



Annual Report and Financial Statements

For the year ended 31 December 2014

The Conservative and Unionist Central Office "The Conservative Central Office"

Annual Report and Financial Statements

For the year ended 31 December 2014

	Page
General Information	2
Chairman's Report	5
Treasurers' Financial Review	6
Statement of Responsibilities of the Board	7
Report of the Independent Auditors	8
Consolidated Income and Expenditure Account	9
Consolidated Balance Sheet	10
Consolidated Cash Flow Statement	11
Accounting Policies	12
Notes to the Financial Statements	14

The Conservative Central Office

General information

The Conservative Central Office is the Office of the Leader of the Conservative Party. The Board of the Conservative Central Office lays down policies for the activities of the Conservative Central Office.

The principal objectives of the Conservative Central Office are to represent the interests of the Conservative Party by winning elections, to support the Parliamentary Party, to assist the Constituency Associations, in campaigning and other activities, and to promote Party policy.

The operations and budgets of the Conservative Central Office are subject to the scrutiny of the Board of the Conservative Central Office, to whom this Annual Report and Financial Statements is addressed.

The Board is responsible for the administration of the Conservative Central Office and the authorisation of expenditure within agreed guidelines.

The Board of the Conservative Central Office as at 31 December 2014

(Served throughout the year ended 31 December 2014, unless otherwise stated)

Lord Feldman of Elstree*	Party Chairman
Grant Shapps MP	Party Chairman
Emma Pidding*	Deputy Chairman of the Board and Chairman of the National Conservative Convention
Charles Heslop	President of the National Conservative Convention (to March 2014)
Robert Semple OBE*	President of the National Conservative Convention (from April 2014)
	Vice President of the National Conservative Convention (to April 2014)
Richard Ashworth MEP	Leader of Conservatives in European Parliament
Syed Kamall MEP	Leader of Conservatives in European Parliament
Stephen Gilbert*	Party Leader's Appointment to the Board
Cllr Gary Porter*	Conservative Councillors Association
Cllr Jeff James	Chairman of the Welsh Conservative Party (to June 2014)
Jonathan Evans MP*	Chairman of the Welsh Conservative Party (from September 2014)
Richard Keen QC*	Chairman, Scottish Conservatives Party (from January 2014)
Simon Day*	Registered Treasurer
Tiz Baskerville*	Vice President of the National Conservative Convention (from April 2014)
Lord MacGregor of Pulham Market OBE*	Chairman of the Association of Conservative Peers
Lord Farmer of Bishopsgate*	Party Treasurer
Graham Brady MP*	Chairman of the 1922 Committee
Steve Bell*	Vice President of the National Conservative Convention
Gerry Yates*	Vice President of the National Conservative Convention
Brian Binley MP	MP on the Board of the Conservative Party
Priti Patel MP	MP on the Board of the Conservative Party (to October 2014)
James Wharton MP*	MP on the Board of the Conservative Party (from October 2014)
Charles Walker MP*	MP on the Board of the Conservative Party

* - denotes in office at the date of the Annual Report and Financial Statements

The Conservative Central Office

General information

Party Officers as at 31 December 2014

(Served throughout the year ended 31 December 2014, unless otherwise stated)

Grant Shapps MP	Party Chairman
Lord Feldman of Elstree*	Party Chairman
Sarah Newton MP	Deputy Chairman of the Conservative Party
Emma Pidding*	Deputy Chairman of the National Conservative Convention
Geoffrey Clifton-Brown MP	Vice Chairman - International
Alan Lewis CBE	Vice Chairman - Business
Alok Sharma MP	Vice Chairman - BME Communities
Richard Harrington MP	Vice Chairman - Target Seat Campaigning
Bob Neill MP	Vice Chairman - Local Government
Wendy Morton	Vice Chairman - Social Action
Rebecca Harris MP	Vice Chairman - Conservative Future

* - denotes in office at the date of the Annual Report and Financial Statements

Administrative Information

Committees

Conservative Agents' Benevolent Association
Conservative Agents' Superannuation Fund
C&UCO Properties Limited
Candidates
Conferences
Constitutional Review
Disciplinary
Ethics & Integrity
Finance & Audit
Membership

Current Chairmen

Chris Poole CBE
Brian Hanson CBE
Christopher Moran
Carlyn Chisholm
Robert Semple OBE
Appointed on an ad hoc basis
Simon Mort OBE
Appointed on an ad hoc basis
Charles Barwell OBE
Robert Semple OBE

The Conservative Central Office

General information

Conservative Campaign HQ Management

Position	Current Holder
Party Chairman	Lord Feldman of Elstree
Deputy Party Chairman	Robert Halfon MP
Deputy Party Chairman (Campaigning)	Stephen Gilbert
Party Treasurer	Lord Farmer of Bishopsgate
Chief Executive Officer & Registered Treasurer	Simon Day
Director of Communications	Amy Fisher
Director of Organisation	Alan Mabbutt OBE
Research Director	Andrew Goodfellow
Business Engagement Director	Kate Rock
Creative Director	Tom Edmonds
Digital Director	Craig Elder
Director of Campaigning	Darren Mott
Director of Outreach	Colin Bloom
Director of Voter Communication	Chris Scott
Chief Information Officer	Paul Bolton

Persons Registered with the Electoral Commission

(Currently serving, unless otherwise stated)

Leader	Rt Hon David Cameron MP
Nominating Officer	Alan Mabbutt OBE
Registered Treasurer	Simon Day

Elected Representatives

The list of Elected Members of Parliament is available on the website.

Accounting Units

At 31 December 2014 the Party had 685 (2013 - 685) accounting units registered with the Electoral Commission throughout the UK.

Central Office

4 Matthew Parker Street
London SW1H 9HQ

Website: www.conservatives.com

Auditors

BDO LLP

The Conservative Central Office Chairman's Report

I am delighted to report that, thanks to the hard work of our candidates, activists, and professional staff, we have secured a majority of MPs in the House of Commons. Under the brilliant leadership of David Cameron, we have won the first Conservative majority at a General Election in over two decades.


This result reflects the decision of the British public to give the Conservatives the chance to finish the job that we started five years ago.

During the last Parliament, we have:

- Cut the deficit in half as a share of the economy.
- Cut income tax for 26 million people – delivering a tax cut of £825 for over 26 million people and taken over 3 million people out of tax altogether.
- Created over two million new jobs.
- Delivered the best schools for young people, with a million more pupils being taught in good or outstanding schools.
- Delivered skills training for everyone – creating over 2.2 million new apprenticeships.

The last five years have been about repair and recovery – now our task is to renew our economy and society as one where those who work hard and do the right thing are able to get on.

Tribute must be given to the outstanding campaign run by CCHQ, directed by Lynton Crosby and Stephen Gilbert, and the incredible work of the rest of the team.



Lord Feldman of Elstree
Chairman of the Board

Date

29/6/15

The Conservative Central Office

Treasurers' Financial Review

In 2014 we recorded a surplus of £0.5 million, which reflects a strong performance in a busy election year with the Scottish Referendum, European elections, 5 Parliamentary by-elections, 1 PCC by-election, 5 Mayoral elections, a range of London and Metropolitan Borough elections and the start of the focus on the successful 2015 General Election campaign.

Donation income in 2014 amounted to £28.4 million, up £12.8 million on the previous year. This reflected the exceptional work of Treasurers' team and allowed us to fully support and fund the requests of the Campaign team within our cash reserves. The majority of our donations continue to come from individuals demonstrating the strong support that the Party has from the electorate. It is also pleasing to reflect on the continued growth of membership fees income which has continued strongly into 2015.

Our expenditure has grown significantly as you would expect in the year of the European elections, significant number of by-elections and the year before the General Election. However it continues to be tightly controlled and over 92% of the increase was our investment in front line campaigning.

Our balance sheet net liabilities continued to fall in 2014 from £5.9 million to £5.4 million at the year end. It is also pleasing to be able to report that for the first time since 1995 the Party does not have any outstanding external debt beyond Constituency Association loans, with all remaining external loans repaid during the year.

We successfully moved into new office premises at 4 Matthew Parker Street during the year and the investment in a modern professional working environment, including new IT servers and equipment, meant we had a smooth and well run office during the winning General Election campaign.

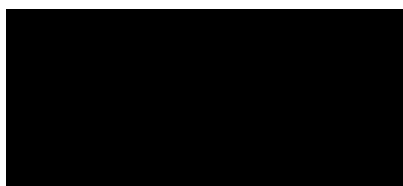
Financial oversight on behalf of the Party Board was exercised throughout the year by the Finance and Audit Committee under the Chairmanship of Charles Barwell OBE.

Our donors to the central party and to its constituency associations continue to give us their most generous support and we are grateful to every donor, whatever the size of donation, for their support.

Without the dedication and professionalism of all our staff, including the treasurers, finance, compliance and commercial teams, none of this would have been possible and they are due great credit, as are our colleagues on the Finance and Audit Committee.



Michael Farmer
Party Treasurer



Simon Day
Registered Treasurer

Date 29/6/15

The Conservative Central Office

Statement of Responsibilities of the Board

The Board of the Conservative Central Office are responsible for preparing the annual report and the financial statements in accordance with applicable law and the accounting guidance issued by the Electoral Commission.

The Board of the Conservative Central Office is required, by the Political Parties, Elections and Referendums Act 2000, to prepare financial statements for each financial period, which give a true and fair view in accordance with the accounting guidance issued by the Electoral Commission of the state of affairs of the Conservative Central Office and of its surplus or deficit for that period. In preparing those financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the applicable accounting guidance has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Conservative Central Office will continue in business.

The Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Conservative Central Office at that time and to enable the Board to ensure that the financial statements comply with the Act. The Board is also responsible for safeguarding the assets of the Conservative Central Office and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the Conservative Central Office website, www.conservatives.com, in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of this website is the responsibility of the Board. This responsibility also extends to the ongoing integrity of the financial statements contained therein.

The Board have taken all the steps that they ought to have taken to make themselves aware of any information required by the auditors for the purpose of their audit and to establish that the auditors are aware of that information. The Board are not aware of any relevant audit information of which the auditors are not aware.

The Conservative Central Office Report of the Independent Auditors

To the Board of the Conservative Central Office

We have audited the financial statements of the Conservative Central Office, for the year ended 31 December 2014, which comprise the Consolidated Income and Expenditure Account, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the accounting guidance issued by the Electoral Commission.

This report is made solely to the Board of the Conservative Central Office, as a body, in accordance with section 43 of the Political Parties, Elections and Referendums Act 2000. Our audit work has been undertaken so that we might state to the Board 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 Board as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board of the Conservative Central Office and auditors

As explained more fully in the statement of responsibilities of the Board, the Board of the Conservative Central Office are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view in accordance with the accounting guidance issued by the Electoral Commission. 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 Financial Reporting Council's (FRC'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 entity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with the accounting guidance issued by the Electoral Commission, of the state of affairs of the Conservative Central Office as at 31 December 2014 and of its surplus for the year then ended;
- have been properly prepared in accordance with the accounting guidance issued by the Electoral Commission; and
- have been properly prepared in accordance with the requirements of the Political Parties, Elections and Referendums Act 2000.

Opinion on other matters

In our opinion the information given in the General Information, the Chairman's Report and the Treasurers' Financial Review for the financial year for which the financial statements are prepared is consistent with the financial statements.

BDO LLP

Chartered Accountants and Registered Auditors

London

United Kingdom

Date 30/06/2015

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

The Conservative Central Office

Consolidated Income and Expenditure Account

For the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Income			
Donation income		28,448	15,589
Membership fees	1a	763	749
Income from fundraising activities		576	449
Income from commercial activities		637	539
Income from legacies		201	1,257
Investment income	1b	40	35
Grant income	1c	492	659
Income from conferences		4,298	4,260
Notional income	1d	535	493
Other income		1,456	1,322
Total income		<u>37,446</u>	<u>25,352</u>
Expenditure			
Cost of fundraising activities		813	619
Cost of commercial activities		151	154
Notional expenditure		535	493
Staff costs		8,623	8,508
Management and administration expenses		5,606	5,148
Depreciation	3	787	381
Campaign expenditure	3	14,537	2,236
Interest payable	4	381	377
Conference expenditure		2,500	2,696
Other expenditure		2,705	2,708
Total expenditure		<u>36,638</u>	<u>23,320</u>
Surplus before taxation	3	808	2,032
Taxation charge	5	(296)	(187)
Surplus for the year	13	<u>512</u>	<u>1,845</u>

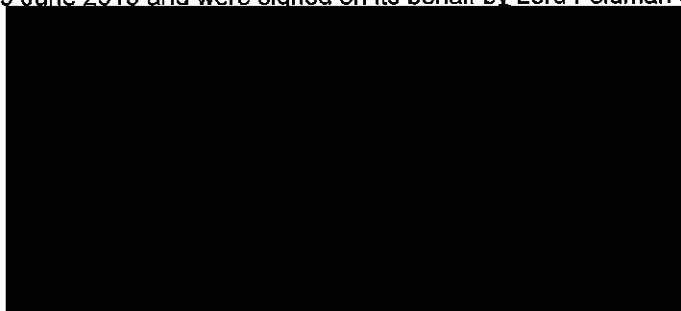
All amounts relate to continuing activities.

All recognised gains and losses in the current and prior period are included in the profit and loss account.

The Conservative Central Office Consolidated Balance Sheet As at 31 December 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Tangible assets	6	2,116	918
Current assets			
Debtors	7	1,546	1,007
Investments	8	44	44
Cash at bank and in hand		4,893	6,420
		<u>6,483</u>	<u>7,471</u>
Creditors: amounts falling due within one year	9	(10,325)	(7,118)
Net current (liabilities)/assets		<u>(3,842)</u>	<u>353</u>
Total assets less current liabilities		(1,726)	1,271
Creditors: amounts falling due after more than one year	10	-	(2,881)
Provision for liabilities	12	(3,691)	(4,319)
Net liabilities		<u>(5,417)</u>	<u>(5,929)</u>
Reserves			
Capital reserve	13	1,172	1,172
Revenue reserve	13	(6,589)	(7,101)
Total capital and reserves		<u>(5,417)</u>	<u>(5,929)</u>

The financial statements were approved and authorised for issue by the Board of The Conservative Central Office on 29 June 2015 and were signed on its behalf by Lord Feldman of Elstree.



29/6/15

The accounting policies and notes on pages 12 to 25 form part of these financial statements

**The Conservative Central Office
Consolidated Cash Flow Statement
For the year ended 31 December 2014**

	Note	2014 £'000	2013 £'000
Net cash inflow from operating activities	16a	3,965	3,981
Returns on investments and servicing of finance	16b	(217)	(124)
Taxation		(294)	(443)
Proceeds of Investments		-	-
Capital expenditure and financial investment	16c	(1,985)	(283)
Increase in cash before financing		<u>1,469</u>	<u>3,131</u>
Financing	16d	(2,996)	(1,480)
(Decrease)/Increase in cash in the year	16f	<u>(1,527)</u>	<u>1,651</u>

The accounting policies and notes on pages 12 to 25 form part of these financial statements.

The Conservative Central Office

Accounting Policies

For the year ended 31 December 2014

Basis of preparation

The Conservative Central Office is not incorporated in law and is thus not bound by the Companies Act 2006. The group is required to prepare financial statements in accordance with the Political Parties, Elections and Referendums Act 2000 ("PPERA"). The financial statements have been prepared under the historical cost convention, and in accordance with the Statement of Accounts Guidance Notes issued by the Electoral Commission, including the transitional arrangements permitted therein. Accordingly, the statements follow the format recommended by the Guidelines published by the Electoral Commission and include the disclosures encouraged with the exception of certain disclosures where the information cannot be reliably obtained, the disclosure would not be required under Companies Act 2006, or where the information can be obtained from other disclosures provided.

The Conservative Central Office relies on donation income to meet a large proportion of its expenditure, including most of its non-recurring expenditure. Loans from supporters of the Conservative Party are used to cover short-term cash requirements. Donation income is inherently unpredictable, but the Board is confident that sufficient donations will be received and existing facilities will continue to be available to meet the needs of the Conservative Central Office. In addition, the Board is satisfied that the Conservative Central Office will not be called upon to repay the loans it has received from Party supporters unless it has sufficient funds available for this purpose, with lenders agreeing to the deferral of loan repayments and/or the arrangement of replacement loans as necessary. This is consistent with the Board's experience in prior years.

Against this background, the Board has reviewed the expenditure budgets and cash flow projections for the Conservative Central Office for the period to 30 June 2016 and is satisfied that sufficient donation income and other funding will be generated for it to meet its financial obligations and remain within its available overdraft facility. On this basis, the Board considers that it is appropriate to prepare the accounts on the going concern basis.

A summary of the principal accounting policies is set out below. The policies have been applied consistently, save where otherwise specified.

Consolidation

The financial statements include the assets and liabilities and results of quasi-subidiaries. The principal effect of this is to include in the accounts additional associated liabilities and also some additional investments and cash balances.

Income recognition

Income is recognised when a particular resource is receivable or when the Conservative Central Office's right to it becomes legally enforceable, when there is reasonable certainty that it will be received and when its monetary value can be determined. Donations and constituency income are recognised when cash is received or becomes receivable under a legal or constructive obligation. Income from membership fees and levies are recognised when they are received. Renewals are only recognised if they have been received before the approval of the financial statements and it is clear that the receipt is not related to events that have occurred since the relevant financial year end. Loans payable that are waived are treated as donations in the period in which the loans are waived. All incoming resources are reported gross.

Income in the form of grants is recognised when receivable. Income from legacies is only recognised when received, unless the personal representatives give notification that the legacy is receivable before the year end and payment is received after the year end.

Where the Conservative Central Office does not bear the risks or rewards of fundraising, only the net difference between the costs incurred and the income received is recognised. Certain goods and services are provided to MPs and constituency associations and these are charged at cost. Invoiced goods and services exclude Value Added Tax and are recognised within income from commercial activities when the goods are supplied or the service is provided. Amounts receivable at the year end are recorded within the appropriate category in current assets. Interest on investments, bank interest and dividends are recognised when receivable.

Where an organisation or individual bears the costs of goods or services that the Conservative Central Office would otherwise have been liable for, that cost is referred to as notional expenditure and the Conservative Central Office is deemed to have received notional income. Notional income and expenditure are presented separately in the Income and Expenditure account. Gifts of tangible fixed assets are recognised as income according to their current value on the date they are received. Work carried out for the Conservative Central Office by volunteers who provide their own time free of charge is not treated as a donation-in-kind.

The Conservative Central Office

Accounting Policies

For the year ended 31 December 2014 (continued)

Expenditure

Expenditure is recognised in the period in which it is incurred and amounts payable at the year end are recorded within the appropriate category in current liabilities.

Tangible fixed assets

Tangible fixed assets, comprising furniture, fixtures, fittings, computers and office equipment are stated at cost less accumulated depreciation. Depreciation is calculated to write down the cost of these assets to their estimated residual value over the expected useful life of the asset concerned; generally 10 years for office furniture, fixtures and fittings; 3-9 years for IT related assets and 5 years for other office equipment.

Investments

Investments are shown at the lower of cost or valuation. Profits or losses arising on the sale of investments are credited to, or charged against, the income and expenditure account.

Pension costs

The Conservative Central Office participates in the Conservative and Unionist Agents' Superannuation Fund along with the Conservative Constituency Associations. The Fund is a centralised pension scheme offering defined benefits. It is not possible to segregate the assets and liabilities of the Fund attributable to the Conservative Central Office. Accordingly, under the provisions of FRS 17, the Fund has been accounted for as if it was a defined contribution scheme. The amount charged to the income and expenditure account in respect of pension costs therefore represents the contributions payable for the year. Additional pension commitments have been agreed with the Trustees and are payable over a number of years and so they have been discounted. Differences between contributions payable for the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet whilst provision has been made for the additional commitments.

Lease incentives

Reverse premiums, rent free periods and similar incentives received to enter into operating lease agreements are released to the income and expenditure account over the period to the date of the first rent review or break clause.

Onerous leases

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the onerous obligations under that lease.

Dilapidations provisions

Where the Conservative Central Office has entered into property lease agreements which result in an unavoidable commitment to return the leased premises to their original state, a provision is made for the best estimate of the expected reinstatement costs to be incurred dilapidations provision.

Provisions are made as soon as they become quantifiable; therefore, when it is possible to make such a provision at the commencement of a property lease, an asset is also recognised and classified as a fixed asset, equal in value to the dilapidations provision. This asset is subject to depreciation calculated to write off its value evenly over the term of the lease.

The Conservative Central Office

Notes to the Financial Statements

For the year ended 31 December 2014

1. Income

	2014 £'000	2013 £'000
a Membership fees		
Party membership fees	<u>763</u>	<u>749</u>
b Investment income		
Dividends received	19	13
Rent receivable	4	2
Interest receivable	17	20
	<u>40</u>	<u>35</u>
c Grant income		
Policy development grant	395	546
Scottish parliament grant	97	113
	<u>492</u>	<u>659</u>
Notional income		
d Goods and services	<u>535</u>	<u>493</u>
	<u>535</u>	<u>493</u>

The Conservative Central Office Notes to the Financial Statements For the year ended 31 December 2014 (*continued*)

2. Employees

The average number of permanent staff employed in the Conservative Central Office was:

	2014	2013
Central office staff	147	117
Regional office staff	66	56
	<u>213</u>	<u>173</u>

Their aggregate payroll costs were:

	2014 £'000	2013 £'000
Salaries	7,282	6,587
Social security costs	843	722
Pension costs	289	921
	<u>8,414</u>	<u>8,230</u>

The Conservative Central Office participates in the Conservative and Unionist Agents' Superannuation Fund along with the Conservative Constituency Associations. The assets of the Fund are held separately by Trustees, independently of the participating employers.

Contributions to the Fund are determined by a qualified independent actuary using the projected unit method based on triennial valuations. The last actuarial valuation of the Fund was carried out as at 31 March 2013.

The key assumptions adopted for this valuation are as follows:

	%
Rate of increase in salaries	4.80
Rate of increase to pensions in payment (1997 to 2005)	5.00
Rate of increase to pensions in payment (post 2005 pensions)	2.50
Discount rate prior to retirement	4.96
Discount rate in retirement	4.96
Inflation - Retail Prices Index	3.80
Inflation - Consumer Prices Index	3.30
	Years
Assumed life expectancy for a female pensioner aged 65 at the valuation date	26.2
Assumed Life expectancy for a male pensioner aged 65 at the valuation date	24.5
Assumed life expectancy at age 65 for a female non pensioner currently aged 45	28.2
Assumed life expectancy at age 65 for a male non pensioner currently aged 45	27.6

The market value of the Fund's invested assets as at 31 March 2013 was £24.6m. The actuarial value of these assets represented 75 % of the value of the Fund's liabilities at that date. The fund has a shortfall of £8.2 m.

The Conservative Central Office and the Constituency Associations paid a contribution of 22.5% of salary to meet the cost of accruing benefits. These contributions stopped on 1 January 2012 when the fund ceased to have any employee members. In order to address the shortfall in the Fund, the Conservative Central Office has agreed to pay additional contributions, of £5.5m over a period until 31 December 2023.

The Conservative Central Office
Notes to the Financial Statements
For the year ended 31 December 2014 (continued)

3. Result for the year

	2014	2013
	£'000	£'000
The result is stated after charging/(crediting):		
Reportable Campaign expenditure:		
European Election	2,962	119
Parliamentary by elections	447	160
Scottish Referendum	356	-
General Election	5,111	-
Auditors' remuneration:		
Audit services to the Conservative Central Office	72	66
Non-audit services to the Conservative Central Office	8	5
Audit services to quasi-subsiidiaries	3	3
Operating lease rentals:		
Land and buildings	673	552
Motor vehicles	10	8
Office equipment	72	41
Depreciation of tangible fixed assets:		
Owned assets	787	381
Westminster Foundation for Democracy:		
Project funding recognised during the year	(725)	(914)
Project expenditure supported by funding	725	914
	<hr/>	<hr/>

4. Interest payable

	2014	2013
	£'000	£'000
Interest payable on bank loans and overdrafts	25	30
Interest payable on unwinding of discounts on provisions	196	219
Interest payable on other loans	160	128
	<hr/>	<hr/>
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The Conservative Central Office
Notes to the Financial Statements
For the year ended 31 December 2014 (continued)

5. Taxation

Current tax

	2014 £'000	2013 £'000
Tax on taxable income at the basic rate of income tax in the UK of 20% (2013 - 20%)	296	187
	<u>296</u>	<u>187</u>

The difference between the actual and expected current tax charge is explained below:

	2014 £'000	2013 £'000
Surplus before taxation	<u>808</u>	<u>2,032</u>
Tax on surplus at the basic rate of income tax in the UK of 20 % (2013 - 20%)	161	406
<i>Effects of:</i>		
Expenses not deductible for tax purposes	7,156	4,056
Non-taxable income	(7,021)	(4,275)
Total charge	<u>296</u>	<u>187</u>

The Conservative Central Office
Notes to the Financial Statements
For the year ended 31 December 2014 (continued)

6. Tangible fixed assets

	Furniture, fixtures & fittings £'000	Office equipment £'000	Computer equipment £'000	Total £'000
Cost or valuation				
At 1 January 2014	1,834	637	4,424	6,895
Additions	706	14	1,265	1,985
Disposals	(1,234)	-	-	(1,234)
At 31 December 2014	<u>1,306</u>	<u>651</u>	<u>5,689</u>	<u>7,646</u>
Depreciation				
At 1 January 2014	1,707	615	3,655	5,977
Charge for the year	59	14	714	787
Disposals	(1,234)	-	-	(1,234)
At 31 December 2014	<u>532</u>	<u>629</u>	<u>4,369</u>	<u>5,530</u>
Net book value				
At 31 December 2014	<u>774</u>	<u>22</u>	<u>1,320</u>	<u>2,116</u>
At 31 December 2013	<u>127</u>	<u>22</u>	<u>769</u>	<u>918</u>

7. Debtors

	2014 £'000	2013 £'000
Trade debtors	407	58
Other debtors	592	587
Prepayments and accrued income	547	362
	<u>1,546</u>	<u>1,007</u>

All amounts fall due within one year.

The Conservative Central Office

Notes to the Financial Statements

For the year ended 31 December 2014 (*continued*)

8. Current asset investments

Current asset investments are stated at their cost (or probate value) of £44,000, less a write down of £Nil (2013 - £Nil). These relate to investments listed on the London Stock Exchange with a market value of £48,723 (2013 - £45,358) and unlisted investments, stated at cost, of £19,000 (2013 - £19,000).

9. Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Other loans payable (note 11)	4,009	4,174
Trade creditors	2,234	845
Social security and other taxation	593	505
Other creditors	144	136
Accruals and deferred income	3,345	1,458
	<u>10,325</u>	<u>7,118</u>

10. Creditors: amounts falling due after more than one year

	2014 £'000	2013 £'000
Other loans payable (note 11)	-	2,881
	<u>-</u>	<u>2,881</u>

The Conservative Central Office
Notes to the Financial Statements
For the year ended 31 December 2014 (continued)

11. Loans

	2014 £'000	2013 £'000
Interest free and repayable on demand:		
Loans from Constituency Associations	3,082	2,893
Other loans	-	50
	<u>3,082</u>	<u>2,943</u>
Interest bearing and repayable on demand:		
Loans from Constituency Associations	927	981
Other loans	-	-
	<u>927</u>	<u>981</u>
Interest bearing loans with fixed repayments:		
Other loans	-	3,131
	<u>4,009</u>	<u>7,055</u>
Loans with fixed repayments dates fall due as follows:		
In one year or less	-	250
In more than year	-	2,881
	<u>-</u>	<u>3,131</u>

12. Provisions for liabilities

	Pension commitment £'000	Onerous lease provision £'000	Dilapidations Provision £'000	Total provision £'000
At 1 January 2014	3,932	43	344	4,319
Unwinding of discount release	196	-	-	196
Utilisation of provision	(713)	(16)	(95)	(824)
At 31 December 2014	<u>3,415</u>	<u>27</u>	<u>249</u>	<u>3,691</u>

The Conservative Central Office

Notes to the Financial Statements

For the year ended 31 December 2014 (continued)

12. Provisions for liabilities (continued)

Previously, Conservative Central Office had committed to pay a total of £5.7m over the period until March 2021. As a result of the triennial valuation to March 2013, Conservative Central Office committed to pay the Trustees at the scheme £550,000 per annum until 31 December 2023. The total due has been provided in the accounts and has been discounted at 6.5% per annum. Payments made are offset against this provision with an interest charge accruing for the unwinding of the discount.

The onerous lease provision brought forward relates to a lease, expiring on 30 June 2016, on premises no longer utilised for the Conservative Central Office operations, but to which the Conservative Central Office is committed, until the expiry of the lease. The provision is calculated as the total future value of committed lease payments. The provision will be utilised over the remaining term of the lease, which is 1.5 years.

The dilapidations provision relates to the estimated costs expected to arise on vacating premises currently occupied by the Conservative Central Office.

13. Capital and reserves

The movements in capital and reserves during the period are as follows:

	Capital reserve 2014 £'000	Revenue deficit 2014 £'000	Total capital and reserves 2014 £'000	Total capital and reserves 2013 £'000
At 1 January 2014	1,172	(7,101)	(5,929)	(7,774)
Net Surplus for the year		512	512	1,845
At 31 December 2014	<u>1,172</u>	<u>(6,589)</u>	<u>(5,417)</u>	<u>(5,929)</u>

14. Financial commitments

Minimum commitments payable under non-cancellable operating leases are as follows:

	Land and buildings 2014 £'000	Land and buildings 2013 £'000
Expiring within one year	-	312
Expiring between two and five years	16	16
Total	<u>16</u>	<u>328</u>

During the year Conservative Central Office opened negotiations with the landlord of the Conservative Campaign Headquarters building. While these were not formally agreed at the balance sheet date, and so there is no contractual lease obligation, the intention is that a new lease will be signed and so ongoing commitments will continue. Currently, these negotiations are ongoing and no term date nor rental amount has been formally agreed.

The Conservative Central Office

Notes to the Financial Statements

For the year ended 31 December 2014 (*continued*)

15. Quasi-subidiaries

The financial statements incorporate the quasi-subidiaries of the Conservative Central Office, namely the 1949 Conservative & Unionist Trust, C&UCO Management Limited, C&UCO Services Limited, (all of which were dormant during the year under review), C&UCO Properties Limited, The Conservative Party Foundation Limited and the Conservative Party Association. Quasi-subidiaries are entities which are not legally owned by the Conservative Central Office but over which it has control and beneficial ownership.

The net assets of the quasi-subidiaries totalled £14,404,000 at 31 December 2014 (2013 - £14,347,000), comprising fixed assets £772,000 (2013 - £48,000) investments of £25,000 (2013 - £25,000), debtors of £50,000 (2013 - £73,000), cash at bank of £2,488,000 (2013 - £5,327,000), a loan of £Nil (2013 - £2,500,000), creditors and accruals of £Nil (2013 - £159,000) and provisions £277,000 (2013 - £43,000). There are also intra-group balances, of £ 11,432,000 (2013 - £11,622,000) due from the Conservative Central Office, which are eliminated on consolidation. In aggregate, the quasi-subidiaries reported a loss for the year, of £14,000 (2013 - £863,000).

16. Notes to the cash flow statement

(a) Reconciliation of operating surplus to operating cash flows

	2014 £'000	2013 £'000
Surplus before taxation	808	2,032
Depreciation on tangible fixed assets	787	381
Change in value of investment	-	(1)
Increase/(Decrease) in debtors	(539)	1,005
Increase/(Decrease) in creditors	3,292	(85)
Loan converted to donation/written back	-	(15)
Increase/(Decrease) in provisions	(824)	322
	<u>3,624</u>	<u>3,639</u>
Interest payable	381	377
Investment income	(40)	(35)
Net cash inflow from operating activities	<u>3,965</u>	<u>3,981</u>

(b) Returns on investments and servicing of finance

	2014 £'000	2013 £'000
Interest paid	(257)	(158)
Dividends received	19	12
Rent received	4	2
Interest received	17	20
	<u>(217)</u>	<u>(124)</u>
Cash outflow from returns on investments and servicing of finance	<u>(217)</u>	<u>(124)</u>

The Conservative Central Office

Notes to the Financial Statements

For the year ended 31 December 2014 (*continued*)

16. Notes to the cash flow statement (*continued*)

(c) Capital expenditure and financial investment

	2014 £'000	2013 £'000
Payments to acquire fixed assets	(1,985)	(283)
Net proceeds from disposal of fixed assets	-	-
Cash outflow from capital expenditure and financial investment	<u>(1,985)</u>	<u>(283)</u>

(d) Financing

	2014 £'000	2013 £'000
Loan repaid	(3,131)	(1,270)
Movement in Constituency loan	135	(210)
Cash outflow from financing	<u>(2,996)</u>	<u>(1,480)</u>

(e) Reconciliation of net cash flow to movement in net debt

	Note	2014 £'000	2013 £'000
(Decrease)/Increase in cash in the year		(1,527)	1,651
Cash outflow from financing		2,996	1,480
Change in net debt resulting from cash flows		<u>1,469</u>	<u>3,131</u>
Loans written back/converted to donations		50	15
Change in value of investment		-	1
Interest converted into loans		-	-
Movement in net debt in the year		<u>1,519</u>	<u>3,147</u>
Opening net debt		(591)	(3,738)
Closing net funds/(debt)	16f	<u>928</u>	<u>(591)</u>

The Conservative Central Office
Notes to the Financial Statements
For the year ended 31 December 2014 (continued)

(f) *Analysis of movements in net debt*

	1 January 2014 £'000	Cash flow £'000	Non-cash movements £'000	31 December 2014 £'000
Cash at bank and in hand	6,420	(1,527)	-	4,893
	<u>6,420</u>	<u>(1,527)</u>	<u>-</u>	<u>4,893</u>
Current asset investments	44	-	-	44
Finance leases	-	-	-	-
Loans due falling due within one year	(4,174)	115	50	(4,009)
Loans due falling due after more than one year	(2,881)	2,881	-	-
Net funds/(debt)	<u>(591)</u>	<u>1,469</u>	<u>50</u>	<u>928</u>

The Conservative Central Office

Notes to the Financial Statements

For the year ended 31 December 2014 (*continued*)

17. Related party transactions

The Board of the Conservative Central Office has determined that, under FRS 8 "Related Party Transactions", related parties to the Conservative Central Office include the Leader of the Conservative Party and any person who has, at any time during the year, been a member of the Board of the Conservative Central Office or a Party Officer, or is a close family member

Under FRS 8, transactions and balances with these related parties, or with certain partnerships, companies, trusts or other entities, must be disclosed. Details of such transactions and balances (except where nil) for the year ended 31 December 2014 are provided below:

- a) The following transaction was made during the year by Jayroma (London) Ltd, a company in which Lord Feldman of Elstree has an interest:

Donations £16,500	(2013 - £Nil)
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- b) The following transactions were made by Lord Michael Farmer during the year:

Donations of £1,214,500	(2013 - £538,000)
Donation in kind £6,580	(2013 - £Nil)

- c) The following transactions were made by Alan Lewis during the year:

Donations £2,000	(2013 - £Nil)
Donations in Kind £71,198	(2013 - £101,531)

- d) Certain other individual member of the Board and Party Officers made donations in aggregate of :

Donations £195	(2013 - £825)
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18. Controlling party

As described on page 7, the Board of the Conservative Central Office is responsible for the management and administration of the Conservative Central Office.