

The Labour Party

Financial statements for the year ended 31 December 2014

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Registered Party officers

Leader:	Rt Hon Harriet Harman QC MP
Treasurer	Iain McNicol
Nominating Officer	Margaret Lynch
Deputy Treasurer	David Hagendyk
Deputy Treasurer	Patrick Heneghan
Deputy Treasurer	Carol Linforth
Deputy Treasurer	Margaret Lynch
Deputy Treasurer	Simon Mills
Deputy Treasurer	Emilie Oldknow
Deputy Treasurer	Brian Roy
Registered address	One Brewer's Green, London, SW1H 0RH

Treasurers' report

The financial reports for the year ended 31 December 2014 present the results of another hugely positive financial period with a significant increase in income. The main driver was the growth in donations from all sources: members, online supporters, affiliated unions and high value gifts. The increase in total income was despite a fall in affiliation fees as unions reviewed the number of members affiliated to the party. While we continue the process of implementing the Collins' Report it is essential that we work with unions and together take all steps required to maximise affiliations.

The additional funds received were allocated to campaign activities, in particular an increase in general election staffing costs as the party continued to ramp up in advance of May 2015. Adherence to the NEC's Finance Strategy was maintained throughout the year – additional expenditure was only approved once funds were actually received.

The result for the year was a surplus of £4.2m. This is down from the £5.5m achieved in the previous year, however if the effect of Financial Reporting Standard 17 (FRS17) is excluded the results are comparable.

2014 was a year of building in advance of the general election – with increased income and increased expenditure. Of course we cannot comment on the finances without acknowledging that the result was not what we fought for, or expected. This report is not the place to consider the reasons for that result or the lessons to be learned, so we will simply confirm that our financial discipline continued throughout the campaign period. Large sums were received in response to our requests for campaign support and we are extremely grateful to the many thousands of contributors.


The surplus ensured that once again the party met all of its debt obligations as they fell due. The continued improvement in the financial position is evidenced by the balance sheet which reports net assets of over £1m. We continue to refer to the position 8 years ago when the party reported net liabilities of £24.5m. The focus on robust financial management since then will soon result in a position that was once considered impossible – a debt free Labour Party. As at the end of the year the party was only 18 months away from repaying the whole of the legacy debt from 2005 and earlier.

The pension asset under FRS17 'Retirement Benefits' has been determined by the Party's actuaries based on the pension scheme membership information as at 31 December 2014. The pension fund asset has increased to £10.0m from the £9.2m reported in 2013 as investments continued to outperform against expectations. During the year the Scheme's Trustees completed a review of the investment portfolio and new principles were agreed with the aim of reducing risk while maintaining returns at the level required. The party also introduced an additional new defined contribution scheme delivering flexibility with lower contributions, upholding the determination to provide a pension provision suitable for all staff.


As always, the Party remains deeply grateful for the fantastic support we receive from our affiliates, both trade unions and socialist societies.

We would also like to thank all members, supporters, elected representatives and staff for their continued commitment and backing. The number and level of donations to our campaign funds require particular recognition.

Finally, we owe a huge debt of gratitude to all activists and supporters in all communities across the country who worked and campaigned so hard. The Party is in a stable financial position, we now need to get out and build again.



Iain McNicol
Registered Treasurer



Diana Holland
Party Treasurer

2.7.5

Administrative information

Review of Political Activities

A detailed review of the Party's political activities during the period covered by the financial statements will be included in the National Executive Committee (NEC)'s Annual Report that will be submitted to the 2015 Annual Conference for its agreement. The NEC's Annual Report will be available from September 2015.

Committees

The NEC is the governing body of the Labour Party that oversees the overall direction of the Party and the policy-making process. It carries out this role by setting strategic objectives on an annual basis and meeting regularly to review the work of the Party in these areas.

All members of the NEC are members of the National Policy Forum. This body oversees the development of Party policy. It meets throughout the year in full session and through policy commissions presents a report to Annual Conference.

The NEC also has a number of specialist committees and is responsible for upholding the rules of the Party and propriety of Labour selection processes. Details of the principal specialist committees of the NEC are as follows:

Committee	Responsibilities
Business Board	Oversight of the business functions of the organisation including the management of finances.
Joint Policy Committee (JPC)	The JPC is responsible for strategic oversight of the Party's policy development. It oversees the rolling programme, Agenda 2015, and acts as a steering group for the National Policy Forum (NPF). Jointly convened by the Leader and NEC Co-convenor, it is a joint committee made up of members of the NEC, Government or Shadow Cabinet and NPF.
Equalities Committee	The Committee advises the NEC on steps to increase the Party's membership and representation on elected bodies so as better to reflect the community in terms of gender, ethnicity, age, sexual orientation and disability and to assist and promote the Party's work in combating discrimination in all forms.
Organisation Committee	Responsible for Party rules and constitution; ensures the Party is operating effectively throughout the country to the highest standards; and has overall responsibility for membership, investigations, selections, local government, conferences, electoral law, boundaries strategy and internal elections.
Disputes Panel	Hears membership appeals and re-admission applications; considers Party disputes and conciliation; undertakes minor investigations and local government appeals where referred to the NEC; and conducts hearings and interviews around the country where necessary.
Selections Panel	Meets to make decisions about individual selection processes as necessary.
Audit and Risk Management	Responsibility for the Party's risk register and policies to mitigate risks.

Administrative information (cont.)

Elected representatives

The Party's elected representatives at the Westminster, Scottish and European Parliaments and the National Assembly for Wales can be found on the Party's website at <http://www.labour.org.uk/labourpeople>.

Membership

As at 31 December 2014 the total individual membership of the Party was 193,754 (2013: 189,531).

Accounting units

As at 31 December 2014 the Party had 656 (2013: 656) accounting units registered with the Electoral Commission.

Statement of Registered Treasurer's responsibilities

The Registered Treasurer of the Party is required by the Political Parties, Elections and Referendums Act 2000 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Party and of its surplus or deficit for that period. In preparing those financial statements, the Registered Treasurer is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have 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 Party will continue in business.

The Registered Treasurer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Party at that time and to enable him to ensure that the financial statements comply with the Act. He also has delegated responsibility from the National Executive Committee for ensuring that appropriate controls are established for safeguarding the assets of the Party and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's report to the members of the Labour Party

Independent Auditor's Report to the Members of the Labour Party

We have audited the financial statements of the Labour Party for the year ended 31 December 2014 which comprise the Consolidated Income and Expenditure Account, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Statement of Total Recognised Gains and Losses, and the related notes numbered 1 to 28.

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 Labour Party's members, 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 Labour Party'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 Labour Party and the Labour Party's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Registered Treasurer and auditor

As explained more fully in the Statement of Registered Treasurer's Responsibilities, the Registered Treasurer is responsible for the preparation of the financial statements and for being satisfied that they 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 Labour Party's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Registered Treasurer; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Treasurers' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent Auditor's report to the members of the Labour Party

Opinion on financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Labour Party's affairs as at 31 December 2014 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Political Parties, Elections and Referendums Act 2000.



Crowe Clark Whitehill LLP

Statutory Auditor
London

3 July 2015

Consolidated income and expenditure account for the year ended 31 December 2014

		2014	2013
	Notes	£'000	£'000
Income			
Donations		10,821	5,146
Membership		5,971	5,684
Affiliations		6,277	8,026
Fundraising	4	1,231	610
Commercial income		3,570	3,089
Legacies		132	60
Interest receivable		19	39
Government grants	5	6,589	6,912
Notional income	6	1,323	462
Other income		3,562	3,239
Investment Income	7	75	69
Total income		<u>39,570</u>	<u>33,336</u>
Expenditure			
Costs of fundraising		(578)	(347)
Costs of commercial activity		(2,009)	(1,474)
Notional expenditure	6	(1,323)	(462)
Running costs	8	(26,447)	(22,487)
Campaign expenditure	9	(1,763)	-
Interest payable	10	(566)	(773)
Grants and payments to CLPs		(1,319)	(1,012)
Other	12	(1,313)	(1,301)
Total expenditure		<u>(35,318)</u>	<u>(27,856)</u>
Surplus from Party activities before taxation	13	4,252	5,480
Taxation	14	(15)	(14)
Surplus for the year		<u>4,237</u>	<u>5,466</u>

Statement of total recognised gains and losses for the year ended 31 December 2014

Statement of total recognised gains and losses

	Notes	2014	2013
		£'000	£'000
Surplus for the year		4,237	5,466
Actuarial gain recognised in the pension scheme	23	175	3,496
Total recognised net gains relating to the year		4,412	8,962

The Notes on pages 12 to 21 form part of these financial statements

Consolidated balance sheet at 31 December 2014

	Notes	2014 £'000	2013 £'000
Fixed assets			
Tangible assets	15	6,094	6,181
Current assets			
Debtors and prepayments	16	2,162	1,907
Cash at bank and in hand		11,669	9,181
		<u>13,831</u>	<u>11,088</u>
Creditors: amounts falling due within one year			
Creditors, accruals and deferred income	17	(5,676)	(4,691)
Development fund loans	27	(7,641)	(7,883)
Other loans	28	(2,178)	(2,624)
Overdrafts and short term loans		(1,251)	(320)
		<u>(16,746)</u>	<u>(15,518)</u>
Net current liabilities		<u>(2,915)</u>	<u>(4,430)</u>
Total assets less current liabilities		3,179	1,751
Creditors: amounts falling due after more than one year			
Provisions for liabilities and charges	20	(37)	(225)
Net assets/(liabilities)		<u>1,064</u>	<u>(2,571)</u>
Pension asset	23	(9,958)	(9,181)
Reserves			
General	21	10,377	5,965
Revaluation reserve	21	645	645
		<u>1,064</u>	<u>(2,571)</u>

The financial statements on pages 8 to 21 were approved by the National Executive Committee on 21/7/2015
and signed on its behalf by:

Iain McNicol

General Secretary and Registered Treasurer

The Notes on pages 12 to 21 form part of these financial statements.

Diana Holland

Party Treasurer

Consolidated cash flow statement for the year ended 31 December 2014

	Notes	2014 £'000	2013 £'000
Net cash inflow from operating surplus before servicing of finance and taxation	25	4,625	4,782
Servicing of finance			
Interest paid on long term loans		(355)	(586)
Capital expenditure and other activities			
Payments to acquire tangible fixed assets		(6)	-
		<u>4,264</u>	<u>4,196</u>
Financing			
Decrease in long term loans		(2,019)	(1,985)
Increase in cash	26	<u>2,245</u>	<u>2,211</u>

The Notes on pages 12 to 21 form part of these financial statements.

Notes to the financial statements

1. Accounting policies

The financial statements have been prepared on the basis of historical cost as modified by the revaluation of land and buildings, and are in accordance with applicable accounting standards in the United Kingdom. The financial statements reflect the principles contained in the Statement of Accounts Guidance Notes issued by the Electoral Commission and in existence as at 5 May 2008.

The Party's accounting policies are set out below. These have been applied consistently.

The following principal accounting policies have been applied:

a. Income recognition

Income, which excludes value added tax, is recognised when all of the following conditions have been met:

- The Party is entitled to the asset;
- There is reasonable certainty that the asset will be received; and
- The value of the asset can be measured with reasonable certainty.

Applying these criteria to specific types of income results in the following treatment:

- Donations, including legacies, are recognised in the income and expenditure account on receipt. Donations of notional income are recognised on receipt at the relevant market value of the donation received with an expense of the same amount being recognised at the same time.
- Membership fees are recognised in the income and expenditure account when received
- Government grants are recognised in the year in which the related expenditure is incurred (see note 5).

All other income including affiliation fees is recognised on an accruals basis.

b. Tangible fixed assets

The investment properties and other properties both comprise freehold land and buildings held as long-term investments by Labour Party Properties Limited. They are carried at professional valuations or, if recently acquired, at cost.

No depreciation or amortisation is provided in respect of investment properties and other properties. The properties are subject to an annual impairment review carried out by the directors of Labour Party Properties Limited with the assistance of an expert third Party who is retained throughout the year. Every fifth year a full professional valuation is completed. In addition, if the annual impairment reviews identify material differences then a full valuation will be conducted. The National Executive

Committee (NEC) considers that this accounting policy results in the financial statements giving a true and fair view.

Long leasehold improvement assets are depreciated on a straight line basis over the period of the lease.

Expenditure on other tangible assets is only considered for capitalisation if it amounts to £10,000 or more and its useful economic life can be reasonably estimated at the year end.

The need for any fixed asset impairment write down is assessed by comparison of the carrying value of the asset against the higher of its realisable value and value in use.

c. Value added tax

The Party is registered for value added tax (VAT) purposes, but it is only liable on chargeable transactions. All items of income and expenditure are shown in the financial statements net of VAT. A partial exemption formula has been agreed with HM Revenue and Customs and VAT has been recovered. The value of VAT that is irrecoverable is included in "Other expenditure" (see note 12).

d. Pension costs

The Labour Party is responsible for the solvency of the Labour Party Superannuation Society, which is a defined benefit pension scheme (see note 23). Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a 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.

Any pension scheme surplus (to the extent it is considered recoverable) or deficit is recognised in full and presented on the face of the balance sheet. The movement in the scheme surplus/deficit is split between operating charges, financing items and, in the statement of total recognised gains and losses, actuarial gains and losses.

e. Accounting estimates

The preparation of financial statements requires the use of estimates and assumptions about future conditions. This is especially important in the setting of bad and doubtful debt provisions. The NEC believes that it has examined all reasonably available information in assessing the recoverability of debtors and set the provision prudently.

Notes to the financial statements

f. Operating leases

Rentals payable and receivable under operating leases are charged or credited to the income and expenditure account on a straight-line basis over the terms of the leases.

g. Investments

Investments in non-quoted shares are normally valued at cost less provision for impairment.

Where investments are donated to the party the potential fair value is considered and if a reliable fair value can be determined the investment is recognised at its deemed cost, i.e. the fair value at the date of donation. If a sufficiently reliable fair value is not available for donated assets no cost is recognised.

2. Basis of preparation

The Labour Party is constituted under section 26 of the Political Parties, Elections and Referendums Act 2000 as a central organisation with accounting units. The consolidated financial statements incorporate the results of the Labour Party central organisation, its subsidiary undertaking Labour Party Properties Limited, the Scottish Labour Party and the Wales Labour Party. The Scottish Labour Party is a separate accounting unit registered with the Electoral Commission and as such is required to file its own financial statements with the Electoral Commission, but as its management is integrated with that of the Labour Party's central organisation it is considered appropriate to reflect its results in the consolidated financial statements. The consolidated financial statements do not include the results of other accounting units registered with the Electoral Commission except where Head Office undertakes accounting on behalf of certain accounting units or bears costs relating to accounting units, which are not then subsequently recharged to the accounting unit.

The income and expenditure account includes the consolidated results of the regional offices of the Labour Party, the Scottish Labour Party and the Wales Labour Party which contributed a deficit of £44,000 (2013: surplus of £44,000) to the result for the year. The consolidated results of the regional offices are produced from accounts that are prepared mainly on a cash accounting basis rather than an accruals basis. It is not considered that restatement of the results on to an accruals basis for the current and prior years would have a material impact on the result for the year.

The Labour Party and its bankers, Unity Trust Bank, have a formal agreement for the full repayment of the loans. The Party has agreed a structured repayment plan with its other lenders and is committed to total annual repayments of £2m. The financial projections of the Party indicate that the facilities available to it from all resources and funding pledges made provide sufficient means for the Party to achieve its organisational and political objectives as well as service its debt for the foreseeable future. Accordingly the financial statements have been prepared on a going concern basis.

Campaign expenditure in the consolidated statement of income and expenditure (£1,763,000 in 2014, £Nil 2013) represents the Party's expenditure in national elections, as defined by the

Political Parties, Elections and Referendums Act 2000 and reported to the Electoral Commission.

During the previous year the party were donated a 2.5% equity holding in a private company. Considering the small size of the holding and limited information available by which to value this shareholding it was not attributed a value at the date of donation in the financial statements.

3. Basis of taxation

The Party is treated as an unincorporated association for tax purposes and is therefore liable to corporation tax on its investment income. It also bears tax on any investment transactions that give rise to capital gains. No deferred tax is recognised in the Party's individual accounts as any investment income is taxed on the same basis as it is recognised in the income and expenditure account.

The taxation of each of the subsidiary companies under the control of the NEC is dealt with separately and a corporation tax liability arises on any adjusted income and expenditures as returned to HM Revenue and Customs. Deferred tax balances arising in subsidiary companies are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the subsidiary anticipates to make sufficient taxable income and expenditures in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

4. Fundraising activities

	2014	2013
	£'000	£'000
Dinners	1,029	573
Other events	202	37
	<u>1,231</u>	<u>610</u>

Notes to the financial statements

5. Government grants

	2014	2013
	£'000	£'000
Short money	6,475	6,457
Policy Development Grant	114	455
	<u>6,589</u>	<u>6,912</u>

The Electoral Commission provides a Policy Development Grant for expenditure incurred in developing policies for inclusion in the Party's manifestos for elections to the Westminster, Scottish, European Parliament, and the Welsh Assembly and for local government elections in England, Scotland and Wales. Similar grants were payable to all the major political parties.

6. Notional income and expenditure

	2014	2013
	£'000	£'000
This comprises:		
Goods	323	61
Services	206	138
Seconded staff	794	263
	<u>1,323</u>	<u>462</u>

7. Investment Income

	2014	2013
	£'000	£'000
Dividends Received	75	69
	<u>75</u>	<u>69</u>

8. Running costs

	2014	2013
	£'000	£'000
Staff related expenditure (see Note 11)	17,289	13,596
Building and premises	1,870	1,888
Depreciation and amortisation	93	92
Political activities and publishing	3,013	3,294
Administration	1,621	1,384
Finance, IT and telecommunication costs	2,561	2,233
	<u>26,447</u>	<u>22,487</u>

9. Campaign expenditure

	2014	2013
	£'000	£'000
European election	1,031	-
Scottish referendum	732	-
	<u>1,763</u>	<u>-</u>

10. Interest payable

	2014	2013
	£'000	£'000
Bank loans	131	312
Other loans	224	274
Development fund loans	211	187
	<u>566</u>	<u>773</u>

11. Employees

	2014	2013
	£'000	£'000
Staff related expenditure comprises:		
Wages and salaries	12,808	10,191
Social security costs	1,665	1,290
Other pension costs	2,616	1,960
Other costs	200	155
	<u>17,289</u>	<u>13,596</u>

The number of staff employed by the Party during the year comprises:

	Full time	Part time	Total
At 31 December 2014	327	57	384
At 31 December 2013	274	59	333
At 31 December 2012	230	54	284
Average for 2014	318	56	374
Average for 2013	294	69	363

The above figures include both head office and regional staff. The figures also include various persons employed on short-term contracts in the information technology, communications, conference and design and publishing departments.

Notes to the financial statements

12. Irrecoverable VAT

	2014	2013
	£'000	£'000
Irrecoverable VAT expensed in the year	1,243	1,053

Irrecoverable VAT is included within Other Expenditure in the Income & Expenditure Account.

13. Surplus from Party activities before taxation

	2014	2013
	£'000	£'000
This has been arrived at after crediting / (charging):		
Property rentals receivable	408	508
Auditors' remuneration	(72)	(71)
- audit services	(11)	(10)
- non-audit services	(454)	(587)
Operating lease charge	(293)	(194)
- property		
- equipment		

14. Taxation

	2014	2013
	£'000	£'000
<i>Current tax</i>		
Taxation on taxable income	15	14

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

	2014	2013
	£'000	£'000
Tax on profit at the main rate of 20% (2013: 20%)	850	1,096
<i>Effects of:</i>		
Expenses not deductible for tax purposes	7,064	5,571
Non-taxable income	(7,899)	(6,653)
	15	14

Factors that may affect future tax changes

If the Party were to sell its re-valued investment and other freehold properties at their balance sheet values it is estimated that a tax liability of £129,000 (2013: £129,000) would arise. However, no sales that may give rise to a significant liability are envisaged in the foreseeable future.

Notes to the financial statements

15. Tangible assets

	Long leasehold improvements	Freehold investment properties	Other freehold properties	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 January 2014	462	2,942	2,961	6,365
Additions	-	-	6	6
At 31 December 2014	462	2,942	2,967	6,371
Depreciation				
At 1 January 2014	184	-	-	184
Depreciation in the year	93	-	-	93
At 31 December 2014	277	-	-	277
Net book value at 31 December 2014	185	2,942	2,967	6,094
Net book value at 31 December 2013	278	2,942	2,961	6,181

The historic cost for all properties is £5,296,000 (2013: £5,296,000). The most recent professional open market valuations were carried out as at 30 April 2014 by Jones Shackel Oldham Chartered Surveyors. Properties are subject to an annual impairment review in accordance with note 1b.

16. Debtors and prepayments

	2014	2013
	£'000	£'000
Trade debtors	628	571
Prepayments and accrued income	814	768
Other debtors	720	568
	2,162	1,907

17. Creditors, accruals and deferred income

	2014	2013
	£'000	£'000
Trade creditors	1,392	771
Taxation and social security	849	649
Other creditors	2,019	1,804
Accruals and deferred income	1,416	1,467
	5,676	4,691

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

	2014	2013
	£'000	£'000
Bank loans	2,078	3,280
Other loans (see note 28)	-	817
	2,078	4,097

of which payable:

In one to two years	1,194	2,052
In two to five years	468	1,414
In more than five years	416	631
	2,078	4,097

The variable rate bank loans are secured on the properties held by Labour Party Properties Limited and also the assets of the Lionel Cooke Memorial Fund Limited.

Notes to the financial statements

19. Deferred tax

Balance at 1 January 2014	-
Charge to income and expenditure account	-
Balance at 31 December 2014	-

Analysis of deferred taxation asset

	2014	2013
	£'000	£'000
Accelerated capital allowances	25	23
Losses carried forward	(88)	(60)
	(63)	(37)
Deferred tax asset not recognised	63	37
	-	-

A consolidated deferred tax asset of £63,000 (2013: £37,000) has not been recognised. The rationale for this is that losses incurred to date are not considered to be recoverable. At 31 December 2014 the group had approximately £440,000 (2013: £400,000) of tax losses carried forward.

20. Provisions for liabilities and charges

	2014	2013
	£'000	£'000
Dilapidations	37	225

21. Reserves

	General	Revaluation reserves	Total
	£'000	£'000	£'000
At 1 January 2014	5,965	645	6,610
Surplus for the year	4,237	-	4,237
Actuarial gain	175	-	175
At 31 December 2014	10,377	645	11,022

22. Subsidiary companies

The following are the subsidiary companies controlled by the NEC of the Party during 2014:

Name	Nature of business	Country of incorporation	Proportion of voting rights held
Labour Party Properties Limited	Property management and investment	England and Wales	100%
Labour Party Nominees Limited	Property trustee (non trading)	England and Wales	100%

All trading activities of all the Party's subsidiaries are located, and their income generated, entirely in the United Kingdom.

The statutory financial statements of each of the above companies are produced separately to these financial statements.

23. Pension fund

The Labour Party Superannuation Society is a funded Society of the defined benefit type providing retirement benefits based on final salary. The assets of the scheme, known as the Labour Party Superannuation Society, are held separately from those of the Party.

The contributions of the Party and the employees are 14.2 per cent and 6 percent of salaries respectively. The Party continues to monitor the scheme's funding ratios on a regular basis and further increases in employer contributions may be necessary to address any persistent scheme deficits.

Financial Reporting Standard 17 'Retirement benefits' (FRS 17)

The valuation used for FRS 17 disclosures has been based on a full assessment of the liabilities of the Society as at 31 December 2014. The present values of the defined benefit obligation, the related current service cost and any past service costs were measured using the projected unit credit method. Actuarial gains and losses have been recognised in the period in which they occur, but outside the profit and loss account, through the Statement of Recognised Gains and Losses (STRGL).

Notes to the financial statements

23. Pension fund (continued)

The principal assumptions used by the independent qualified actuaries to calculate the liabilities under FRS 17 are set out below:

Main Financial Assumptions

	2014	2013
Discount rate for society liabilities	3.70%	4.45%
Rate of general long term increase in salaries	4.05%	4.40%
RPI inflation	3.05%	3.40%
CPI inflation	2.05%	2.40%
Pension increases pre April 1997	0.00%	0.00%
Pension increases April 1997 to April 2005	2.10%	2.4%
Pension increases post April 2005	1.70%	1.85%

The mortality assumptions are based on mortality tables which allow for expected future mortality improvements. The assumptions are that a member who retires in 2029 at age 60 will live on average for a further 28.5 years after retirement if they are male and for a further 30.5 years after retirement if they are female. For a member currently aged 60 the assumptions are that they will live on average for a further 27.0 years if they are male and for a further 29.0 years if they are female.

Expected return on assets as at 31 December 2014

Main asset categories	Value as at 31 December 2014 £'000
Equities	14,679
Delegated Growth Fund	13,665
Fixed int Govt bonds	5,111
Index linked Govt bonds	30,668
Property	5,665
Other	1,383
Combined	<u>71,171</u>

The assets at 31 December 2014 allow for the movement of assets out of Majedie and L&G equities into Veritas Global Focus Fund and Standard Life GARS.

Expected return on assets as at 31 December 2013

Main asset categories	Value as at 31 December 2013 £'000
Equities	25,550
Fixed int Govt bonds	4,495
Index linked Govt bonds	25,308
Property	4,937
Other	1,542
Combined	<u>61,832</u>

Actual return on Society assets

	2014 £'000	2013 £'000
Expected return on Society assets	2,850	2,301
Actuarial gain on Society assets	5,543	5,623
Actual return on Society assets	<u>8,393</u>	<u>7,924</u>

Reconciliation of funded status to balance sheet

	2014 £'000	2013 £'000
Fair value of Society assets	71,171	61,832
Present value of funded defined benefit obligations	(61,213)	(52,651)
Asset recognised on the balance sheet	<u>9,958</u>	<u>9,181</u>

Notes to the financial statements

23. Pension fund (continued)

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

	2014 £'000	2013 £'000
Opening defined benefit obligation	52,651	48,046
Current service cost	1,586	1,200
Interest cost	2,357	2,186
Contributions by Society participants	745	622
Actuarial losses on Society liabilities*	5,368	2,127
Net benefits paid out	(1,689)	(1,816)
Past service cost **	195	286
Closing defined benefit obligation	<u>61,213</u>	<u>52,651</u>

* Includes changes to the actuarial assumptions.

** The past service cost arising in 2014 corresponds to the discretionary pension increase on 1 January 2015.

Changes to the fair value of the Society assets during the year

	2014 £'000	2013 £'000
Opening fair value of Society assets	61,832	51,776
Expected return on Society assets	2,850	2,301
Actuarial gains on Society assets	5,543	5,623
Contributions by the employer	1,890	3,326
Contributions by Society participants	745	622
Net benefits paid out	(1,689)	(1,816)
Closing fair value of Society assets	<u>71,171</u>	<u>61,832</u>

Analysis of amounts recognised in STRGL

	2014 £'000	2013 £'000
Total actuarial gains	175	3,496
Changes in irrecoverable surplus, effect of limit in para 41	-	-
Total gain in STRGL	<u>175</u>	<u>3,496</u>

The cumulative total of recognised actuarial losses is £5,569,000 (2013 £5,744,000)

Analysis of income and expenditure charge

	2014 £'000	2013 £'000
Current service cost	1,586	1,200
Past service cost	195	286
Interest cost	2,357	2,186
Expected return on Society assets	(2,850)	(2,301)
Expense recognised in income and expenditure	<u>1,288</u>	<u>1,371</u>

History of asset values, DBO and surplus/deficit in Society

	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Fair value of Society assets	71,171	61,832	51,776	47,451	43,758
Defined benefit obligation	(61,213)	(52,651)	(48,046)	(45,234)	(43,739)
	<u>9,958</u>	<u>9,181</u>	<u>3,730</u>	<u>2,217</u>	<u>19</u>

History of experience gains and losses

	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Experience gains/(losses) on Society assets	5,543	5,623	1,642	(33)	2,202
Experience gains/(losses) on Society liabilities*	(40)	(225)	(610)	(220)	1,328

*This item consists of gains/(losses) in respect of liability experience only, and excludes any change in liabilities in respect of changes to the actuarial assumptions used.

Notes to the financial statements

24. Lease commitments

At 31 December 2014, the Party's annual commitments under various non-cancellable operating leases were as follows:

	2014	2013
	£'000	£'000
Operating leases which expire:		
Within one year	113	-
In the second to fifth years inclusive	782	584
In more than five years	40	40
	<u>935</u>	<u>624</u>

The above operating leases relate to lease rental commitments for leasehold land and buildings, equipment and vehicles. Any rent-free periods granted by the lessors have been recognised over the total period of the lease.

25. Reconciliation of the operating surplus to inflow from operating activities

	2014	2013
	£'000	£'000
Operating surplus for the year before taxation	4,252	5,480
Depreciation and impairment charges	93	92
Interest payable on long term finance	355	586
(Increase)/decrease in debtors and prepayments	(255)	45
Increase in creditors and accruals	970	534
Actuarial gain on pension scheme	175	3,496
Decrease in pension liabilities	(777)	(5,451)
Decrease in provisions for liabilities and charges	(188)	-
Net cash flow from operating activities	<u>4,625</u>	<u>4,782</u>

26. Analysis of net debt

	1 Jan 2014	Cash flow	31 December 2014
	£'000	£'000	£'000
Cash at bank and in hand	9,181	2,488	11,669
Development fund loans	(7,883)	242	(7,641)
Overdrafts and short term loans, excluding element of long term bank loans falling due within one year	(320)	(931)	(1,251)
Other loans falling due within one year	(2,624)	446	(2,178)
	<u>(1,646)</u>	<u>2,245</u>	<u>599</u>
Long term bank loans: included in Creditors: amounts falling due after one year	(3,280)	1,202	(2,078)
Other loans: included in Creditors: amounts falling due after one year	(817)	817	-
	<u>(4,097)</u>	<u>2,019</u>	<u>(2,078)</u>
Total	<u>(5,743)</u>	<u>4,264</u>	<u>(1,479)</u>

27. Related Party transactions

The Party has entered into the following transactions with its affiliated (non-consolidated) accounting units:

	£'000
Development fund loans	
Loans payable at 1 January 2014	7,883
Additional loans made available	174
Loans repaid	(416)
Loans payable at 31 December 2014	<u>7,641</u>

All development fund loans are made available to the Party on commercial terms.

The Party also provides Constituency Labour Parties, all of which are accounting units, with a proportion of the membership revenues which are raised centrally.

Notes to the financial statements

28. Other loans

As at 31 December 2014 the Party has received the following amounts (loan plus accrued interest):

Name	Total due at 31 December 2014	Total due at 31 December 2013
Due in less than one year:	£'000	£'000
Nigel Morris	112	223
Dr Chai Patel	182	339
Rod Aldridge	116	223
Barry Townsley	116	230
Richard Caring	218	432
Sir David Garrard	1,434	1,177
	<u>2,178</u>	<u>2,624</u>
Due in more than than one year:		
Nigel Morris	-	96
Dr Chai Patel	-	157
Rod Aldridge	-	100
Barry Townsley	-	100
Richard Caring	-	188
Sir David Garrard	-	176
	<u>-</u>	<u>817</u>
	<u>2,178</u>	<u>3,441</u>

The rate of interest applicable to these unsecured loans is 6.5%.