

Ulster Unionist Party
Report and financial statements
for the year ended 31 December 2018

Ulster Unionist Party

Report and financial statements for the year ended 31 December 2018

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Ulster Unionist Party

Party Officers and advisers

Leader

Robin Swann MLA

Chairman

Lord Empey of Shandon Kt OBE

Vice-Chairman

Roy McCune

Honorary Treasurer

Alderman Mark Cosgrove

Parliamentary Officer

Lord Rogan of Lower Iveagh

Nominating Officer

Robin Swann MLA

Assembly Chief WHIP

Steve Aiken MLA

Additional Officers

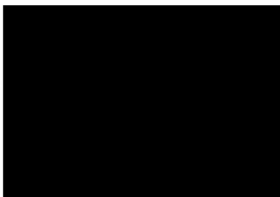
Tom Elliot M.P
Sandra Overend
Jenny Palmer
Cllr Joshua Lowry
George White OBE JP
Philip Smith

Solicitors

Peden & Reid



Bankers



Councillor's Officer

Cllr Sam Nicholson

European Parliament Officer

Jim Nicholson MEP

Party Headquarters

Strandtown Hall
2-4 Belmont Road
Belfast
BT4 2AN

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory
Auditors



Ulster Unionist Party

Report of the Party Officers for the year ended 31 December 2018

The officers present their report and the audited financial statements of the party for the year ended 31 December 2018.

Chairman's Report

The financial performance for 2018 justifies the Party's decision to dramatically reduce costs last year. Given that the Cunningham House LLP impairment amounted to £29,019 and redundancy costs were also included in the accounts, it provides evidence that the decision of the Officers to bear down on costs has paid off. No organisation takes pleasure in reducing staff numbers but the Party has determined not to allow itself to accumulate unsustainable debt. We have proved in recent years that we have managed this effectively.

I want to pay tribute to our Hon Treasurer and deputy Treasurer for sterling work, and to our Associations for rising to the challenge of running the Party without access to either Short money or policy development grants.

It must be recognised that major challenges lie ahead, with further elections in 2019, indeed maybe up to four elections!

However, our settled policy is not to allow a return to unsustainable borrowing or spending.

The search for further savings will continue, but using our resources more effectively is also a major consideration.

The move towards more electronic communication will have to accelerate. We do recognise that some members still rely on hard copy material, but that number is reducing, although everybody will continue to be accommodated.

Normal business models do not always translate into our political activities, but some principles must still be adhered to, and we remain determined to manage our finances responsibly.



Lore Simpson, Chairman of the Party

Party Chairman

Date: 4th July 2019

Ulster Unionist Party

Report of the Party Officers for the year ended 31 December 2018 (continued)

Administrative information

Committees

The governance and management of the Party is carried on through the Executive Committee. The Terms of Reference for this Committee are contained within the Party's Rules and Standing Orders. The Chairman is Lord Empey of Shandon.

Elected representatives

The Party's elected representatives are shown at Annex A (page 4).

Membership

Each constituency has a different number of branches with varying numbers of members and the members change regularly.

Accounting units

During the year under review the Party had 29 accounting units registered with the Electoral Commission. No accounting units were added during the year.

Ulster Unionist Party

Report of the Party Officers for the year ended 31 December 2018 (continued)

Annex A

List of elected representatives

European Parliament
Mr Jim Nicholson MEP
Northern Ireland Assembly
Steve Aiken MLA
Andy Allen MLA
Rosemary Barton MLA
Doug Beattie MLA
Roy Beggs MLA
Robbie Butler MLA
Alan Chambers MLA
Mike Nesbitt MLA
John Stewart MLA
Robin Swann MLA

Northern Ireland Council Members		
Frazer Agnew	Richard Holmes	Maureen Morrow
Diana Armstrong	Stuart Hughes	Sam Nicholson
Joan Baird	Sandra Hunter	Jenny Palmer
Alex Baird	Derek Hussey	John Palmer
James Baird	Robert Irvine	Allan Rainey
Glenn Barr	Gordon Kennedy	Jim Rodgers
Craig Blaney	Danny Kinahan	Kyle Savage
Mark Brooks	Hazel Legge	Philip Smith
Robert Burgess	Alan Lewis	Richard Smart
Ian Burns	Jill Macauley	Marion Smith
Angus Carson	William McCandless	Chris Smyth
David Chambers	John McClaughry	Leah Smyth
Robin Cherry	Carl McClean	Jim Speers
Robert Colvin	John McDermott	Robin Stewart
Sonia Copeland	Harold McKee	Alex Swan
Mark Cosgrove	Tom McKeown	Roderick Swann
Walter Cuddy	Derek McKinney	David Taylor
Jim Dillion	Louise McKinstry	Howard Thornton
Julie Flaherty	Mark McKinty	Nicholas Trimble
Robert Foster	Ross McLernon	Ken Twyble
Mark Glasgow	William McNeilly	Victor Warrington
Meta Graham	Vera McWilliam	Darryl Wilson
Darren Ross Guy	Paul Michael	Bert Wilson
Michael Henderson	Tim Mitchell	Andrew Wilson
Norman Hillis	Jim Montgomery	Trevor Wilson

Ulster Unionist Party

Report of the Party Officers for the year ended 31 December 2018 (continued)

Review of political activities

Conferences

The Party held its Annual Conference on the 20 October 2018 in the Armagh City Hotel.

Regional reports

The Party organisation covers the whole of Northern Ireland as one region.

Financial review

Following the extremely significant financial challenges we faced in 2017 as a result of two unscheduled elections, 2018 was a year of financial prudence to ensure that we operated a reasonably balanced budget. Excluding our share of further depreciating Cunningham House, which owns our former HQ, and other investments, we operated at a small profit. This is testimony to the success of our strategy for which a lot of colleagues played an important role.

Whilst public money from both the Electoral Commission and Westminster Short money decreased by £140,000, our own internal party contributions were slightly up. This again proves our membership and elected representatives' tremendous commitment to the Ulster Unionist Party despite the political disappointments in 2017 and the general malaise that has infected the wider political scene across the UK.

To offset the significant reduction in public funding our staff support costs were reduced by £34,000 with further efficiencies flowing into 2019. However by far the most significant saving between 2018 and 2017 was a reduction of £123,000 due to there being no province wide elections.

2019 will see further challenges with the UK scheduled to leave the EU and the retirement of one of the United Kingdom's longest serving politicians in Jim Nicholson.

Overall at the end of 2018 our balance sheet remains strong and our income streams robust.

Statement of Treasurer's Responsibilities

The Treasurer is responsible for preparing the Report and the financial statements in accordance with applicable law and regulations.

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

In preparing those financial statements, the treasurer is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Party 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 Party at that time and to enable him to ensure that the financial statements comply with the Act. He is also responsible for safeguarding the assets of the Party and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Ulster Unionist Party

Report of the Party Officers for the year ended 31 December 2018 (continued)

Statement of disclosure of information to auditors

So far as each of the Party Officers in office at the date of approval of these financial statements is aware:

- there is no relevant audit information of which the Party's auditors are unaware; and
- they have taken all the steps that they ought to have taken as Party Officers in order to make themselves aware of any relevant audit information and to establish that the Party's auditors are aware of that information.

On behalf of the Party



Mark Cosgrove
Honorary Treasurer
Date:

Ulster Unionist Party

Independent auditors' report to the members of Ulster Unionist Party

Report on the audit of the financial statements

Opinion

In our opinion, Ulster Unionist Party's financial statements:

give a true and fair view of the state of the Party's affairs as at 31 December 2018 and of its loss and cash flows for the year then ended; and

have been properly prepared in accordance with accounting guidance issued by the Electoral Commission and the Political Parties, Elections and Referendums Act 2000.

We have audited the financial statements, included within the Report, which comprise: the Balance sheet as at 31 December 2018; the Income and expenditure account; the Statement of total gains and losses; the Reconciliation in movement of funds and the Cash flow statement for the year ended 31 December 2018; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Party in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

the Party's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

the Party Officers have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Party Officers are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Ulster Unionist Party

Independent auditors' report to the members of Ulster Unionist Party (continued)

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Report of the Party Officers

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Party Officers for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Party Officers.

Responsibilities for the financial statements and the audit

Responsibilities of the Treasurer for the financial statements

As explained more fully in the Statement of Treasurer's Responsibilities set out on page 6, the Treasurer is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Party Officers are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.


Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the Electoral Commission in accordance with section 43 of the Political Parties, Elections and Referendums Act 2000 (the "Act"), and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the Party, save where expressly agreed by our prior consent in writing.


Pricewaterhouse Coopers LLP
Chartered Accountants and Statutory Auditors
Belfast
4 July 2019

Income and expenditure account for the year ended 31 December 2018

	Note	2018 £	2017 £
Income			
Membership and subscription fees		235,031	232,540
Investment income		19,811	16,033
Other income	4	83,715	209,254
		338,557	457,827
Expenditure			
Impairment of investment in LLP		29,019	31,582
Running costs	5	254,734	447,478
Depreciation		757	1,009
Interest payable	6	34,623	22,917
Conferences, AGM and other Special Meetings		51,731	49,011
		370,864	551,997
Deficit before taxation	3	(32,307)	(94,170)
Taxation	7	-	-
Deficit for the financial year	15	(32,307)	(94,170)

All amounts above relate to continuing operations of the Party.

There is no material difference between the deficit before taxation and the deficit for the financial year stated above, and their historical cost equivalents.

Statement of total recognised gains and losses for the year ended 31 December 2018

	2018 £	2017 £
Deficit for the financial year	(32,307)	(94,170)
Recognised revaluation gain on fixed asset investments	-	10,832
Total recognised gains and losses for the year	(32,307)	(83,338)

Reconciliation of movements in funds for the year ended 31 December 2018

	2018 £	2017 £
Deficit for the financial year	(32,307)	(94,170)
Other recognised gains and losses relating to the year	-	10,832
Net movement to funds	(32,307)	(83,338)
Opening funds	652,727	736,065
Closing funds	620,420	652,727

Balance sheet as at 31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	8	2,270	3,027
Investments	9	843,369	877,593
		845,639	880,620
Current assets			
Cash at bank		21,018	68,379
Debtors	11	24,614	21,243
		45,632	89,622
Creditors: amounts falling due within one year	12	(45,731)	(61,161)
Net current liabilities		(99)	28,461
Total assets less current liabilities		845,540	909,081
Creditors: amounts falling due after more than one year	13	(225,120)	(256,354)
Net assets		620,420	652,727
Reserves			
Revaluation reserve	15	39,423	44,628
Donated fixed asset fund	15	32,000	32,000
General fund	15	548,997	576,099
Total funds		620,420	652,727

The financial statements have been prepared under the Statement of Accounts Guidance Notes issued by the Electoral Commission.

The financial statements on pages 9 to 20 were approved by the Party Officers and were signed on its behalf by:

Mark Cosgrove
Honorary Treasurer

Date:

4th July 2019

Cash flow statement for the year ended 31 December 2018

	Note	2018 £	2017 £
Net cash outflow from operating activities	16	(9,759)	(37,406)
Returns on investments and servicing of finance			
Investment income		19,811	16,033
Interest paid		(34,623)	(22,917)
		(14,812)	(6,884)
Capital expenditure and financial investment			
Purchase of investments		-	(59,246)
		-	(59,246)
Cash outflow before financing		(24,571)	(103,536)
Financing			
Repayment of bank and other loans		(22,790)	(23,667)
		(22,790)	(23,667)
Decrease in cash in the year	17 - 18	(47,361)	(127,203)

Notes to the financial statements for the year ended 31 December 2018**1 Accounting policies**

The financial statements are prepared under the Statement of Accounts Guidance Notes issued by the Electoral Commission. The principal accounting policies which have been applied consistently throughout the year are set out below:

Income recognition

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

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

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

- Donations of monetary assets and liquid investments are recognised in the income and expenditure account on receipt. Donations of other investments and tangible assets are credited to the donated fixed asset reserve and a transfer is made from this reserve to the general fund as the assets received are utilised or sold. Donations of notional income are recognised on receipt at the relevant market value of the donation received with an expense of the same amount being recognised contemporaneously.
- Membership and subscription fees that are not in arrears are recognised in the income and expenditure account in the period to which they relate. Arrears of membership and subscription fees are only recognised in the income and expenditure account if received before the financial statements are approved.
- Conference income is recognised in the accounts on receipt.
- Legacies are recognised when the personal representatives of the deceased have notified the Party of the legacy, they have obtained grant of representation and there are no significant matters outstanding concerning the precise division of the estate.
- Interest receivable and rental income are recognised in the income and expenditure account on an accruals basis. Dividend income is recognised when declared.

Tangible assets

Tangible assets are stated at cost less accumulated depreciation.

The cost of tangible assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost, or valuation, of tangible fixed assets, less their estimated residual values, on a reducing balance basis over the expected useful economic lives of the assets concerned. The principal annual rates used are as follows:

		%
Computers	-	25
Furniture, fixtures and fittings	-	25

Impairment reviews of fixed assets are carried out on a regular basis.

Investments

Fixed assets investments, which consist entirely of marketable securities and subsidiary undertakings, are stated at market value. Changes in the market value of fixed asset investments are taken to the revaluation reserve, except that permanent diminutions in value are taken to the income and expenditure account. Investment income is included in the income and expenditure account on an accruals basis.

Notes to the financial statements for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

Leased assets

Rentals under operating leases are charged to the profit and loss account as incurred.

Pension costs

The Party operates a defined contribution scheme for employees. The cost of funding the defined contribution scheme is charged to the income and expenditure account as incurred.

2 Staff support costs

The officers did not receive any emoluments in respect of their services to the party (2017: £nil).

The average monthly number of persons employed (2 Fte) by the party during the year was:

	2018 Number	2017 Number
Administration	5	6

3 Surplus/(deficit) before taxation

	2018 £	2017 £
This is stated after charging:		
Staff support costs	127,442	194,261
Auditors' remuneration - audit services	9,200	9,200
Depreciation		
- owned assets	757	1,009
Operating lease charges		
- other	11,646	14,933

Notes to the financial statements for the year ended 31 December 2018 (continued)
4 Other income

	2018	2017
	£	£
Office services and publications	12,585	12,517
Other income and donations	71,130	163,198
Short money	-	33,539
	83,715	209,254

5 Running costs

	2018	2017
	£	£
Other Costs	127,795	129,404
Staff support costs	125,699	194,261
Election expenses	1,240	123,813
	254,734	447,478

6 Interest payable

	2018	2017
	£	£
Bank interest and charges	34,623	22,917
	34,623	22,917

Notes to the financial statements for the year ended 31 December 2018 (continued)

7 Taxation

	2018 £	2017 £
Current tax:		
UK corporation tax at 19% (2017: 20%)	-	-
Tax on surplus/(deficit)	-	-

The tax assessed for the year is equal to the standard rate of corporation tax in the UK (19%) 2017: (20%).

	2018 £	2017 £
Deficit before taxation	(32,307)	(94,753)
Deficit multiplied by standard rate in the UK 19% (2017: 20%)	(6,461)	(18,951)
Effects of:		
Income not deductible	6,461	18,951
Current tax credit for the year	-	-

8 Tangible assets

	Computers £	Furniture, fixtures & fittings £	Total £
Cost			
At 1 January 2018 and 31 December 2018	79,740	139,348	219,088
Accumulated depreciation			
At 1 January 2018	76,713	139,348	216,061
Charge for the year	757	-	757
At 31 December 2018	77,470	139,348	216,818
Net book amount			
At 31 December 2018	2,270	-	2,270
At 31 December 2017	3,027	-	3,027

Notes to the financial statements for the year ended 31 December 2018 (continued)
9 Investments

	Property Investments £	Other investments £	Total £
Cost or valuation at 31 December 2017			
Market value of investments			
At 1 January 2018	745,338	132,255	877,593
Change in market value of investments	(29,019)	(5,205)	(34,224)
At 31 December 2018	716,319	127,050	843,369
Net book amount			
At 31 December 2018	716,319	127,050	843,369
At 31 December 2017	745,338	132,255	877,593

Detail of investments:

Name	Principal activities	Country of incorporation or regulation	Proportion held directly by Party	Loss for the financial year £	Capital and reserves at 31 December 2018 £
Cunningham House LLP	Rental of property	Northern Ireland	70%	(29,109)	843,369

The officers believe that the carrying value of the investment is supported by its underlying net assets.

10 Accounting units and similar affiliated organisations

The Ulster Unionist Party is constituted under section 26 of the Political Parties, Elections and Referendums Act 2000 as a central organisation with accounting units. None of these accounting units are controlled by the Party and their financial statements are not consolidated into those of the central organisation.

At 31 December 2018 there were 41 registered accounting units. Details of these units are available from Party headquarters.

11 Debtors

	2018 £	2017 £
Quota fees due	24,614	21,243
	24,614	21,243

Notes to the financial statements for the year ended 31 December 2018 (continued)
12 Creditors: amounts falling due within one year

	2018	2017
	£	£
Bank loan (note 14)	25,332	22,329
Trade creditors	6,662	3,525
Accruals and deferred income	13,737	35,307
	45,731	61,161

13 Creditors: amounts falling due after more than one year

	2018	2017
	£	£
Bank loans (note 14)	194,119	219,913
Other loans (note 14)	31,001	31,001
Accruals and deferred income	-	5,440
	225,120	256,354

14 Bank and other loans

	2018	2017
	£	£
Maturity of debt		
Less than one year, or on demand	25,332	22,329
Between one and two years	26,510	23,556
Between two and five years	198,610	227,357
	250,452	273,242

The bank loans, other loans and overdraft are secured by a letter of guarantee signed by Cunningham House LLP for £575,000 plus interest supported by a legal charge over Cunningham House, Holywood Road, Belfast.

15 Reserves

	Revaluation reserve £	Donated fixed asset fund £	General Fund £
At 1 January 2018	44,628	32,000	576,099
Deficit for the financial year	(5,205)	-	(27,102)
At 31 December 2018	39,423	32,000	548,997

Notes to the financial statements for the year ended 31 December 2018 (continued)

16 Net cash inflow from operating activities

	2018 £	2017 £
Operating deficit before investment income, interest payable and taxation	(17,496)	(87,286)
Depreciation and impairment on tangible fixed assets	757	1,009
Impairment of investments	34,224	31,582
Movement in debtors	(3,371)	(7,916)
Movement in trade creditors	3,137	776
Movement in accruals and deferred income	(27,010)	24,429
Net cash outflow from operating activities	(9,759)	(37,406)

17 Analysis of net debt

	At 1 January 2018 £	Cash Flow £	Non Cash Changes £	At 31 December 2018 £
Cash at Bank	68,379	(47,361)	-	21,018
Debt due within one year	(22,329)	(3,003)		(25,332)
Debt due after one year	(250,914)	-	25,794	(225,120)
	(273,243)	(3,003)	25,794	(250,452)
Net debt	(204,864)	(50,364)	25,794	(229,434)

18 Reconciliation of net cash inflow to movement in net debt

	2018 £	2017 £
Decrease in cash in the financial year	(47,361)	(127,203)
Cash inflows from decrease in debt	22,791	18,226
Change in net debt resulting from cash flows	(24,570)	(108,977)
Movement in net debt in the year	(24,570)	(108,977)
Net debt at 1 January	(204,864)	(101,328)
Net debt at 31 December	(229,434)	(210,305)

19 Ultimate controlling party

The ultimate controlling party is the executive committee.

20 Related party transactions

On the 31 December 2008 the Party created an LLP called Cunningham House LLP. The Party's premises at Cunningham House became an asset of LLP and the Party retains an 70% share in LLP.

Notes to the financial statements for the year ended 31 December 2018 (continued)

21 Financial commitments

At 31 December the company had annual commitments under non-cancellable operating leases expiring as follows:

	2018 £	2017 £
Within five years	1,383	16,656