOGRAPH AND THEATRE UNION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005

	2005	2004
	£	£
4 ORGANISING		
Members' public liability insurance	-	45,727
Head office and general organising	73,277	102,524
Divisional and other organising	450,532	457,519
Regional offices	69,339	69,417
NEC and committees	25,096	30,152
Miscellaneous committees	18,067	15,084
	<hr/>	<hr/>
	636,311	720,423
	<hr/> <hr/>	<hr/> <hr/>
5 AFFILIATION FEES		
Trades Union Congress	55,295	53,432
General Federation of Trade Unions	3,000	6,750
Media Entertainment International	31,309	31,408
Federation of Entertainment Unions	2,500	2,500
Scottish Trades Union Congress	1,957	2,018
Irish Congress of Trade Unions	869	846
International Affiliation of English Speaking Directors Organisations	2,000	-
Various	1,886	2,087
	<hr/>	<hr/>
	98,816	99,041
	<hr/> <hr/>	<hr/> <hr/>

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.

BROADCASTING ENTERTAINMENT CINEMATOGRAPH AND THEATRE UNION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005

	2005	2004
	£	£
7 POLITICAL FUND AFFILIATION FEES		
Labour Party	21,199	21,200
Labour Research Department	-	912
British Screen Advisory Council	4,570	4,430
British Copyright Council	930	883
Skillset	-	1,000
Various	2,868	4,199
	<hr/>	<hr/>
	29,567	32,624
	<hr/>	<hr/>

8 ACCUMULATED FUNDS

	Total	General	Death	Political
	Fund	Fund	Benefit	Fund
	£	£	£	£
Balance at 1 January 2005	(4,791,358)	(4,828,186)	34,300	2,528
Surplus (deficit) for the year	786,138	781,348	(5,600)	10,390
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2005	(4,005,220)	(4,046,838)	28,700	12,918
	<hr/>	<hr/>	<hr/>	<hr/>

9 FIXED ASSETS

Freehold Properties	373/377	111	Total
	Clapham Road	Wardour Street	
	London SW9	London W1	
	£	£	£
Cost at 1 January 2005	2,839,996	2,048,429	4,888,425
Additions	-	3,757	3,757
Disposals	(50,000)	(2,052,186)	(2,102,186)
	<hr/>	<hr/>	<hr/>
	2,789,996	-	2,789,996
	<hr/>	<hr/>	<hr/>

BROADCASTING ENTERTAINMENT CINEMATOGRAPH AND THEATRE UNION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005

9 **FIXED ASSETS**

Computer Equipment, Furniture and Fittings

	Computer Equipment	Furniture and Fittings	Total
	£	£	£
Cost at 1 January 2005	94,768	130,017	224,785
Additions	37,820	27,849	65,669
Disposals	(38,572)	(22,145)	(60,717)
	<u>94,016</u>	<u>135,721</u>	<u>229,737</u>
Depreciation at 1 January 2005	63,796	86,141	149,937
Disposals	(38,572)	(22,145)	(60,717)
Charged in year	31,339	27,145	58,484
	<u>56,563</u>	<u>91,141</u>	<u>147,704</u>
Net Book Value at:			
31 December 2005	<u>37,453</u>	<u>44,580</u>	<u>82,033</u>
31 December 2004	<u>30,972</u>	<u>43,876</u>	<u>74,848</u>

During the year the union received a capital grant from the Union Learning Fund of £11,982 which has been used to purchase computer and IT equipment. In line with Statement of Standard Accounting Practice (SSAP) 4 the grant has been amortised to income over 3 years which is the useful economic life of the assets purchased.

BROADCASTING ENTERTAINMENT CINEMATOGRAPH AND THEATRE UNION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005

10 **INVESTMENTS**

	Cost	Market value
	£	£
Quoted		
British Government Stock	1,000	1,260
	<hr/>	<hr/>
Unquoted		
Equities	5,000	
	<hr/>	
	2005	2004
	£	£

11 **AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

Bank loan	226,812	3,650,000
	<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 2005 (2004: none).

BROADCASTING ENTERTAINMENT CINEMATOGRAPH AND THEATRE UNION
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

	2005	2004
	£	£
RECONCILIATION OF OPERATING RESULTS TO NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES		
Total surplus (deficit) for year	786,138	(3,034,355)
Depreciation	58,484	57,591
Surplus on sale of 111 Wardour Street	(1,079,239)	-
Surplus on sale of land at 373/377 Clapham Road	(547,833)	-
(Increase) Decrease in debtors and prepayments	(11,574)	57,185
(Decrease) Increase in creditors and accruals	(201,994)	48,519
Increase in pension liability	1,340,026	2,819,437
	344,008	(51,623)
	344,008	(51,623)
 CASH FLOW STATEMENT		
Net cash inflow (outflow) from operating activities	344,008	(51,623)
Purchases of fixed assets	(69,426)	(190,424)
Sales of fixed assets	3,729,258	-
Bank loan (repaid) advanced	(3,370,796)	200,000
	633,044	(42,047)
	633,044	(42,047)
 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN CASH		
Increase (decrease) in cash in the year	633,044	(42,047)
Net cash at 1 January 2005	142,534	184,581
	775,578	142,534
	775,578	142,534