



**Annual Report and Financial Statements**  
**For the year ended 31 December 2015**

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

## Annual Report and Financial Statements For the year ended 31 December 2015

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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 as at 31 December 2015

(Served throughout the year ended 31 December 2015, unless otherwise stated)

|  |  |
|--|--|
| Rt Hon the Lord Feldman of Elstree*                | Party Chairman   |
| Rt Hon Grant Shapps MP                             | Party Chairman (to May 2015)   |
| Rt Hon Robert Haifon MP*                           | Deputy Chairman (from May 2015)  |
| Baroness Pidding of Amersham CBE                   | Deputy Chairman of the Board and Chairman of the National Conservative Convention (to June 2015) |
| Robert Semple OBE*                                 | Chairman of the National Conservative Convention (from June 2015)                                |
|  | Vice President of the National Conservative Convention (to July 2015)                            |
| Andrew Sharpe*                                     | Vice President of the National Conservative Convention (from July 2015)                          |
| Ashley Fox MEP*                                    | Leader of Conservatives in European Parliament   |
| Lord Gilbert of Panteg                             | Party Leader's Appointment to the Board (to December 2015)                                       |
| Lord Porter of Spalding CBE                        | Conservative Councillors Association   |
| Jonathan Evans*                                    | Chairman of the Welsh Conservative Party   |
| Richard Keen QC                                    | Chairman, Scottish Conservatives Party (to May 2015)   |
| Robert Forman MBE*                                 | Chairman, Scottish Conservatives Party (from June 2015)  |
| Simon Day*   | Chief Executive Officer, CCHQ  |
| Tiz Baskerville MBE*                               | Vice President of the National Conservative Convention   |
| The Rt Hon the Lord MacGregor of Pulham Market OBE | Chairman of the Association of Conservative Peers  |
| The Lord Farmer of Bishopsgate                     | Party Treasurer (to May 2015)  |
| The Lord Lupton CBE*                               | Party Treasurer (from July 2015)   |
| Graham Brady MP*                                   | Chairman of the 1922 Committee   |
| Geoffrey Clifton-Brown MP*                         | Chairman of International Office (to May 2015)   |
|  | MP on the Board of the Conservative Party (from June 2015)                                       |
| Cllr Steve Bell*                                   | President of the National Conservative Convention (from July 2015)                               |
| Gerry Yates*                                       | Vice President of the National Conservative Convention   |
| James Wharton MP                                   | MP on the Board of the Conservative Party (to May 2015)  |
| Charles Walker OBE MP*                             | MP on the Board of the Conservative Party  |
| Chloe Smith MP*                                    | MP on the Board of the Conservative Party (from June 2015)                                       |
| Brian Binley MP                                    | MP on the Board of the Conservative Party (to May 2015)  |
| Charles Heslope MBE                                | Vice President of the National Convention (to July 2015)   |

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

# The Conservative Central Office

## General information

### Party Officers as at 31 December 2015

(Served throughout the year ended 31 December 2015, unless otherwise stated)

|                                   |   |
|-----------------------------------|---|
| Rt Hon Lord Feldman of Elstree    | Party Chairman  |
| Rt Hon Grant Shapps MP            | Party Chairman (to May 2015)  |
| Rt Hon Rob Halfon MP              | Deputy Chairman of the Conservative Party (since May 2015)                        |
| Baroness Pidding of Amersahm OBE* | Deputy Chairman of the Board and Chairman of the National Conservative Convention |
| Geoffrey Clifton-Brown MP         | Vice Chairman – International (to May 2015)                                       |
| Rt Hon Mark Field MP              | Vice Chairman – International (from May 2015)                                     |
| Alan Lewis CBE                    | Vice Chairman – Business (to May 2015)  |
| Baroness Rock                     | Vice Chairman – Business (from May 2015)  |
| Alok Sharma MP                    | Vice Chairman - BME Communities (to May 2015)                                     |
| Richard Harrington MP             | Vice Chairman - Target Seat Campaigning (to May 2015)                             |
| Bob Neill MP                      | Vice Chairman - Local Government (to May 2015)                                    |
| Wendy Morton                      | Vice Chairman - Social Action (to May 2015)                                       |
| Rebecca Harris MP                 | Vice Chairman - Conservative Future (to May 2015)                                 |

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

### Administrative Information

| Committees                                  | Current Chairmen                   |
|---|------------------------------------|
| Conservative Agents' Benevolent Association | Sir Anthony Garrett CBE            |
| Conservative Agents' Superannuation Fund    | Brian Hanson CBE                   |
| C&UCO Properties Limited                    | Christopher Moran                  |
| Candidates                                  | Damien Collins MP and Amanda Sater |
| Conferences                                 | Gerry Yates                        |
| Constitutional Review                       | Appointed on an ad hoc basis       |
| Disciplinary                                | Ken Green                          |
| Ethics & Integrity                          | Appointed on an ad hoc basis       |
| Finance & Audit                             | Rt Hon Lord Feldman of Elstree     |
| Membership                                  | Robert Semple OBE                  |

# The Conservative Central Office

## General information

### Conservative Campaign HQ Management

| Position  | Current Holder                 |
|---|--------------------------------|
| Party Chairman                                    | Rt Hon Lord Feldman of Elstree |
| Deputy Party Chairman                             | Robert Halfon MP               |
| Party Treasurer                                   | Sir Mick Davis                 |
| Party Treasurer                                   | Rt Hon Andrew Fraser           |
| Chief Executive Officer                           | Simon Day                      |
| Registered Treasurer and Director of Organisation | Alan Mabbutt OBE               |
| Director of Communications                        | Amy Fisher                     |
| Research Director                                 | Andrew Goodfellow              |
| Business Engagement Director                      | Baroness Rock                  |
| Digital Director                                  | Bethany Wheatley               |
| Director of Campaigning                           | Darren Mott                    |
| Director of Outreach                              | Colin Bloom                    |
| Director of Voter Communication                   | Chris Scott                    |
| Chief Information Officer                         | Paul Bolton                    |

### Persons Registered with the Electoral Commission (Currently serving, unless otherwise stated)

|                      |                         |
|----------------------|-------------------------|
| Leader               | Rt Hon David Cameron MP |
| Nominating Officer   | Victoria Carslake       |
| Registered Treasurer | Alan Mabbutt OBE        |

### Elected Representatives

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

### Accounting Units

At 31 December 2015 the Party had 686 (2014 - 685) accounting units registered with the Electoral Commission throughout the UK.

### Central Office

4 Matthew Parker Street  
London  
SW1H 9HQ  
Telephone: [REDACTED]

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

### Auditors

BDO LLP  
[REDACTED]

# The Conservative Central Office Chairman's Report

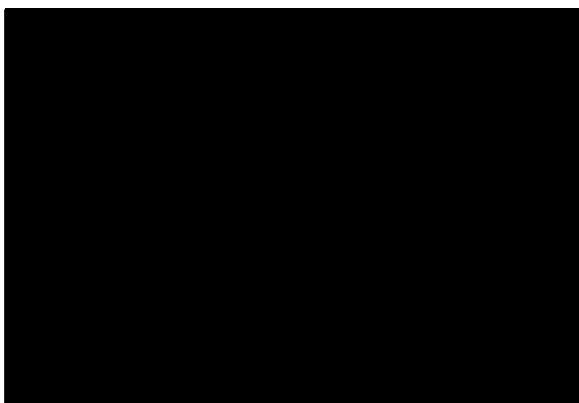
I am delighted to report that we have made significant progress in building on the momentum from our victory at the General Election 2015.

In May 2015 I launched the Conservative Party Review by appointing a panel to look at how the Party works and to ensure it is in the best possible shape to win elections, whether local or nationwide, for years to come. As part of a wide-ranging consultation, meetings for Party Members took place across the country, the online survey had 60,000 responses and thousands of pages of submissions were submitted to the Panel.

The Panel identified three main areas where reform should be considered: membership administration; the party structure; and candidates. The details of these recommendations were published in March 2016 and the recommendations will be considered by the National Convention in October 2016.

2016 saw the biggest set of elections of this Parliament until 2019. There were elections to local authorities, Police and Crime Commissioners, Scottish Parliament, Welsh Assembly, Northern Irish Assembly, London Mayoralty and London Assembly. Overall, we achieved good results in these elections. Although it was disappointing to lose the London Mayoral election, we held our own in the council elections, made significant gains in the PCC elections and achieved a landmark result in Scotland.

We have been successful in keeping the professional operation in CCHQ going since May 2015. This will be vital as we look to the European Parliament elections in 2019 and the General Election in 2020.



**Rt. Hon Lord Feldman of Elstree  
Party Chairman**

Date

21/6/2016

# The Conservative Central Office

## Treasurers' Financial Review

In 2015 we recorded a surplus of £0.9 million, which reflects a strong performance in a general election year and the start of the campaigning for the 2016 set of elections including local authorities, Police and Crime Commissioners, Scottish Parliament, Welsh Assembly, Northern Irish Assembly, London Mayoralty and London Assembly.

Donation income in 2015 amounted to £32.2 million, up £3.7 million on the previous year. This reflected the continued exceptional work of Treasurers' team and allowed us to fully support and fund the requests of the Campaign team within our cash reserves. The majority of our donations continue to come from individuals demonstrating the strong support that the Party has from the electorate. It is also pleasing to reflect on the continued growth of membership fees income.

As you would expect in the year of the General Election and the start of the investment in campaigning for the 2016 cycle of elections, the biggest set of elections of this Parliament until 2019, expenditure was up on 2014. As in previous years we have worked hard to ensure that we maximise the spend on "front line" and get best value for money from all expenditure and contracts.

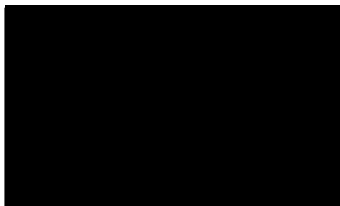
Our balance sheet net liabilities continued to fall in 2015 from £5.4 million to £4.6 million at the year end. It is also pleasing to be able to report that even in a general election year the Party remained external debt free beyond Constituency Association loans.

We are also pleased to note that in early 2016 the Party finalised a new lease on its office premises at 4 Matthew Parker Street for a ten-year period giving the Party a perfect base for fighting future elections including the 2020 General Election. The office premises, with the investment we continue to put into a modern professional working environment, including latest IT servers and equipment, meant we had a smooth and well run office during both the winning General Election campaign and the election campaigns in 2016.

Financial oversight on behalf of the Party Board was exercised throughout the year by the Finance and Audit Committee under the Chairmanship of Charles Barwell OBE. We would like to thank Charles for his dedicated service on the Committee and wish him well in his new role as a Trustee of the Conservative and Unionist Agents' Superannuation Fund

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, commercial, HR and facilities teams, none of this would have been possible and they are due great credit, as are our colleagues on the Finance and Audit Committee.



Alan Mabbutt OBE  
Registered Treasurer

Date 28/6/16

# **The Conservative Central Office**

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

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

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

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

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

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

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

# The Conservative Central Office Report of the Independent Auditors

## To the Board of the Conservative Central Office

We have audited the financial statements of the Conservative Central Office, for the year ended 31 December 2015, which comprise the consolidated income and expenditure account, the consolidated balance sheet, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the accounting guidance issued by the Electoral Commission.

This report is made solely to the Board of the Conservative Central Office, as a body, in accordance with section 43 of the Political Parties, Elections and Referendums Act 2000. Our audit work has been undertaken so that we might state to the Board those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board as a body, for our audit work, for this report, or for the opinions we have formed.

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

As explained more fully in the statement of responsibilities of the Board, the Board of the Conservative Central Office are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view in accordance with the accounting guidance issued by the Electoral Commission. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the entity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board; and the overall presentation of the financial statements.

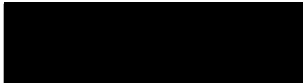
## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with the accounting guidance issued by the Electoral Commission, of the state of affairs of the Conservative Central Office as at 31 December 2015 and of its surplus for the year then ended;
- have been properly prepared in accordance with the accounting guidance issued by the Electoral Commission; and
- have been properly prepared in accordance with the requirements of the Political Parties, Elections and Referendums Act 2000.

## Opinion on other matters

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



**BDO LLP**  
*Chartered Accountants and Registered Auditors*  
London  
United Kingdom

Date 29/6/16

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

# The Conservative Central Office

## Consolidated Income and Expenditure Account

### For the year ended 31 December 2015

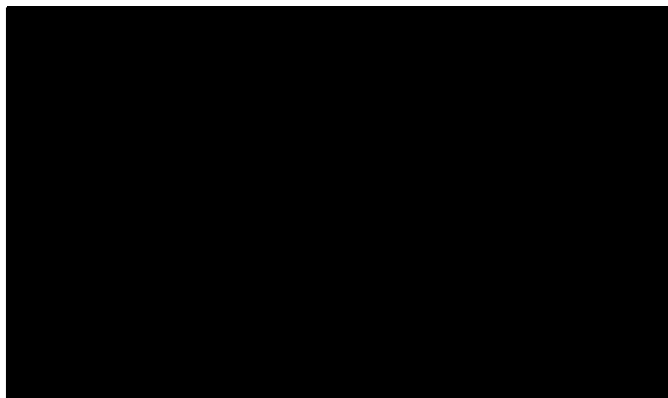
|  | Note | 2015<br>£'000 | 2014<br>£'000 |
|--|------|---------------|---------------|
| <b>Income</b>                          |      |               |               |
| Donation income                        |      | 32,156        | 28,448        |
| Membership fees                        | 1a   | 823           | 763           |
| Income from fundraising activities     |      | 692           | 576           |
| Income from commercial activities      |      | 246           | 637           |
| Income from legacies                   |      | 178           | 201           |
| Investment income                      | 1b   | 16            | 40            |
| Grant income                           | 1c   | 219           | 492           |
| Income from conferences                |      | 4,785         | 4,298         |
| Notional income                        | 1d   | 1,787         | 535           |
| Other income                           |      | 985           | 1,456         |
| <b>Total income</b>                    |      | <u>41,887</u> | <u>37,446</u> |
| <b>Expenditure</b>                     |      |               |               |
| Cost of fundraising activities         |      | 795           | 813           |
| Cost of commercial activities          |      | 110           | 151           |
| Notional expenditure                   |      | 1,787         | 535           |
| Staff costs                            |      | 9,823         | 8,623         |
| Management and administration expenses |      | 8,422         | 5,606         |
| Depreciation                           | 3    | 465           | 787           |
| Campaign expenditure                   | 3    | 15,072        | 14,537        |
| Interest payable                       | 4    | 224           | 381           |
| Conference expenditure                 |      | 2,713         | 2,500         |
| Other expenditure                      |      | 1,381         | 2,705         |
| <b>Total expenditure</b>               |      | <u>40,792</u> | <u>36,638</u> |
| <b>Surplus before taxation</b>         | 3    | 1,095         | 808           |
| <b>Taxation charge</b>                 | 5    | (238)         | (296)         |
| <b>Surplus for the year</b>            | 12   | <u>857</u>    | <u>512</u>    |

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

# The Conservative Central Office Consolidated Balance Sheet As at 31 December 2015

|   | Note | 2015<br>£'000  | 2014<br>£'000  |
|---|------|----------------|----------------|
| <b>Fixed assets</b>                                   |      |                |                |
| Tangible assets                                       | 6    | 1,903          | 2,116          |
| <b>Current assets</b>                                 |      |                |                |
| Debtors   | 7    | 1,122          | 1,546          |
| Investments   | 8    | 1,178          | 44             |
| Cash at bank and in hand                              |      | 3,195          | 4,893          |
|   |      | <u>5,495</u>   | <u>6,483</u>   |
| <b>Creditors: amounts falling due within one year</b> | 9    | (8,661)        | (10,325)       |
|   |      | <u>(3,166)</u> | <u>(3,842)</u> |
| <b>Net current liabilities</b>                        |      |                |                |
|   |      | <u>(3,166)</u> | <u>(3,842)</u> |
| <b>Total assets less current liabilities</b>          |      | (1,263)        | (1,726)        |
| <b>Provision for liabilities</b>                      | 11   | (3,297)        | (3,691)        |
|   |      | <u>(4,560)</u> | <u>(5,417)</u> |
| <b>Net liabilities</b>                                |      |                |                |
|   |      | <u>(4,560)</u> | <u>(5,417)</u> |
| <b>Reserves</b>                                       |      |                |                |
| Capital reserve                                       | 12   | 1,172          | 1,172          |
| Revenue reserve                                       | 12   | (5,732)        | (6,589)        |
|   |      | <u>(4,560)</u> | <u>(5,417)</u> |
| <b>Total capital and reserves</b>                     |      | <u>(4,560)</u> | <u>(5,417)</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 Lord Feldman of Elstree.



*7/1/2016*

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 2015**

|   | Note | 2015<br>£'000       | 2014<br>£'000         |
|---|------|---------------------|-----------------------|
| Net cash inflow from operating activities       | 15a  | 146                 | 3,965                 |
| Returns on investments and servicing of finance | 15b  | (192)               | (217)                 |
| Taxation  |      | (135)               | (294)                 |
| Capital expenditure and financial investment    | 15c  | (252)               | (1,985)               |
| (Decrease)/increase in cash before financing    |      | <u>(433)</u>        | <u>1,469</u>          |
| Financing                                       | 15d  | (141)               | (2,996)               |
| Decrease in cash in the year                    | 15f  | <u><u>(574)</u></u> | <u><u>(1,527)</u></u> |

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

# **The Conservative Central Office**

## **Accounting Policies**

### **For the year ended 31 December 2015**

#### **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 2016 and is satisfied that sufficient donation income and other funding will be generated for it to meet its financial obligations and remain within its available overdraft facility. On this basis, the Board considers that it is appropriate to prepare the accounts on the going concern basis.

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

#### **Consolidation**

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

#### **Income recognition**

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

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

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

# **The Conservative Central Office**

## **Accounting Policies**

### **For the year ended 31 December 2015 (*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**

Investments in listed company shares, which have been classified as current asset investments are remeasured to market value at each balance sheet date. Listed investments are valued at the quoted bid price at the reporting date. Gains and losses on remeasurement are recognised in income and expenditure 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 2015**

**1. Income**

|                            | <b>2015<br/>£'000</b> | <b>2014<br/>£'000</b> |
|----------------------------|-----------------------|-----------------------|
| <b>a Membership fees</b>   |                       |                       |
| Party membership fees      | <u>823</u>            | <u>763</u>            |
| <b>b Investment income</b> |                       |                       |
| Dividends received         | 12                    | 19                    |
| Rent receivable            | 2                     | 4                     |
| Interest receivable        | 2                     | 17                    |
|                            | <u>16</u>             | <u>40</u>             |
| <b>c Grant income</b>      |                       |                       |
| Policy development grant   | 90                    | 395                   |
| Scottish parliament grant  | 129                   | 97                    |
|                            | <u>219</u>            | <u>492</u>            |
| <b>Notional income</b>     |                       |                       |
| d Goods and services       | <u>1,787</u>          | <u>535</u>            |

# The Conservative Central Office Notes to the Financial Statements For the year ended 31 December 2015 (*continued*)

## 2. Employees

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

|                       | 2015       | 2014       |
|-----------------------|------------|------------|
| Central office staff  | 139        | 147        |
| Regional office staff | 77         | 66         |
|                       | <u>216</u> | <u>213</u> |

Their aggregate payroll costs were:

|                       | 2015<br>£'000 | 2014<br>£'000 |
|-----------------------|---------------|---------------|
| Salaries              | 7,861         | 7,282         |
| Social security costs | 873           | 843           |
| Pension costs         | 328           | 289           |
|                       | <u>9,062</u>  | <u>8,414</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 2015 (*continued*)

#### 3. Result for the year

|   | 2015<br>£'000 | 2014<br>£'000 |
|---|---------------|---------------|
| The result is stated after charging/(crediting):      |               |               |
| Reportable Campaign expenditure:                      |               |               |
| European election                                     | -             | 2,962         |
| Parliamentary by elections                            | -             | 447           |
| Scottish referendum                                   | -             | 356           |
| Campaign expenditure (non-reportable)                 | 5,015         | -             |
| General election                                      | 10,057        | 5,111         |
| <br>  |               |               |
| Auditors' remuneration:                               |               |               |
| Audit services to the Conservative Central Office     | 68            | 72            |
| Non-audit services to the Conservative Central Office | 10            | 8             |
| Audit services to quasi-subsiidiaries                 | 3             | 3             |
| <br>  |               |               |
| Operating lease rentals:                              |               |               |
| Land and buildings                                    | 784           | 673           |
| Motor vehicles  | 8             | 10            |
| Office equipment                                      | 73            | 72            |
| <br>  |               |               |
| Depreciation of tangible fixed assets:                |               |               |
| Owned assets  | 465           | 787           |
| <br>  |               |               |
| Westminster Foundation for Democracy:                 |               |               |
| Project funding recognised during the year            | (578)         | (725)         |
| Project expenditure supported by funding              | 578           | 725           |
|   | <hr/>         | <hr/>         |

#### 4. Interest payable

|  | 2015<br>£'000 | 2014<br>£'000 |
|--|---------------|---------------|
| Interest payable on bank loans and overdrafts            | 25            | 25            |
| Interest payable on unwinding of discounts on provisions | 174           | 196           |
| Interest payable on other loans                          | 25            | 160           |
|  | <hr/>         | <hr/>         |
|  | 224           | 381           |
|  | <hr/>         | <hr/>         |

**The Conservative Central Office  
Notes to the Financial Statements  
For the year ended 31 December 2015 (continued)**

**5. Taxation**

**Current tax**

|   | <b>2015</b>  | <b>2014</b>  |
|---|--------------|--------------|
|   | <b>£'000</b> | <b>£'000</b> |
| Tax on taxable income at the basic rate of income tax in the UK of 20% (2014 - 20%) | 238          | 296          |
|   | <u>238</u>   | <u>296</u>   |

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

|  | <b>2015</b>  | <b>2014</b>  |
|--|--------------|--------------|
|  | <b>£'000</b> | <b>£'000</b> |
| Surplus before taxation  | <u>1,095</u> | <u>808</u>   |
| Tax on surplus at the basic rate of income tax in the UK of 20% (2014 - 20%) | 219          | 161          |
| <i>Effects of:</i>   |              |              |
| Expenses not deductible for tax purposes                                     | 7,947        | 7,156        |
| Non-taxable income   | (7,928)      | (7,021)      |
| Taxation on profit   | <u>238</u>   | <u>296</u>   |

**The Conservative Central Office**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2015 (continued)**

**6. Tangible fixed assets**

|                          | <b>Furniture,<br/>fixtures &amp;<br/>fittings<br/>£'000</b> | <b>Office<br/>equipment<br/>£'000</b> | <b>Computer<br/>equipment<br/>£'000</b> | <b>Total<br/>£'000</b> |
|--------------------------|---|---------------------------------------|---|------------------------|
| <b>Cost or valuation</b> |   |                                       |   |                        |
| At 1 January 2015        | 1,306   | 651                                   | 5,689                                   | 7,646                  |
| Additions                | 9   | 8                                     | 235                                     | 252                    |
| At 31 December 2015      | <u>1,315</u>  | <u>659</u>                            | <u>5,924</u>                            | <u>7,898</u>           |
| <b>Depreciation</b>      |   |                                       |   |                        |
| At 1 January 2015        | 532   | 629                                   | 4,369                                   | 5,530                  |
| Charge for the year      | 101   | 25                                    | 339                                     | 465                    |
| At 31 December 2015      | <u>633</u>  | <u>654</u>                            | <u>4,708</u>                            | <u>5,995</u>           |
| <b>Net book value</b>    |   |                                       |   |                        |
| At 31 December 2015      | <u>682</u>  | <u>5</u>                              | <u>1,216</u>                            | <u>1,903</u>           |
| At 31 December 2014      | <u>774</u>  | <u>22</u>                             | <u>1,320</u>                            | <u>2,116</u>           |

**7. Debtors**

|                                | <b>2015<br/>£'000</b> | <b>2014<br/>£'000</b> |
|--------------------------------|-----------------------|-----------------------|
| Trade debtors                  | 100                   | 407                   |
| Other debtors                  | 336                   | 592                   |
| Prepayments and accrued income | 686                   | 547                   |
|                                | <u>1,122</u>          | <u>1,546</u>          |

All amounts fall due within one year.

**The Conservative Central Office**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2015 (continued)**

**8 Current asset investment**

|   | 2015<br>£'000 | 2014<br>£'000 |
|---|---------------|---------------|
| Opening fair value                            | 44            | 44            |
| Purchases                                     | 1,150         | -             |
| Sales   | -             | -             |
| Gains/(losses) on remeasurement to fair value | (16)          | -             |
|   | <u>1,178</u>  | <u>44</u>     |
| Market value                                  | <u>1,178</u>  | <u>44</u>     |

Current asset investments include shares held in listed companies which are traded on a regular basis and which are stated at market value of £1,134,000 (2014 - £Nil). The total expense recognised on these investments in the period was £16,000 (2014 - £Nil), representing the fair value remeasurements shown above.

Current asset investments also includes £44,000 (2014: £44,000) relating to unlisted investments stated at cost.

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

|                                    | 2015<br>£'000 | 2014<br>£'000 |
|------------------------------------|---------------|---------------|
| Other loans payable (note 10)      | 3,877         | 4,009         |
| Trade creditors                    | 1,181         | 2,234         |
| Social security and other taxation | 217           | 307           |
| Corporate tax payable              | 389           | 286           |
| Other creditors                    | 131           | 144           |
| Accruals and deferred income       | 2,866         | 3,345         |
|                                    | <u>8,661</u>  | <u>10,325</u> |

**The Conservative Central Office**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2015 (continued)**

**10. Loans**

|   | 2015<br>£'000       | 2014<br>£'000       |
|---|---------------------|---------------------|
| Interest free and repayable on demand:    |                     |                     |
| Loans from Constituency Associations      | 2,929               | 3,082               |
|   | <u>2,929</u>        | <u>3,082</u>        |
| Interest bearing and repayable on demand: |                     |                     |
| Loans from Constituency Associations      | 948                 | 927                 |
|   | <u>948</u>          | <u>927</u>          |
|   | <u><u>3,877</u></u> | <u><u>4,009</u></u> |

**11. Provisions for liabilities**

|                               | Pension<br>commitment<br>£'000 | Onerous<br>lease<br>provision<br>£'000 | Dilapidations<br>provision<br>£'000 | Total<br>provision<br>£'000 |
|-------------------------------|--------------------------------|--|-------------------------------------|-----------------------------|
| At 1 January 2015             | 3,415                          | 27                                     | 249                                 | 3,691                       |
| Unwinding of discount release | 173                            | -                                      | -                                   | 173                         |
| Utilisation of provision      | (551)                          | (16)                                   | -                                   | (567)                       |
| At 31 December 2015           | <u><u>3,037</u></u>            | <u><u>11</u></u>                       | <u><u>249</u></u>                   | <u><u>3,297</u></u>         |

# The Conservative Central Office

## Notes to the Financial Statements

### For the year ended 31 December 2015 *(continued)*

#### 11. Provisions for liabilities *(continued)*

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

The onerous lease provision brought forward relates to a lease, expiring on 30 June 2016, on premises no longer utilised for the Conservative Central Office operations, but to which the Conservative Central Office is committed, until the expiry of the lease. The provision is calculated as the total future value of committed lease payments. The provision will be utilised over the remaining term of the lease, which is 0.5 years.

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

#### 12. Capital and reserves

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

|                          | Capital<br>reserve<br>2015<br>£'000 | Revenue<br>deficit<br>2015<br>£'000 | Total<br>capital<br>and<br>reserves<br>2015<br>£'000 | Total<br>capital<br>and<br>reserves<br>2014<br>£'000 |
|--------------------------|-------------------------------------|-------------------------------------|--|--|
| At 1 January 2015        | 1,172                               | (6,589)                             | (5,417)  | (5,929)  |
| Net surplus for the year | -                                   | 857                                 | 857  | 512  |
| At 31 December 2015      | <u>1,172</u>                        | <u>(5,732)</u>                      | <u>(4,560)</u>                                       | <u>(5,417)</u>                                       |

#### 13. Financial commitments

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

|                            | Land and buildings<br>2015<br>£'000 | 2014<br>£'000 |
|----------------------------|-------------------------------------|---------------|
| Less than one year         | 7                                   | 16            |
| Between two and five years | -                                   | -             |
| Total                      | <u>7</u>                            | <u>16</u>     |

The Conservative Central Office is still in negotiations with the landlord of the Conservative Campaign Headquarters building and so there is no contractual lease obligation, a new lease has been signed post year end and so ongoing commitments will continue.

# The Conservative Central Office

## Notes to the Financial Statements

### For the year ended 31 December 2015 *(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 £14,182,000 at 31 December 2015 (2014 - £14,404,000), comprising fixed assets £659,000 (2014 - £772,000) investments of £25,000 (2014 - £25,000), debtors of £1,148,000 (2014 - £50,000), cash at bank of £1,447,000 (2014 - £2,488,000), creditors and accruals of £70,000 (2014 - £Nil) and provisions £261,000 (2014 - £277,000). There are also intra-group balances, of £ 11,234,000 (2014 - £11,432,000) due from the Conservative Central Office, which are eliminated on consolidation. In aggregate, the quasi-subidiaries reported a loss for the year, of £194,000 (2014 - £14,000). Excluding the intercompany balances, the net assets of the quasi-subidiaries totalled £2,948,000 (2014 - £2,972,000).

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

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

|   | <b>2015</b>  | <b>2014</b>  |
|---|--------------|--------------|
|   | <b>£'000</b> | <b>£'000</b> |
| Surplus before taxation                   | 1,095        | 808          |
| Depreciation on tangible fixed assets     | 465          | 787          |
| Change in value of investment             | (16)         | -            |
| Decrease/(Increase) in debtors            | 424          | (539)        |
| (Decrease)/ Increase in creditors         | (1,473)      | 3,292        |
| Interest converted to loans               | 9            | -            |
| Decrease in provisions                    | (566)        | (824)        |
|   | <u>(62)</u>  | <u>3,624</u> |
| Interest payable                          | 224          | 381          |
| Investment income                         | (16)         | (40)         |
| Net cash inflow from operating activities | <u>146</u>   | <u>3,965</u> |

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

|   | <b>2015</b>  | <b>2014</b>  |
|---|--------------|--------------|
|   | <b>£'000</b> | <b>£'000</b> |
| Interest paid   | (208)        | (257)        |
| Dividends received  | 12           | 19           |
| Rent received   | 2            | 4            |
| Interest received   | 2            | 17           |
| Cash outflow from returns on investments and servicing of finance | <u>(192)</u> | <u>(217)</u> |

**The Conservative Central Office**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2015 (continued)**

15. Notes to the cash flow statement (continued)

(c) Capital expenditure and financial investment

|  | 2015<br>£'000 | 2014<br>£'000  |
|--|---------------|----------------|
| Payments to acquire fixed assets                               | (252)         | (1,985)        |
| Cash outflow from capital expenditure and financial investment | <u>(252)</u>  | <u>(1,985)</u> |

(d) Financing

|                               | 2015<br>£'000 | 2014<br>£'000  |
|-------------------------------|---------------|----------------|
| Loan repaid                   | -             | (3,131)        |
| Interest converted to loans   | (9)           | -              |
| Movement in Constituency loan | (132)         | 135            |
| Cash outflow from financing   | <u>(141)</u>  | <u>(2,996)</u> |

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

|  | Note | 2015<br>£'000 | 2014<br>£'000 |
|--|------|---------------|---------------|
| Decrease in cash in the year                 |      | (574)         | (1,527)       |
| Cash outflow from financing                  |      | 141           | 2,996         |
| Change in net debt resulting from cash flows |      | <u>(433)</u>  | <u>1,469</u>  |
| Loans written back/converted to donations    |      | -             | 50            |
| Movement in net debt in the year             |      | <u>(433)</u>  | <u>1,519</u>  |
| Opening net debt                             |      | 928           | (591)         |
| Closing net funds                            | 15f  | <u>496</u>    | <u>928</u>    |

**The Conservative Central Office**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2015 (continued)**

(f) *Analysis of movements in net debt*

|                                       | 1 January<br>2015<br>£'000 | Cash flow<br>£'000 | Non-cash<br>movements<br>£'000 | 31 December<br>2015<br>£'000 |
|---------------------------------------|----------------------------|--------------------|--------------------------------|------------------------------|
| Cash at bank and in hand              | 4,893                      | (1,698)            | -                              | 3,195                        |
|                                       | <u>4,893</u>               | <u>(1,698)</u>     | <u>-</u>                       | <u>3,195</u>                 |
| Current asset investments             | 44                         | 1,150              | (16)                           | 1,178                        |
| Loans due falling due within one year | (4,009)                    | 114                | (9)                            | (3,877)                      |
| Net funds/(debt)                      | <u>928</u>                 | <u>(407)</u>       | <u>(25)</u>                    | <u>496</u>                   |

# The Conservative Central Office

## Notes to the Financial Statements

### For the year ended 31 December 2015 (*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 2015 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 £22,000 | (2014 - £16,500) |
|-------------------|------------------|

- b) The following transactions were made by Lord Michael Farmer during the year:

|                          |                     |
|--------------------------|---------------------|
| Donations of £710,000    | (2014 - £1,214,500) |
| Donation in kind £75,822 | (2014 - £6,580)     |

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

|                            |               |
|----------------------------|---------------|
| Donations £647,500         | (2014 - £Nil) |
| Donations in Kind £104,650 | (2014 - £Nil) |

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

|                |               |
|----------------|---------------|
| Donations £135 | (2014 - £195) |
|----------------|---------------|

#### 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.