



Kensington, Chelsea & Fulham Conservatives

Chairman's report Treasurer's Report And Financial Statements 2014

Patron & President - The Earl Cadogan, KBE, DL

Vice-President - Hon. Alderman Mr John Corbet-Singleton, CBE

Officers

Chairman - Lord (Matthew) Carrington of Fulham

Deputy Chairman Political - Cllr. Mrs Julie Mills

Deputy Chairman Membership - Mrs Sarah Pascall

Constituency Officer Kensington - Hon. Alderman Mrs Priscilla Frazer

Constituency Officer Chelsea & Fulham - Mr Vivian Bendall

Hon. Treasurer - Cllr. David Lindsay

Trustees

The Earl Cadogan, KBE, DL

Cllr. Tim Ahern, Cllr. Tim Coleridge, Sir Michael Craig Cooper, CBE, TD, DL

Cllr. Daniel Moylan & Mr. W T O (Theo) Wallace

Members of Parliament

Kensington - The Rt. Hon Sir Malcolm Rifkind, QC

Chelsea & Fulham - The Rt. Hon Mr. Greg Hands

Agent

Mr. Jonathan Fraser-Howells

Office:

Tel :

Email:

www.kcfc.org.uk

Objects of the Federation

The objects of the Federation shall be to sustain and promote the objects and values of the Party in the Parliamentary constituencies of Kensington and Chelsea & Fulham; to provide an effective organisation in the constituencies; to secure the return of Conservative Candidates at elections; to raise the necessary funds to achieve these objectives; and to contribute to the central funds of the Party.

Chairman's Report 2014

The past year has been one of great change for the Federation in preparation for the battle to come in West London on May 7th, 2015.

We started the year with the Borough Council Elections in both the RBK&C and in H&F. We were well prepared and fielded an excellent slate of candidates in both Boroughs. In RBK&C, we faced the added challenge of fighting on the new ward boundaries and the results were good, although we had two major disappointments – in winning only two out of three seats in Earls Court Ward and in only taking one seat in St Helen's Ward.

In Fulham, we always knew that the result would depend on the vote in a few wards and sadly we lost in Fulham Broadway Ward. Our opponents were very successful in getting out their vote in that ward, well beyond what they had achieved in previous elections. We have to learn from this and to raise our game in our target wards.

Losing control of the Hammersmith & Fulham Council is a major setback which we must reverse in 2018. Work has already started to ensure that in just over three years' time, we do not repeat this outcome.

But I would like to congratulate all our successful Councillors in both Boroughs and to commiserate with our losing candidates. Everyone worked very hard and can be very proud of what they achieved.

Apart from the election, in the Federation our focus has been to get our finances onto a sustainable basis. For some years, we had been spending far more on premises than we could afford or justify. As the Borough elections showed, we have to concentrate our resources into campaigning. In late 2014, we exchanged contracts on splendid new premises at [REDACTED]. If you have not yet seen them, I highly recommend a visit. They are well adapted to modern campaigning needs, with a lot of useable space for both our IT needs and for telephone canvassing. Our thanks are due to Cllr David Lindsay and Jonathan Fraser-Howells for working so hard to make this move happen and to our Property sub-committee of Vivien Bendall, Cllrs Will Pascal and Tim Coleridge for their wise advice and support.

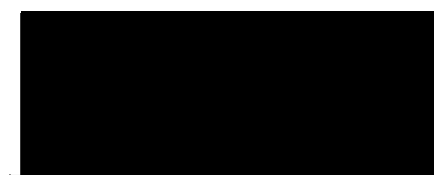
Moving to Southern Row will not make us rich. It has taken all the financial resources we have plus the results of the very successful appeal we made to help finance the move. But what it has done is to ensure that our core outgoings (excluding elections etc) and our regular income are now more or less in balance.

This allows us to concentrate on the coming General Election. We are giving a lot of support both financially and in mutual aid to Mary McCleod MP in Brentford and Isleworth. This is the most marginal Conservative held seat close to us and one we must hold in May. I am very grateful to Cllr Quentin Marshall who is leading our efforts to help Mary.

We are also giving a lot of support to Charlie Dewhurst in Hammersmith. This is highly winnable in May and a win there will lay the foundations for a successful comeback on the Council in 2018. I chair Charlie's Campaign Committee.

I would like to thank all the Officers for their support and hard work during the year. There has been a lot of work to get done, but they have got stuck into it with enthusiasm.

As you know, this has been my last year as your Chairman as I run into the Party's three year term limit rule. The three years have been enormous fun and I have made a lot of new friends. But I am particularly grateful to all of you for your support which has made being your Chairman both possible and very rewarding. I would like in particular to thank our agent, Jonathan Fraser-Howells, and his team for providing me with such excellent backup during my time in office.



The Lord Carrington of Fulham
Chairman – KCFC

Hon. Treasurer's Report 2014

As Hon Treasurer, the most important news is the fact that we have been able to buy new premises in RBKC. Last year I wrote that I thought that it was highly unlikely that we would be able to afford to acquire property within the borough. In the event, we have been able to find suitable premises in North Kensington, by using up all of the proceeds of the Trust fund. These premises are sufficiently large to act as a regional London hub, by enabling other associations to move in, saving them establishment costs as well as all being able to benefit from the organisational and cultural change that greater specialisation as well as new ways of working will deliver. The move was expensive, and contributed to the large deficit, but will result in long-term savings.

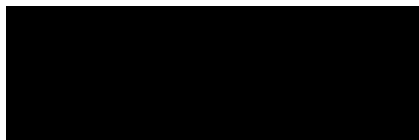
The markedly higher deficit before tax and appropriations of £63,734 for 2014 (compared with a deficit of £15,960 in 2013, £18,412 in 2012, and £13,286 in 2011) is a reflection of lower income and higher expenditure, both driven by the move from 1a, Chelsea Manor Street. We moved twice during the year, and accordingly incurred one-off expenses including having to pay rent on two properties for several months, while we were moving. Overall, our total income decreased slightly from £263,970 to £254,071, notwithstanding that we had the Council elections, with fighting fund, and a building fund appeal. Much of this reduction was due to lower rent receivable from 1a, Chelsea Manor Street, compared with 2013: we knew we were leaving, and it was not possible to rent the premises out other than occasionally. Subscription and fundraising income from members increased by c. £30,000 to £233,488, driven by a very creditable for the fighting fund (£42,793) for the Council elections, and an even more creditable £65,532 for the new building fund. This will help ensure that the KCFC's new premises are fully fit for purpose when substantive work starts on them after the election. The members of the Patron's club contributed £23,868, (2013: £25,448) – and we are most grateful to all our members, supporters and others who contributed generously to our Federation.

Expenditure costs were almost £50,000 higher, reflecting campaigning costs which were not incurred in 2013 and the one-off costs of the move. Higher staff costs reflect the additional staffing needs for both the 2014 Council elections and the forthcoming general election, while other administrative expenditure is some £64,000 higher than in 2013, and reflects not only 2014 campaign costs but also the costs of 2 moves, including the write-offs of many old balances, as we move into a new era. We moved into temporary offices in North Kensington in July 2014 and moved out of them at the end of January 2015, and vacated 1a, Chelsea Manor Street in September 2014, before exchanging on our leasehold premises in November, on which we subsequently completed on 19th January 2015. The cost of the two moves necessarily entailed significant one-off expenditure, including legal and other professional fees as well as moving costs, and having to pay rent and rates on two properties for three months. However, this will result in significant long-term savings: from February 2014, when we vacated our temporary offices, our ground rent and rates will be about £12,000 pa, as compared with net establishment costs (rent and rates less rent receivable) of in excess of £50-60,000 in 2013, an amount that would have probably doubled had we remained and had a rent review.

We are fully up to date with our dues. Our subscription to Central Office was £8,605 (2013: £8,500), and donations to Hammersmith of £8,000. In noting our donations to Hammersmith, it is worth pointing out that over the last 7 years, as a Federation we have given away about £92k to other Conservative Associations. Of this amount, £60k has been given to Hammersmith, about £7k to both Ealing Central and Acton and Brentford and Isleworth, and £19k to other associations where we have had links. This generosity while both well-intentioned and also producing benefits in terms of making a tangible difference to the outcome of a number of key elections is going to have to cease. We are not in a position to give any more away, as our bank balance shows: of the £418,144 shown on the balance sheet, £366,870 was spent on completing the acquisition of the lease of [REDACTED]

[REDACTED] The outstanding balance of £51,274 was very substantially accounted for by monies from the Building Appeal.

In summary, our income was modestly down, albeit helped by good results for both the fighting fund and building fund, while costs were significantly up, reflecting the costs of the move. However, now that the Association has moved to new premises, establishment costs will fall markedly, giving future Officers an easier job, particularly if other associations join us, at a time when fund-raising may prove to be more challenging than it has been even of late.



26th February 2015

Cllr. David Lindsay
Hon Treasurer

Statement of the Treasurer's responsibilities

The Treasurer 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 Federation and of the surplus or deficit of the Federation for that period. In preparing those financial statements, the Treasurer is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 the Federation will continue in business.

Section 41 of the Act requires that the Treasurer is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Federation and to enable them to ensure that the financial statements comply with the Act. He is also responsible for safeguarding the assets of the Federation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Independent Auditors to the Members of Kensington, Chelsea & Fulham Conservative Federation

We have audited the financial statements of Kensington, Chelsea and Fulham Conservative Federation for the year ended 31 December 2014 which comprise the income and expenditure account, the balance sheet, the cash flow statement and the related notes. 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 Members in accordance with Section 43 of the Political Parties, Elections and Referendums Act 2000. Our audit work has been undertaken so that we might report on those matters that we are required to state 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 Members for the audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Treasurer and Auditors

As described in the Statement of the Treasurer's Responsibilities on page 2, the Treasurer is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with applicable law and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Boards 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 circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the officers; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion, the financial statements give a true and fair view of the state of the Federation's affairs as at 31 December 2014 and of its net reduction in accumulated funds in the year then ended and 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.


Opinion on other statements

In our opinion the information given in the Chairman's and Treasurer's Reports for the financial year for which the financial statements are prepared are consistent with the financial statements.

Matters on which we are required to report by exception


We have nothing to report in respect of the following matters where we would be required to report to you if, in our opinion:

- adequate accounting records had not been kept; or
- the financial statements are not in agreement with the accounting records; or
- certain disclosure specified by law are not made; or
- we have not received all the information and explanation is required for our audit.



(Senior Statutory Auditor)

for and on behalf of Kingly Brookes LLP
Statutory Auditors and Chartered Accountants



Date 27th February 2015

KENSINGTON, CHELSEA AND FULHAM CONSERVATIVE FEDERATION
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 £	2013 £
INCOME			
Members' subscriptions		<u>72,081</u>	<u>86,709</u>
Fundraising:			
Ward and branch contributions		14,323	30,067
Patrons' club		23,868	25,448
Federation events and committees		3,889	5,074
Annual Dinner		7,320	50,562
Outside organisations		5,000	70
Fighting fund		42,793	2,997
Building Fund		65,532	-
Donations and other income		<u>1,832</u>	<u>3,382</u>
		<u>164,557</u>	<u>117,600</u>
Other income:			
Interest received		282	141
Dividends received		1,806	2,885
Services provided to Sir Malcolm Rifkind MP		2,100	2,800
Rental income	3	<u>16,395</u>	<u>37,585</u>
		<u>20,583</u>	<u>43,411</u>
Notional income	2	<u>2,100</u>	<u>16,250</u>
Total income		<u>259,321</u>	<u>263,970</u>
EXPENDITURE			
Payroll costs	4	102,685	89,735
Other administrative expenditure	5	194,433	140,586
Costs of fundraising events	6	<u>23,837</u>	<u>33,359</u>
		<u>320,955</u>	<u>263,680</u>
Notional expenditure	2	2,100	<u>16,250</u>
Total expenditure		<u>323,055</u>	<u>279,930</u>
Excess (deficit) of income against expenditure before taxation		(63,734)	(15,960)
Less - Taxation on investment and rental income:			
Corporation tax - current year		<u>443</u>	<u>5,371</u>
Excess (deficit) of income against expenditure after taxation		(64,177)	(21,331)
Appropriations:			
Conservative Central Office – subscription		8,605	8,500
Gifts to other associations		8,000	3,000
		<u>16,605</u>	<u>11,500</u>
NET DEFICIT FOR THE YEAR AFTER APPROPRIATIONS		(80,782)	£(32,831)
Net gains and expenses related to investments held by managers	7	3,231	12,875
Disposal Account		182,765	-
Transfer to property reserve		(180,579)	
Corporation tax charge on investment gains		(2,852)	(410)
Deferred taxation release (charge) on investments		3,400	(2,347)
		<u>-</u>	<u>-</u>
Net reduction in accumulated fund in year		<u>£(74,817)</u>	<u>£(22,713)</u>

There were no recognised gains and losses other than those shown in the above Income and Expenditure Account.

The notes on pages 10 to 13 form part of these accounts

KENSINGTON, CHELSEA AND FULHAM CONSERVATIVE FEDERATION
BALANCE SHEET AS AT 31 DECEMBER 2014

	Notes	2014 £	2013 £
Tangible fixed assets	8		
Leasehold property		485,570	212,651
Fixtures and fittings		<u>1,400</u>	<u>3,802</u>
Total tangible fixed assets		486,970	216,453
Investments	9	-	285,572
Current assets			
Debtors and prepayments		12,063	16,711
Wine stocks		-	835
Cash at bank and in hand		<u>418,144</u>	<u>10,873</u>
Total current assets		<u>430,207</u>	<u>28,419</u>
Creditors falling due in less than one year:			
Creditors, provisions and accruals		378,579	91,742
Corporation tax		<u>4,241</u>	<u>6,707</u>
Total current liabilities		<u>382,820</u>	<u>98,449</u>
Net current assets (liabilities)		47,387	(70,030)
Provision for deferred taxation		<u>(280)</u>	<u>(3,680)</u>
Net assets		<u>£534,077</u>	<u>£428,315</u>
Financed by:			
Accumulated funds	10	48,507	123,324
Property reserve	11	<u>485,570</u>	<u>304,991</u>
Total funds		<u>£534,077</u>	<u>£428,315</u>

I confirm that the financial statements have been prepared in accordance with guidance issued by the Electoral Commission and are correct to the best of my knowledge. In addition, I confirm these financial statements were approved by the Federation Officers on 26th February 2015 and were signed on their behalf by:



David Lindsay
Hon Treasurer

KENSINGTON, CHELSEA AND FULHAM CONSERVATIVE FEDERATION
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	£	£
Operating activities		
Operating deficit	(63,734)	(15,960)
Depreciation and amortisation charges	7,718	8,948
Investment income	(2,088)	(3,026)
Change in investment portfolio value	-	(1,218)
Decrease in debtors	4,648	9,762
Decrease in wine stock	835	-
Increase/(Decrease) in creditors	<u>(80,033)</u>	<u>24,865</u>
Net cash inflow (outflow) from operations	(132,654)	23,371
Investment income	2,088	3,026
Taxation		
Corporation tax paid	(5,761)	(6,305)
Payments to Conservative Central Office and other Conservative associations and groups	(16,605)	(11,500)
Investing activities		
Sale/Purchase of investments	-	21,878
Decrease Increase in cash held by investment manager	288,803	(23,679)
Proceeds on disposal of lease after legal costs	390,100	-
Deposit on new premises	<u>(118,700)</u>	<u>-</u>
Net cash inflow (outflow) inflow on investing activities	<u>560,203</u>	<u>(1,801)</u>
 Increase in cash and cash equivalents	 <u>407,271</u>	 <u>6,791</u>
 Movement in cash funds		
Cash at bank and in hand at 1 January 2014 and 2013	10,873	4,082
Cash at bank and in hand at 31 December 2014 and 2013	<u>418,144</u>	<u>10,873</u>
 Increase in cash and bank balances in the year	 <u>407,271</u>	 <u>6,791</u>

The notes on pages 10 to 13 form part of these accounts

KENSINGTON, CHELSEA AND FULHAM CONSERVATIVE FEDERATION
NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 DECEMBER 2014

1 Accounting policies and basis of preparation

The financial statements are prepared under the historical cost convention, as modified by the revaluation of investments, and are in accordance with applicable accounting standards and the Statement of Accounts Guidance Notes issued by the Electoral Commission.

The following principal accounting policies have been applied:

a) Income recognition

Income is recognised when all of the following conditions have been met:

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

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

Membership and subscription fees are recognised in the income and expenditure account in the period in which they are received.

Fund raising, donations of monetary assets and liquid investments are recognised at market value in the income and expenditure account on receipt.

Interest receivable and rental income are recognised in the income and expenditure account on an accruals basis.

Dividend income is recognised when received by the investment managers.

b) Tangible Fixed Assets and Depreciation

Leasehold property is amortised over the remaining period of the lease.

Furniture and equipment is depreciated to write off cost over its estimated useful life at 33, 25, or 15 per cent per annum on a straight line basis.

c) Leases. The leasehold property is recorded in the Balance Sheet as a tangible fixed asset and is amortised as shown. Rental payments are charged to the Income and Expenditure Account.

Rent receivable on the part sublet is included in the Income and Expenditure account on a receivable basis.

d) Wine stock is valued at the lower of cost and net realisable value.

e) Deferred tax provision is made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes, where it is considered material.

f) Property Contingency Reserve has been created from surpluses on the realisation of property and by transfers from the Accumulated Funds. The reserve is held to meet major repairs or replacement expenditure to the property which may arise in future years.

g) Investments

Investments consist principally of listed investments which are marketable securities and are stated at market value.

2 Income and expenditure account

Notional income and expense is the attributed value of goods and services donated in connection with fund raising events.

3 Rental income

Rental income includes £6,500 (2013 - £6,500) from Charles Tannock MEP.

KENSINGTON, CHELSEA AND FULHAM CONSERVATIVE FEDERATION
NOTES TO THE FINANCIAL STATEMENTS – continued

4 Payroll costs

Payroll costs consist of:	2014	2013
	£	£
Salaries	90,297	73,180
Social Security costs	9,082	13,436
Pension costs	2,350	2,350
Other	956	769
	<u>102,685</u>	<u>89,735</u>

	Number	Number
The average number of staff during the year was (including 1 part-time)	3	3

One member of staff's total remuneration exceeded £50,000 at £58,957 (2013 - £50,670), including pension contributions and other benefits.

There were no paid Officers of the Federation during the year.

5 Other administrative expenditure

	2014	2013
	£	£
Rent, rates and water	66,074	72,622
Insurances	2,639	3,693
Light and heat	1,786	4,165
Repairs and renewals	-	938
Campaign	24,258	762
Postage	6,874	5,835
Telephone	6,727	2,766
Printing and stationery	5,655	2,935
Computer expense	3,251	4,324
Professional fees and bank charges (Audit: £5,500, 2013 £5,500)	5,500	5,500
Other expenditure	63,951	28,098
Depreciation and lease amortisation	7,718	8,948
	<u>£194,433</u>	<u>£140,586</u>

6 Cost of fundraising events

The direct costs of fundraising relating to the income from each fundraising event were:	2014	2013
	£	£
Ward and branch contributions	2,671	3,822
Annual Dinner	9,985	15,670
Patrons' club	4,016	3,331
Federation events and committees	7,165	10,536
	<u>£23,837</u>	<u>£33,359</u>

7 Net gains (losses) and expenses related to investments held by managers

These include realised gains on sales of investments during the year of £14,259 (2013 - £2,293), some of which were included in unrealised gains in earlier periods, unrealised revaluation gain on investments of £Nil (2013 - £18,473, and management and custody fees relating to capital £963 (2013 - £1,224).

KENSINGTON, CHELSEA AND FULHAM CONSERVATIVE FEDERATION

NOTES TO THE FINANCIAL STATEMENTS – continued

8 Tangible fixed assets

	Leasehold Property	Equipment	Total
COST	£	£	£
Balance at beginning of year	314,145	72,866	387,011
Additions	485,570		485,570
Disposals	(314,145)	(25,838)	(339,983)
Balance at end of year	<u>485,570</u>	<u>47,028</u>	<u>532,598</u>
DEPRECIATION			
Balance at beginning of year	101,494	69,064	170,558
Charge for the year	5,316	2,402	7,718
Disposal	(106,810)	(25,838)	(132,648)
Balance at end of year	<u>-</u>	<u>45,628</u>	<u>45,628</u>
NET BOOK VALUE			
At 31 December 2014	<u>£485,570</u>	<u>£1,400</u>	<u>£486,970</u>
At 31 December 2013	<u>£219,739</u>	<u>£5,662</u>	<u>£225,401</u>

9 Investments

	2014	2013
	£	£
Listed Investments		
Market value of investments at beginning of year	202,708	210,493
Additions	-	31,620
Increase in market value in year	3,640	14,093
Disposals at market value	-	(53,498)
Disposal proceeds transferred to the Federation Bank account	<u>(206,348)</u>	<u>-----</u>
Market value of listed investments at end of year	-	202,708
Cash held by Investment Managers	<u>-</u>	<u>82,864</u>
	<u>£-</u>	<u>£285,572</u>
The listed investments comprise:		
UK equity and investment funds	-	38,437
Emerging markets	-	7,966
Melchior Selected Trust	-	130,953
Hedge and Thematic Funds	-	<u>25,352</u>
	<u>£-</u>	<u>£202,708</u>

The investments were held in connection with the replacement of the Federation's office premises in Chelsea and are not generally available for other Federation purposes. The Investments were disposed of in 2014 and the proceeds transferred to the Federation Bank Account to facilitate the purchase of the new premises.

KENSINGTON, CHELSEA AND FULHAM CONSERVATIVE FEDERATION

NOTES TO THE FINANCIAL STATEMENTS – continued

10 Accumulated funds

	2014	2013
	£	£
Accumulated funds balance at beginning of year	123,324	146,037
Net deficit for year after appropriations	<u>(74,817)</u>	<u>(22,713)</u>
Balance at end of year	<u>£ 48,507</u>	<u>£123,324</u>

11 Property reserve

	2014	2013
	£	£
Balance at beginning of year	304,991	304,991
Movement in year	<u>180,579</u>	<u>-</u>
Balance at end of year	<u>£485,570</u>	<u>£304,991</u>

12 Donations reported to the Electoral Commission

During the year the Federation had donations, including membership subscriptions and other income, totaling £39,000 (2013 - £7,000) that were reportable to the Electoral Commission.

Under PPERA single or aggregate donations for an individual greater than £1,500 in any calendar year are reportable to the Electoral Commission.