



**Annual Report and Financial Statements**  
**For the year ended 31 December 2016**

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

## Annual Report and Financial Statements

For the year ended 31 December 2016

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# 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.

(Served throughout the year ended 31 December 2016, unless otherwise stated)

Rt Hon Lord Feldman of Elstree	Party Chairman (to July 2016)
Rt Hon Sir Patrick McLoughlin*	Party Chairman (from July 2016)
Rt Hon Robert Halfon MP	Deputy Chairman (to July 2016)
Amanda Sater*	Deputy Chairman (from September 2016)
Anthea McIntyre MEP*	Vice Chairman – Training (from September 2016)
Rt Hon Sir Oliver Letwin MP	MP on the Board of the Conservative Party (to July 2016)
Robert Semple OBE*	Chairman of the National Conservative Convention
Lord Porter of Spalding CBE	Chairman of the Conservative Councillors Association (to March 2016)
Cllr Rory Love*	Chairman of the Conservative Councillors Association (from March 2016)
Jonathan Evans*	Chairman of the Welsh Conservative Party
Robert Forman MBE WS*	Chairman, Scottish Conservatives Party
Cllr Steve Bell OBE	President of the National Conservative Convention (to July 2016)
Gerry Yates*	Vice President of the National Conservative Convention
Andrew Sharpe*	Vice President of the National Conservative Convention
Ms Linda Arkley*	Vice President of the National Conservative Convention (from July 2016)
Mr Tom Spiller*	Vice President of the National Conservative Convention (from July 2016)
Tiz Baskerville MBE	Vice President of the National Conservative Convention (to July 2016)
Ashley Fox MEP*	Leader of the Conservatives in the European Parliament
Lord Gilbert of Panteg*	Party Leader's Appointment to the Board
Lord MacGregor of Pulham Market OBE	Chairman of the Association of Conservative Peers (to March 2016)
Rt Hon the Lord Hunt of Wirral MBE*	Chairman of the Association of Conservative Peers (from March 2016)
Simon Day*	Chief Executive Officer, CCHQ
Lord Lupton CBE	Party Treasurer (to July 2016)
Sir Mick Davis*	Party Treasurer (from September 2016)
Graham Brady MP*	Chairman of the 1922 Committee
Geoffrey Clifton-Brown MP*	Chairman of the International Office
Rt Hon Mark Field MP*	Vice Chairman international Affairs
Mr Stephen Phillips OBE*	Secretary to the Board of the Conservative Party
Charles Walker OBE MP*	MP on the Board of the Conservative Party
Chloe Smith 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

(Served throughout the year ended 31 December 2016, unless otherwise stated)

Rt Hon Lord Feldman of Elstree	Party Chairman (to July 2016)
Rt Hon Sir Patrick McLoughlin*	Party Chairman (from July 2016)
Rt Hon Robert Halfon MP	Deputy Chairman of the Conservative Party (to July 2016)
Amanda Sater	Deputy Chairman of the Conservative Party (from September 2016)
Rt Hon Mark Field MP*	Vice Chairman – International
The Baroness Rock	Vice Chairman – Business (to July 2016)
Dominic Johnson CBE*	Vice Chairman – Finance (from September 2016)
Anthea McIntyre MEP*	Vice Chairman – Training (from September 2016)
Stuart Andrew MP*	Vice Chairman – Cities (from September 2016)

\* - 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

Sir Anthony Garrett CBE  
Brian Hanson CBE  
Christopher Moran  
Damien Collins MP and Amanda Sater  
Rt Hon Sir Patrick McLoughlin & Mr Gerry Yates  
Appointed on an ad hoc basis  
Ken Green  
Appointed on an ad hoc basis  
Robert Semple OBE

# The Conservative Central Office

## General information

### Conservative Campaign HQ Management

#### Position

Party Chairman  
Deputy Party Chairman  
Registered Treasurer and Director-General  
Director of Campaigning and Chief Agent  
Party Treasurer  
Chief Financial Officer

#### Current Holder

Rt Hon Sir Patrick McLoughlin  
Amanda Sater  
Alan Mabbutt OBE  
Darren Mott OBE  
Sir Mick Davis  
Simon Day

### Persons Registered with the Electoral Commission

(Currently serving, unless otherwise stated)

Leader  
Nominating Officer  
Registered Treasurer

Rt Hon Theresa May MP  
Victoria Carslake  
Alan Mabbutt OBE

### Elected Representatives

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

### Accounting Units

At 31 December 2016 the Party had 684 (2015 - 686) accounting units registered with the Electoral Commission throughout the UK.

### Central Office

4 Matthew Parker Street  
London  
SW1H 9HQ

Website: [www.conservatives.com](http://www.conservatives.com)

### Auditors

BDO LLP

# The Conservative Central Office Chairman's Report

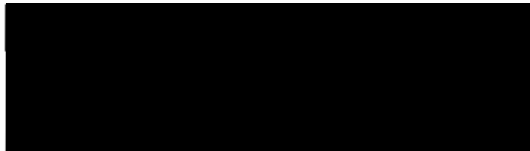
The recent General Election result was disappointing and we must learn from this result as the Party goes forward. Despite the loss of seats, we polled the highest national share of the vote since the 1983 General Election. We gained a large number of seats in Scotland and a number of seats in the north of England.

As Party Chairman, I will make sure that the Party has a review and reflects on what was successful during the campaign and what was not, we will make sure that we learn from the mistakes made and change things for the future.

The 2017 Local Elections saw our Councillor base bolstered and we gained a number of important local authorities across the UK, including Lancashire and Derbyshire. We will use these gains to continue to improve on our regional structures and campaigning organisation as we conduct our reviews following the General Election. We had a very successful set of election results in Mayoral campaigns, winning the West Midlands Mayoralty, the Teeside Mayoralty, the Cambridgeshire Mayoralty and the West of England Mayoralty.

Aside from the General Election; we have continued to professionalise and reform the operations at CCHQ. We have continued to implement the recommendations of the Conservative Party Review and I think that it is necessary for us to continue that work. This includes pressing on with the plans to roll out centrally administered membership, we have conducted trials in regions and expect this to roll out nationally shortly.

It is now important that the Party and CCHQ continues to adapt and reform in the months and years ahead so that we can continue to be the efficient campaigning force needed. I will endeavour to see that happens.



Rt Hon Sir Patrick McLoughlin  
Chairman of the Board

Date 26<sup>th</sup> June 2017

# The Conservative Central Office

## Treasurers' Financial Review

In 2016 we recorded a surplus of £0.3 million (2015 - £0.9m), which reflects a strong performance in a busy election year including local elections, Police and Crime Commissioners, Scottish Parliament, Welsh Assembly, Northern Irish Assembly, the London Mayoralty and London Assembly as well as 5 Parliamentary by-elections.

Donation income in 2016 amounted to £18.7 million (2015 - £32.1m), up 25% compared to the same year in the last Parliament. This reflected the continuing exceptional work of the 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 significant growth of membership fees income during the year to £1.4 million (2015 - £0.8m).

Our expenditure continues to be tightly controlled and £2.6 million in savings in staff costs and management and administration expenses from 2015 has allowed us to continue to invest in our campaigning activity, especially in a busy year for elections to devolved assemblies, PCCs and local elections.

Our balance sheet net liabilities fell in 2016 from £4.6 million to £4.3 million at the year end. It is also pleasing to be able to report that the Party continues to not have any outstanding external debt beyond Constituency Association loans and that all expenditure was financed from funds raised during the year.

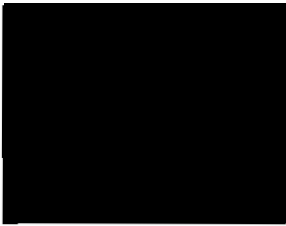
Financial oversight on behalf of the Party Board was exercised throughout the year by the Finance and Audit Committee under the Chairmanship of Robert Semple OBE.

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.



Sir Mick Davis  
Party Treasurer



Alan Mabbutt OBE  
Registered Treasurer

Date

26<sup>th</sup> June 2017

# **The Conservative Central Office**

## **Statement of Responsibilities of the Board**

The Board of the Conservative Central Office (“the Board”) are responsible for preparing the chairman's report, the treasurers' financial review and the financial statements in accordance with applicable law and regulations.

The Political Parties, Elections and Referendums Act 2000 requires the Board to prepare financial statements for each financial year. Under that act the Board are required to prepare the financial statements in accordance with the accounting guidance issued by the Electoral Commission. The Board must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the Conservative Central Office and of the surplus or deficit of the Conservative Central Office for that period.

In preparing these financial statements, the Board are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting guidance has been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 are responsible for keeping adequate accounting records that are sufficient to show and explain the Conservative Central Office's transactions and disclose with reasonable accuracy at any time the financial position of the Conservative Central Office and enable them to ensure that the financial statements comply with the Political Parties, Elections and Referendums Act 2000. They are 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 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 the Conservative Central Office website is the responsibility of the Board. The Board's responsibility also extends to the ongoing integrity of the financial statements contained therein.



# 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 2016, 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. 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

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

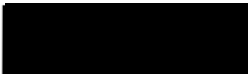
## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the Conservative Central Office as at 31 December 2016 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, based on the work undertaken in the course of the audit, 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 3-7-17

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

# The Conservative Central Office

## Consolidated Income and Expenditure Account

### For the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
<b>Income</b>			
Donation income		18,682	32,156
Membership fees	1a	1,459	823
Income from fundraising activities		657	692
Income from commercial activities		317	246
Income from legacies		301	178
Investment income	1b	178	16
Grant income	1c	460	219
Income from conferences		4,532	4,785
Notional income	1d	585	1,787
Other income		1,132	985
<b>Total income</b>		<u>28,303</u>	<u>41,887</u>
<b>Expenditure</b>			
Cost of fundraising activities		649	795
Cost of commercial activities		201	110
Notional expenditure		585	1,787
Staff costs		8,289	9,823
Management and administration expenses		7,449	8,422
Depreciation	6	462	465
Campaign expenditure	3	6,161	15,072
Interest payable	4	211	224
Conference expenditure		2,784	2,713
Other expenditure		965	1,381
<b>Total expenditure</b>		<u>27,756</u>	<u>40,765</u>
<b>Surplus before taxation</b>		547	1,095
<b>Taxation charge</b>	5	(263)	(238)
<b>Surplus for the year</b>	12	<u><u>284</u></u>	<u><u>857</u></u>

All amounts relate to continuing activities.

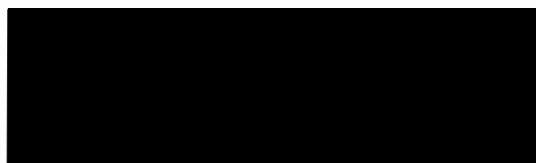
All recognised gains and losses in the current and prior period are included in the income and expenditure account.

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

# The Conservative Central Office Consolidated Balance Sheet As at 31 December 2016

	Note	2016 £'000	2015 £'000
<b>Fixed assets</b>			
Tangible assets	6	1,726	1,903
<b>Current assets</b>			
Debtors	7	1,127	1,122
Investments	8	1,332	1,178
Cash at bank and in hand		1,531	3,195
		<u>3,990</u>	<u>5,495</u>
<b>Creditors: amounts falling due within one year</b>	9	(7,105)	(8,661)
<b>Net current liabilities</b>		<u>(3,115)</u>	<u>(3,166)</u>
<b>Total assets less current liabilities</b>		(1,389)	(1,263)
<b>Provision for liabilities</b>	11	(2,887)	(3,297)
<b>Net liabilities</b>		<u>(4,276)</u>	<u>(4,560)</u>
<b>Reserves</b>			
Capital reserve	12	1,172	1,172
Revenue reserve	12	(5,448)	(5,732)
<b>Total capital and reserves</b>		<u>(4,276)</u>	<u>(4,560)</u>

The financial statements were approved and authorised for issue by the Board of The Conservative Central Office on \_\_\_\_\_ and were signed on its behalf by Rt Hon Sir Patrick McLoughlin.



26<sup>th</sup> June 2017

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 2016

	Note	2016 £'000	2015 £'000
Net cash (outflow)/ inflow from operating activities	15a	(930)	146
Returns on investments and servicing of finance	15b	(178)	(192)
Taxation		(409)	(135)
Capital expenditure and financial investment	15c	(285)	(252)
Decrease in cash before financing		(1,802)	(433)
Financing	15d	138	(141)
Decrease in cash in the year	15e	(1,664)	(574)

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 2016**

#### **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 31 December 2017 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.

The financial statements are presented in Sterling (£).

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.

# **The Conservative Central Office**

## **Accounting Policies**

### **For the year ended 31 December 2016 (*continued*)**

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.

#### **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.

#### **Current asset investment**

Current asset investments include shares held in funds which are valued on a regular basis and unlisted investments which are stated at cost. Investments have been classified as current asset investments and those held in funds are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

#### **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 102, 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 of the lease.

#### **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.

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 2016

#### 1. Income

	2016 £'000	2015 £'000
<b>a Membership fees</b>		
Party membership fees	<u>1,459</u>	<u>823</u>
<b>b Investment income</b>		
Dividends received	21	12
Rent receivable	-	2
Interest receivable	3	2
Fair value gain on current asset investment	154	-
	<u>178</u>	<u>16</u>
<b>c Grant income</b>		
Policy development grant	268	90
Scottish parliament grant	192	129
	<u>460</u>	<u>219</u>
<b>d Notional income</b>		
Goods and services	<u>585</u>	<u>1,787</u>

# The Conservative Central Office Notes to the Financial Statements For the year ended 31 December 2016 *(continued)*

## 2. Employees

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

	2016	2015
Central office staff	152	167
Regional office staff	46	49
	<u>198</u>	<u>216</u>

Their aggregate payroll costs were:

	2016 £'000	2015 £'000
Salaries	6,931	7,861
Social security costs	750	873
Pension costs	225	328
	<u>7,906</u>	<u>9,062</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 £8.2m.

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 2016 (*continued*)

#### 3. Result for the year

	2016 £'000	2015 £'000
The result is stated after charging/(crediting):		
Campaign expenditure:		
Scotland (reportable)	961	-
Wales (reportable)	387	-
General election (reportable)	-	10,057
Campaign expenditure (non-reportable)	4,813	5,015
Auditors' remuneration:		
Audit services to the Conservative Central Office	68	68
Non-audit services to the Conservative Central Office	18	10
Audit services to quasi-subsiidiaries	3	3
Operating lease rentals:		
Land and buildings	636	784
Motor vehicles	7	8
Office equipment	77	73
Depreciation of tangible fixed assets:		
Owned assets	462	465
Westminster Foundation for Democracy:		
Project funding recognised during the year	(578)	(578)
Project expenditure supported by funding	578	578
	<hr/>	<hr/>

#### 4. Interest payable

	2016 £'000	2015 £'000
Interest payable on loans and overdrafts	25	25
Unwinding of discounts on provisions	149	174
Interest payable on other loans	37	25
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**The Conservative Central Office**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2016 (continued)**

**5. Taxation**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Current tax on taxable income	237	238
Deferred tax – origination and reversal of timing differenced	26	-
Total taxation charge	<u>263</u>	<u>238</u>

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

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Surplus before taxation	<u>547</u>	<u>1,095</u>
Tax on surplus at the basic rate of income tax in the UK of 20% (2015 - 20%)	109	219
<i>Effects of:</i>		
Expenses not deductible for tax purposes	5,295	7,947
Non-taxable income	(5,167)	(7,928)
Origination and reversal of timing differenced	26	-
Tax on surplus	<u>263</u>	<u>238</u>

**The Conservative Central Office**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2016 (continued)**

**6. Tangible fixed assets**

	<b>Furniture, fixtures &amp; fittings £'000</b>	<b>Office equipment £'000</b>	<b>Computer equipment £'000</b>	<b>Total £'000</b>
<b>Cost or valuation</b>				
At 1 January 2016	1,315	659	5,924	7,898
Additions	83	29	173	285
At 31 December 2016	<u>1,398</u>	<u>688</u>	<u>6,097</u>	<u>8,183</u>
<b>Depreciation</b>				
At 1 January 2016	633	654	4,708	5,995
Charge for the year	81	9	372	462
At 31 December 2016	<u>714</u>	<u>663</u>	<u>5,080</u>	<u>6,457</u>
<b>Net book value</b>				
At 31 December 2016	684	25	1,017	1,726
At 31 December 2015	<u>682</u>	<u>5</u>	<u>1,216</u>	<u>1,903</u>

**7. Debtors**

	<b>2016 £'000</b>	<b>2015 £'000</b>
Trade debtors	215	100
Other debtors	303	336
Prepayments and accrued income	609	686
	<u>1,127</u>	<u>1,122</u>

All amounts fall due within one year.

**The Conservative Central Office**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2016 (continued)**

**8. Current asset investments**

	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
Opening fair value	1,178	44
Purchases	-	1,150
Gains/(losses) on remeasurement to fair value	154	(16)
Market value	<u>1,332</u>	<u>1,178</u>

Current asset investment of £1,288,000 (2015 - £1,134,000) are shares held in funds which are valued on a regular basis. The total income recognised on these investment in the period was £154,000 (2015 – loss £16,000), representing the fair value remeasurements shown above

Current asset investments also includes £44,000 (2015 - £44,000) relating to unlisted investments stated at cost.

**9. Creditors: amounts falling due within one year**

	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
Other loans payable (note 10)	4,024	3,877
Trade creditors	427	1,181
Social security and other taxation	189	217
Corporate tax payable	217	389
Deferred tax liability	26	-
Other creditors	169	131
Accruals and deferred income	2,053	2,866
	<u>7,105</u>	<u>8,661</u>

# The Conservative Central Office

## Notes to the Financial Statements

### For the year ended 31 December 2016 (*continued*)

#### 10. Loans

	2016 £'000	2015 £'000
Interest free and repayable on demand:		
Loans from Constituency Associations	3,067	2,929
Interest bearing and repayable on demand:		
Loans from Constituency Associations	957	948
	4,024	3,877

#### 11. Provisions for liabilities

	Pension commitment £'000	Onerous lease provision £'000	Dilapidations provision £'000	Total provision £'000
At 1 January 2016	3,037	11	249	3,297
Unwinding of discount	149	-	-	149
Utilisation of provision	(548)	(11)	-	(559)
At 31 December 2016	2,638	-	249	2,887

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 are offset against the provision with a finance charge for unwinding of the discount.

The onerous lease provision brought forward related to a lease, expiring on 30 June 2016, on premises no longer utilised for the Conservative Central Office operations. The provision is now fully utilised.

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

# The Conservative Central Office

## Notes to the Financial Statements

### For the year ended 31 December 2016 (*continued*)

#### 12. Capital and reserves

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

	Capital reserve 2016 £'000	Revenue reserve 2016 £'000	Total capital and reserves 2016 £'000	Total capital and reserves 2015 £'000
At 1 January 2016	1,172	(5,732)	(4,560)	(5,417)
Net surplus for the year	-	284	284	857
At 31 December 2016	<u>1,172</u>	<u>(5,448)</u>	<u>(4,276)</u>	<u>(4,560)</u>

#### 13. Financial commitments

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

	Land and buildings 2016 £'000	2015 £'000
Less than one year	456	7
Between two and five years	1,824	-
In more than five years	2,052	-
Total	<u>4,332</u>	<u>7</u>

# The Conservative Central Office

## Notes to the Financial Statements

### For the year ended 31 December 2016 (*continued*)

#### 14. 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 £14,494,000 at 31 December 2016 (2015 - £14,182,000), comprising fixed assets £573,000 (2015 - £659,000) investments of £1,313,000 (2015 - £1,159,000), debtors of £27,000 (2015 - £14,000), cash at bank of £1,743,000 (2015 - £1,447,000), creditors and accruals of £10,000 (2015 - £70,000) and provisions £250,000 (2015 - £261,000). There are also intra-group balances, of £ 11,152,000 (2015 - £11,234,000) due from the Conservative Central Office, which are eliminated on consolidation. In aggregate, the quasi-subidiaries reported a gain for the year, of £326,000 (2015 - £194,000).

#### 15. Notes to the cash flow statement

##### (a) Reconciliation of operating surplus to operating cash flows

	2016 £'000	2015 £'000
Surplus before taxation	547	1,095
Depreciation on tangible fixed assets	462	465
Change in value of investment	(154)	(16)
(Increase) /decrease in debtors	(5)	424
Decrease in creditors	(1,557)	(1,473)
Decrease in provisions	(410)	(566)
Interest converted to loans	9	9
	<u>(1,108)</u>	<u>(62)</u>
Interest payable	202	224
Investment income	(24)	(16)
Net cash inflow from operating activities	<u>(930)</u>	<u>146</u>

##### (b) Returns on investments and servicing of finance

	2016 £'000	2015 £'000
Interest paid	(202)	(208)
Dividends received	21	12
Rent received	-	2
Interest received	3	2
Cash outflow from returns on investments and servicing of finance	<u>(178)</u>	<u>(192)</u>

# The Conservative Central Office

## Notes to the Financial Statements

### For the year ended 31 December 2016 (*continued*)

#### 15. Notes to the cash flow statement (*continued*)

##### (c) Capital expenditure and financial investment

	2016 £'000	2015 £'000
Payments to acquire fixed assets		
Cash outflow from capital expenditure and financial investment	(285)	(252)

##### (d) Financing

	2016 £'000	2015 £'000
Interest converted to loans	(9)	(9)
Movement in Constituency loan	147	(132)
Cash outflow from financing	138	(141)

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

	Note	2016 £'000	2015 £'000
Decrease in cash in the year		(1,664)	(574)
Cash outflow from financing	15d	(138)	141
Change in net debt resulting from cash flows		(1,802)	(433)
Non-cash movements		154	-
Movement in net debt in the year		(1,648)	(433)
Opening net debt		496	928
Closing net funds	15f	(1,152)	496



**The Conservative Central Office**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2016 (*continued*)**

(f) *Analysis of movements in net debt*

	1 January 2016 £'000	Cash flow £'000	Non-cash movements £'000	31 December 2016 £'000
Cash at bank and in hand	3,195	(1,664)	-	1,531
	<u>3,195</u>	<u>(1,664)</u>	<u>-</u>	<u>1,531</u>
Current asset investments	1,178	-	154	1,332
Loans due falling due within one year	(3,877)	(138)	-	(4,015)
Net funds/(debt)	<u>496</u>	<u>(1,802)</u>	<u>154</u>	<u>(1,152)</u>

# The Conservative Central Office

## Notes to the Financial Statements

### For the year ended 31 December 2016 (*continued*)

#### 16. Related party transactions

The Board of the Conservative Central Office has determined that, under FRS 102, 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 102, 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 2016 are provided below:

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

Donations £5,000	(2015 - £22,000)
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- b) The following transactions were made by Sir Mick Davis during the year:

Donations £1,038,000	(2015 - £Nil)
Donation in kind £19,000	(2015 - £Nil)

- c) The following transactions were made by Lord Lupton CBE during the year:

Donations £69,050	(2015 - £647,500)
Donations in Kind £6,400	(2015 - £104,650)

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

Donations £65	(2015 - £135)
Donation in Kind £1,125	(2015 - £Nil)

#### 17. 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 and the Leader of the Party is considered to be a person of significant control due to the right to appoint or remove a majority of the board of the party.