

# The Labour Party

## Financial statements for the year ended 31 December 2019

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### Registered Party officers

#### Leader

Rt Hon Keir Starmer MP

#### Treasurer

Jennie Formby (resigned 14 May 2020)  
David Evans (appointed 29 June 2020)

#### Nominating Officer

Andrew Whyte

#### Deputy Treasurer

Rhiannon Evans (resigned 09 August 2019)

#### Deputy Treasurer

Anna Hutchinson (resigned 25 October 2019)

#### Deputy Treasurer

Carol Linforth

#### Deputy Treasurer

Louise Magee (appointed 25 October 2019)

#### Deputy Treasurer

Simon Mills

#### Deputy Treasurer

Brian Roy (resigned 09 August 2019)

#### Deputy Treasurer

Michael Sharpe (appointed 25 October 2019)

#### Deputy Treasurer

Niall Sookoo (appointed 25 October 2019)

#### Deputy Treasurer

Andrew Whyte

#### Registered address

Southside, 105 Victoria Street, London, SW1E 6QT

## Treasurers' report

We are pleased to present the financial statements for the year ended 31<sup>st</sup> December 2019, a year which culminated in a much anticipated General Election.

Three General Elections in a period of less than 5 years, compounded by the need to maintain a state of election-readiness throughout the period since June 2017, placed a huge strain on party finances. Managing expenditure despite these pressures, coupled with the continued support of our huge membership, meant that for the second time in a short space of time we were able to allocate £millions of cash reserves to the December 2019 General Election campaign on day 1. Funds were then considerably boosted by an amazing show of support from both the membership and affiliated trade unions. Online fundraising even surpassed the incredible sums received in 2017, despite the campaign being of a shorter duration, and, in spite of the Trade Union Act and again no opportunity to replenish political funds, trade unions donated £millions.

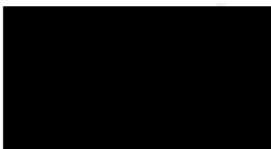
The General Election result, the impact of four consecutive election defeats, and the scale of the challenge ahead, also need to be reviewed from a financial perspective. This must include the strategies for how we campaign and the allocation of resources between alternative, competing campaigning priorities.

Excluding the General Election campaign, income and expenditure followed similar trends to the previous year. The exception being that the natural net fall in membership was arrested, then reversed once the election was called. Numbers continued to increase in the early part of the new financial year, peaking at our highest ever recorded membership in February 2020. As we have said in previous reports, retaining members while hugely benefiting the party overall is absolutely vital to our financial strategy. If the next General Election is not until 2024 we must take this opportunity to really engage with our membership. While also ensuring that we are building for the major election campaigns in 2021.

Despite the years of pressure and the devastating end to 2019, we emerge with our finances intact. Continued adherence to the NEC Finance Strategy meant that our financial stability was not risked. We would like to extend our thanks and best wishes to Jennie Formby who, throughout her time as General Secretary, played a key role ensuring that finances were managed in line with the NEC Finance Strategy.

We would also like to thank all activists, members, supporters, elected representatives and staff who worked and campaigned so hard. We are very grateful for the backing of the Rose Network and all donors to our party, whatever the size of their gift. As ever, the Party remains deeply grateful for the fantastic support we receive from our affiliates, both trade unions and socialist societies.

This support and generosity that we see throughout each and every year, but especially so in the year of a General Election, makes an enormous difference.



David Evans  
Registered Treasurer



Diana Holland  
Party Treasurer

## Administrative information

### Review of Political Activities

A detailed review of the Party's political activities during the period covered by the financial statements will be included in the National Executive Committee (NEC)'s Annual Report. The NEC's Annual Report will be available from September 2020.

### Committees

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

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

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

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

## Administrative information (cont.)

### **Elected representatives**

The Party's elected representatives at the Westminster, Scottish and European Parliaments and the National Assembly for Wales can be found on the Party's websites at: -

<http://www.labour.org.uk/people>

<http://www.scottishlabour.org.uk/people>

<http://www.eurolabour.org.uk/your-meps>

[http://www.welshlabour.wales/people\\_pobl](http://www.welshlabour.wales/people_pobl)

### **Membership**

As at 31 December 2019 the total individual membership of the Party was 532,046 (2018: 518,659).

### **Accounting units**

As at 31 December 2019 the Party had 669 (2018: 669) accounting units registered with the Electoral Commission.

## Statement of Registered Treasurer's responsibilities

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Party will continue in business.

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

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

## Opinion

We have audited the financial statements of the Labour Party for the year ended 31 December 2019 which comprise the consolidated income and expenditure account, the statements of comprehensive income and changes in equity, the consolidated balance sheet, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Labour Party's affairs as at 31 December 2019 and of the surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Political Parties, Elections and Referendums Act 2000.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Labour Party in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Registered Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Registered Treasurer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Labour Party'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.

## Other information

The Registered Treasurer is responsible for the other information. The other information comprises the information included in the Treasurer's Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements

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

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 in this regard.

## Responsibilities of Registered Treasurer

As explained more fully in the statement of Registered Treasurer's responsibilities set out on page 5, the Registered Treasurer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 Registered Treasurer is responsible for assessing the Labour Party'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 Registered Treasurer either intends to liquidate the Labour Party or to cease operations, or has no realistic alternative but to do so.


## Auditor's 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 auditor's 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 Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Use of our report

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



Crowe U.K. LLP  
Senior Statutory Auditor  
For and on behalf of  
**Crowe U.K. LLP**  
Statutory Auditor  
London

Date 7 July 2020

## Consolidated income and expenditure account for the year ended 31 December 2019

		2019	2018
	Notes	£'000	£'000
<b>Income</b>			
Donations		18,122	5,801
Membership		16,471	16,930
Affiliations		6,090	6,241
Fundraising	4	259	397
Commercial income		5,139	4,077
Legacies		172	45
Interest receivable		44	25
Government grants	5	7,509	8,452
Notional income	6	474	426
Other income		2,979	3,201
Investment Income	7	36	72
Total income		<b>57,295</b>	<b>45,667</b>
<b>Expenditure</b>			
Costs of fundraising		(40)	(148)
Costs of commercial activity		(4,082)	(3,666)
Notional expenditure	6	(474)	(426)
Running costs	8	(33,232)	(36,544)
Campaign expenditure	9	(14,177)	-
Interest payable	10	(162)	(144)
Grants and payments to CLPs		(3,609)	(3,006)
Other	12	(1,502)	(2,388)
Total expenditure		<b>(57,278)</b>	<b>(46,322)</b>
Surplus/(deficit) from Party activities before taxation	13	17	(655)
Taxation	14	-	-
Surplus/(deficit) for the year		<b>17</b>	<b>(655)</b>



# Statements of comprehensive income and changes in equity for the year ended 31 December 2019

## Statement of comprehensive income

	Notes	2019	2018
		£'000	£'000
Surplus/(deficit)/surplus for the year		17	(655)
Net investment (loss) / gain		186	(161)
Asset gains/(losses) arising during the year		10,676	(5,837)
Liability (losses)/gains arising during the year	22	(22,527)	7,066
Total comprehensive income for the year		(11,648)	413

## Statement of changes in equity

	General	Revaluation reserve	Total
	£'000	£'000	£'000
At 1 January 2018	26,146	1,333	27,479
Deficit for the year	(655)	-	(655)
Revaluation	(320)	32	(288)
Other comprehensive income:			
Actuarial gain on the pension scheme	1,229	-	1,229
Net investment gain	(161)	-	(161)
At 31 December 2018 and 1 January 2019	26,239	1,365	27,604
Surplus for the year	17	-	17
Other comprehensive income:			
Actuarial gain on the pension scheme	(11,851)	-	(11,851)
Disposal of properties	228	(228)	-
Net investment (loss)	186		186
At 31 December 2019	14,819	1,137	15,956

## Consolidated balance sheet at 31 December 2019

	Notes	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Tangible assets	15	5,982	6,342
Investments	16	2,303	2,102
		<b>8,285</b>	8,444
<b>Current assets</b>			
Debtors and prepayments	17	4,489	3,800
Cash at bank and in hand		27,278	20,799
		<b>31,767</b>	24,599
<b>Creditors: amounts falling due within one year</b>			
Creditors, accruals and deferred income	18	(15,166)	(10,481)
Development fund loans	25	(11,006)	(9,784)
Overdrafts and short term loans		-	-
		<b>(26,172)</b>	(20,265)
<b>Net current assets</b>		<b>5,595</b>	4,334
<b>Total assets less current liabilities</b>		<b>13,880</b>	12,778
<b>Creditors: amounts falling due after more than one year</b>		-	-
<b>Provisions for liabilities and charges</b>	19	(387)	(160)
<b>Net assets</b>		<b>13,493</b>	12,618
<b>Pension asset</b>	22	(2,463)	(14,986)
<b>Reserves</b>			
General	20	14,819	26,239
Revaluation reserve	20	1,137	1,365
		<b>13,493</b>	12,618

The financial statements on pages 8 to 19 were approved by the National Executive Committee on 3 July 2020 and signed on its behalf by:



David Evans  
General Secretary and Registered Treasurer



Diana Holland  
Party Treasurer

The Notes on pages 12 to 19 form part of these financial statements.

## Consolidated cash flow statement for the year ended 31 December 2019

	Notes	2019 £'000	2018 £'000
<b>Cash flows from operating activities</b>			
Surplus/(deficit) before tax		17	(655)
Adjustments for:			
Finance costs		-	-
Depreciation and impairment charges		101	64
Gain on sale/grant of property		(121)	(321)
Actuarial gains in pension scheme		672	393
		<u>669</u>	<u>(519)</u>
Movements in working capital			
Increase in trade and other receivables		(689)	(239)
Increase in trade and other payables		4,685	353
Increase in provisions for liabilities and charges		227	-
Cash generated / (used) from operations		<u>4,892</u>	<u>(405)</u>
Interest paid		<u>-</u>	<u>-</u>
Net cash generated / (used) by operating activities		<u>4,892</u>	<u>(405)</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets		377	2,774
Payments for fixed assets		(12)	(565)
Net cash used in investing activities		<u>365</u>	<u>2,209</u>
<b>Cash flows from financing activities</b>			
Repayments of loans		-	-
Proceeds from new loans		-	-
Net cash used in financing activities		<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents		5,257	1,804
Cash and cash equivalents at the beginning of the year		<u>11,015</u>	<u>9,211</u>
Cash and cash equivalents at the end of the year		<u>16,272</u>	<u>11,015</u>
Cash and bank balances		27,278	20,799
Development fund loans		(11,006)	(9,784)
Bank overdrafts		-	-
		<u>16,272</u>	<u>11,015</u>

The Notes on pages 12 to 19 form part of these financial statements.

# Notes to the financial statements

## General information

The Labour Party is a political party registered with the Electoral Commission. The address of its registered office is disclosed on page 1.

The financial statements are presented in sterling, which is also the functional currency of the Party.

### 1. Accounting policies

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

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

The following principal accounting policies have been applied:

#### a. Income recognition

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

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

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

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

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

#### b. Tangible fixed assets

Property assets comprise both freehold and leasehold land and buildings held as functional property or long-term investments by Labour Party Properties Limited.

Functional property is carried at fair value. This is based on the most recent professional valuation (which is carried out at least every five years) or, if recently acquired, at cost, subject to an annual impairment review (carried out by the directors

of Labour Party Properties Limited with the assistance of an expert third Party who is retained throughout the year). In addition, if the annual impairment reviews identify instances where the carrying value is materially different from the fair value then a full valuation will be conducted. Given the maintenance of the properties and the length of their estimated useful lives, or lease term no depreciation is charged as it is considered to be immaterial. The National Executive Committee (NEC) considers that this accounting policy results in the financial statements giving a true and fair view.

Investment properties are measured at fair value annually by the directors of Labour Party Properties Limited with the assistance of an expert third party with any change recognised in the consolidated income and expenditure account.

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

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

#### c. Value added tax

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

#### d. Pension costs

The Labour Party is responsible for the solvency of the Labour Party Superannuation Society, which is a defined benefit pension scheme (see note 22). Pension scheme assets are measured using market values. The present value of the defined benefit obligation was measured using the Projected Unit Credit Method.

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

#### e. Accounting estimates

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

#### f. Operating leases

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

# Notes to the financial statements

## g. Investments

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

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

Quoted investments are measured at market value and are revalued each year, with gains/losses being recognised in the statement of comprehensive income and changes in equity.

## h. Key judgements and estimates

In the application of the Party's accounting policies, which are described in note 1, the NEC are required to make judgements, estimates, assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

- Pension liabilities – The Party recognises its asset or liability in respect of its defined benefit pension scheme which involves a number of estimations as disclosed in Note 22.
- Valuation of investment properties– The Party's investment properties are stated at their estimated fair value based on professional valuations as disclosed in Note 15.
- Dilapidation provision – The Party has provided for its possible liability in relation to its leasehold property which has been estimated as disclosed in Note 19.

## i. Financial instruments

The Labour Party has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise bank loans and overdrafts, trade and other creditors.

Investment properties are held at fair value at the Balance Sheet date, with gains and losses being recognised within income and expenditure. Investments in subsidiary undertakings are held at cost less impairment.

At the balance sheet date the Party held financial assets at amortised cost of £29,295,000 (2018: £22,597,000) and Financial liabilities at amortised cost of £25,872,000 (2018: £20,265,000). The Party held financial assets at fair value through the income and expenditure accounts of £2,303,000 (2018: £2,102,000).

## 2. Basis of preparation

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

The income and expenditure account includes the consolidated results of the regional offices of the Labour Party, the Scottish Labour Party and the Wales Labour Party which contributed a surplus of £195,000 (2018: surplus of £10,000) to the result for the year. The consolidated results of the regional offices are produced from accounts that are prepared mainly on a cash accounting basis rather than an accruals basis. It is not considered that restatement of the results on to an accruals basis for the current and prior years would have a material impact on the result for the year.

The financial projections of the Party indicate that the funding to be generated across all income streams will provide sufficient means for the Party to achieve its organisational and political objectives as well as service its debt for the foreseeable future. The risks associated with the Covid-19 outbreak have been considered and factored into the Party's plans. This work has indicated that adequate resources remain in place for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis.

Campaign expenditure in the consolidated statement of income and expenditure (£14,177,000 in 2019, £nil in 2018) represents the provisional estimate of the Party's expenditure in national elections, as defined by the Political Parties, Elections and Referendums Act 2000 and reported to the Electoral Commission.

## Notes to the financial statements

### 3. Basis of taxation

The Party is treated as an unincorporated association for tax purposes and is therefore liable to corporation tax on its investment income. It also bears tax on any investment transactions that give rise to capital gains

The taxation of each of the subsidiary companies under the control of the NEC is dealt with separately and a corporation tax liability arises on any adjusted income and expenditures as returned to HM Revenue and Customs.

### 4. Fundraising activities

	2019	2018
	£'000	£'000
Dinners	26	178
Other events	233	219
	<u>259</u>	<u>397</u>

### 5. Government grants

	2019	2018
	£'000	£'000
Short money	7,033	7,986
Policy Development Grant	476	466
	<u>7,509</u>	<u>8,452</u>

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

### 6. Notional income and expenditure

	2019	2018
	£'000	£'000
This comprises:		
Goods	166	1
Services	94	24
Seconded staff	214	401
	<u>474</u>	<u>426</u>

### 7. Investment Income

	2019	2018
	£'000	£'000
Dividends Received	36	72
	<u>36</u>	<u>72</u>

### 8. Running costs

	2019	2018
	£'000	£'000
Staff related expenditure (see Note 11)	25,856	23,875
Building and premises	2,956	2,831
Depreciation and amortisation	101	64
Political activities and publishing	58	4,688
Administration	848	1,939
Finance, IT and telecommunication costs	3,413	3,147
	<u>33,232</u>	<u>36,544</u>

### 9. Campaign expenditure

	2019	2018
	£'000	£'000
UK General election	12,621	-
European Parliament election	1,556	-
	<u>14,177</u>	<u>-</u>

### 10. Interest payable

	2019	2018
	£'000	£'000
Development fund loans	162	144
	<u>162</u>	<u>144</u>

## Notes to the financial statements

### 11. Employees

	2019	2018
	£'000	£'000
Staff related expenditure comprises:		
Wages and salaries	20,156	18,461
Social security costs	2,199	2,037
Other pension costs	3,426	3,078
Other costs	75	299
	<u>25,856</u>	<u>23,875</u>

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

	Full time	Part time	Total
At 31 December 2019	367	54	421
At 31 December 2018	385	56	441
At 31 December 2017	333	56	389
Average for 2019	407	101	508
Average for 2018	379	59	438

The above figures include both head office and regional staff. The figures also include various persons employed on short-term contracts.

Key management personnel of the Party are members of the senior management and the total employment benefits of that group was £485,000 (2018: £571,000).

### 12. Irrecoverable VAT

	2019	2018
	£'000	£'000
Irrecoverable VAT expensed in the year	<u>1,244</u>	1,642

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

### 13. Surplus from Party activities before taxation

	2019	2018
	£'000	£'000
This has been arrived at after crediting / (charging):		
Property rentals receivable	<u>149</u>	146
Auditors' remuneration	(83)	(65)
- audit services	(30)	(18)
- non audit services		

Westminster Foundation for Democracy:

Project funding recognised during the year	(848)	(795)
Project expenditure supported by funding	848	795
Operating lease charge	(873)	(1,034)
- property		
- equipment	(187)	(220)

### 14. Taxation

	2019	2018
	£'000	£'000
Current taxation		
UK Corporation Tax	-	-
Tax on surplus on Party activities	<u>-</u>	<u>-</u>

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

	2019	2018
	£'000	£'000
Surplus/(deficit) from Party activities before taxation	17	(655)
Tax on profit/(loss) at 19 % (2018: 19 %)	3	(124)
Effects of:		
Difference between non-taxable income and non-deductible expenses	9	159
Movement in deferred tax not provided	(12)	(35)
	<u>-</u>	<u>-</u>

If all of the property assets were sold at their balance sheet values it is estimated that a tax liability of £50,000 (2018: £112,000) would arise. However, no sales that may give rise to a significant tax liability are envisaged in the foreseeable future.

A deferred tax liability of £26,000 (2018: £14,000 liability) has not been recognised. This arises primarily from timing differences between the net book value of assets qualifying for capital allowances and their tax written down value.

At 31 December 2019 Labour Party Properties Ltd had approximately £nil losses carried forward (2018: £54,000).

## Notes to the financial statements

### 15. Tangible assets

	Freehold investment properties	Other freehold & leasehold properties	Office equipment	Total
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 January 2019	3,554	2,448	404	6,406
Additions/(disposals)	(238)	(21)	-	(259)
Revaluation	-	-	-	-
<b>At 31 December 2019</b>	<b>3,316</b>	<b>2,427</b>	<b>404</b>	<b>6,147</b>
<b>Depreciation</b>				
At 1 January 2019	-	-	(64)	(64)
Charge for year	-	-	(101)	(101)
<b>At 31 December 2019</b>	<b>-</b>	<b>-</b>	<b>(165)</b>	<b>(165)</b>
<b>Net book value at 31 December 2019</b>	<b>3,316</b>	<b>2,427</b>	<b>239</b>	<b>5,982</b>
Net book value at 31 December 2018	3,554	2,448	340	6,342

Included in other freehold and leasehold properties are short leasehold properties totalling £nil. The historic cost for all properties is £5,480,000 (2018: £5,735,000). The most recent professional open market valuations were carried out as at 15 May 2019 by Jones Shackel Oldham Chartered Surveyors. Properties are subject to an annual impairment review in accordance with note 1b.

### 16. Investments

#### Other fixed asset investments

	2019	2018
	£'000	£'000
Listed & fund investments		
At 1 January 2019	2,102	5,037
Additions / (withdrawals)	15	(2,774)
Fair value adjustment	186	(161)
<b>At 31 December 2019</b>	<b>2,303</b>	<b>2,102</b>

### 17. Debtors and prepayments

	2019	2018
	£'000	£'000
Trade debtors	898	1,120
Prepayments	2,472	2,002
Accrued income	691	247
Other debtors	428	431
<b></b>	<b>4,489</b>	<b>3,800</b>

### 18. Creditors, accruals and deferred income

	2019	2018
	£'000	£'000
Trade creditors	2,559	1,357
Taxation and social security	1,873	1,089
Other creditors	5,588	4,915
Accruals	5,146	3,120
<b></b>	<b>15,166</b>	<b>10,481</b>

### 19. Provisions for liabilities and charges

	2019	2018
	£'000	£'000
Dilapidations	387	160



## Notes to the financial statements

### 20. Reserves

	General	Revaluation reserve	Total
	£'000	£'000	£'000
At 1 January 2019	26,239	1,365	27,604
Surplus for the year	17	-	17
Net investment gain	186	-	186
Disposal of properties	228	(228)	-
Actuarial loss	(11,851)	-	(11,851)
<b>At 31 December 2019</b>	<b>14,819</b>	<b>1,137</b>	<b>15,956</b>

The revaluation reserve comprises both the revaluation gains recognised on functional properties and the fair value gains on investment properties.

Following the disposal of properties in 2019, the revaluation reserve has been reviewed and adjusted to correctly reflect the treatment of the revaluations undertaken in recent years on the properties sold along with the other properties still held. This has resulted in an update to the revaluation reserve with comparative figures and opening position updated accordingly.

### 21. Subsidiary companies

The following are the subsidiary companies controlled by the NEC of the Party during 2019:

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

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

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

### 22. Pension fund

#### Introduction

The Party sponsors a funded defined benefit pension plan for qualifying UK employees, the Labour Party Superannuation Society. The Society is a multi-employer scheme and the Party is responsible for the majority of the Society liabilities. The disclosures below are in respect of the whole Society. The level of benefits provided by the Society depends on a member's length of service and their salary at their date of leaving the Society.

#### Funding requirements

UK legislation requires that pension schemes are funded prudently. The last funding valuation of the Society was carried out by a qualified actuary as at 31 December 2017 and showed a surplus of £8.2M.

Part of the above surplus has been used to enable the Party to continue to pay contributions of 21.4% of pensionable salaries in respect of current accrual, with active members paying a further 6.0% of pensionable salaries. The rate paid by the Party increased to 29% of pensionable salaries with effect from 1 January 2020.

#### Reporting at 31 December 2019

The results of the latest funding valuation at 31 December 2017 have been adjusted to the new balance sheet date, taking account of experience over the period since 31 December 2017, changes in market conditions, and differences in financial and demographic assumptions. The present value of the Defined Benefit Obligation, and the related current service cost, were measured using the projected unit credit method.

The principal assumptions used to calculate the liabilities under FRS 102 are set out below:

#### Main Financial Assumptions

	2019	2018
Discount rate for society liabilities	1.90%	2.80%
Rate of general long term increase in salaries	4.40%	4.15%
RPI inflation	3.20%	3.15%
CPI inflation	2.40%	2.15%
Pension increases pre April 1997	0.00%	0.00%
Pension increases April 1997 to April 2005	2.40%	2.20%
Pension increases post April 2005	1.90%	1.80%

The mortality base tables adopted are 103% (2018 103%) of S2PMA tables for males and 109% of S2PFA tables for females, with CMI2017 [Sk=7.5] (2018 CMI2017) projections, and a long term rate of improvement of 1.5% each year.

Under these assumptions, members aged 60 now are expected to live for a further 26.5 years (2018 26.5 years) if they are male and a further 28.2 years (2018 28.2 years) if they are female. Members currently aged 45 are expected to live for a further 27.9 years (2018 27.9 years) from age 60 if they are male and for a further 29.6 years (2018 29.6 years) from age 60 if they are female.

Members are assumed to take 25% of their pension as a tax-free lump sum, using commutation factors currently in force.

# Notes to the financial statements

## 22. Pension fund (continued)

### Asset breakdown as at 31 December 2019

	31 December 2019
	£'000
Main asset categories	
Equities	12,752
Property	2,268
Cash	3,264
Growth fund	26,362
Corporate bonds	32,988
Hedging assets	32,958
Total	<u>110,592</u>

### Asset breakdown as at 31 December 2018

	31 December 2018
	£'000
Main asset categories	
Equities	19,228
Property	1,953
Cash	2,186
Growth fund	19,729
Corporate bonds	20,435
Hedging assets	33,151
Total	<u>96,682</u>

None of the Society assets are invested in the Party's financial instruments or in property occupied by, or other assets used by, the Party.

### Actual return on Society assets

	2019	2018
	£'000	£'000
Interest income on Society assets	2,714	2,596
Gain / (loss) on Society assets	<u>10,676</u>	(5,837)
Actual return on Society assets	<u>13,390</u>	(3,241)

### Reconciliation of funded status to balance sheet

	2019	2018
	£'000	£'000
Fair value of Society assets	110,592	96,682
Present value of funded Defined Benefit Obligation	(108,129)	(81,696)
Funded status	<u>2,463</u>	14,986
Unrecognised asset	-	-
Asset recognised on the balance sheet	<u>2,463</u>	14,986

### Changes in Defined Benefit Obligation over the year

	2019	2018
	£'000	£'000
Opening Defined Benefit Obligation	81,696	85,382
Current service cost	2,768	2,872
Interest expense on DBO	2,304	2,233
Contributions by Society participants	722	697
Actuarial (gains)/losses on liabilities	22,527	(7,066)
Net benefits paid out	(2,231)	(2,422)
Past service cost	343	-
Closing Defined Benefit Obligation	<u>108,129</u>	81,696

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

	2019	2018
	£'000	£'000
Opening fair value of Society assets	96,682	99,532
Interest income on Society assets	2,714	2,596
Gains / (losses) on Society assets	10,676	(5,837)
Contributions by the employer	2,579	2,486
Contributions by Society participants	722	697
Net benefits paid out	(2,231)	(2,422)
Administration costs incurred	(550)	(370)
Closing fair value of Society assets	<u>110,592</u>	96,682

## Notes to the financial statements

### 22. Pension fund (continued)

#### *Income & expenditure and comprehensive income*

	2019	2018
	£'000	£'000
Operating cost:		
Current service cost	2,768	2,872
Administration expenses	550	370
Past service cost(including curtailments)	343	-
Financing cost:		
Interest on net defined benefit liability/(assets)	(410)	(363)
Expense recognised in income and expenditure	<u>3,251</u>	<u>2,879</u>
Remeasurements in OCI:		
Return on society assets below that recognised in net interest Liability (gains)/losses arising during the year	(10,676)	5,837
Change in effect of the asset ceiling	-	-
Total amount recognised in OCI	<u>11,851</u>	<u>(1,229)</u>
Total amount recognised in income & expenditure and OCI	<u>15,102</u>	<u>1,650</u>

### 23. Lease commitments

The total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2019	2018
	£'000	£'000
<b>Operating leases payable:</b>		
Within one year	1,425	1,344
In the second to fifth years inclusive	2,517	3,555
In more than five years	-	-
	<u>3,942</u>	<u>4,899</u>

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

### 24. Reconciliation of the operating surplus to inflow from operating activities

	2019	2018
	£'000	£'000
Operating surplus for the year before taxation	17	(655)
Depreciation and impairment charges	101	64
Gain on grant of property	(121)	(321)
Interest payable	-	-
Increase in trade and other receivables	(689)	(239)
Increase in trade and other payables	4,685	353
Actuarial gain on pension scheme	672	393
Interest paid	-	-
Increase/(decrease) in provisions for liabilities and charges	227	-
Net cash flow from operating activities	<u>4,892</u>	<u>(405)</u>

### 25. Related Party transactions

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

	£'000
<b>Development fund loans</b>	
Loans payable at 1 January 2019	9,784
Additional loans made available	1,641
Loans repaid	(419)
Loans payable at 31 December 2019	<u>11,006</u>

All development fund loans are made available to the Party on commercial terms. Corresponding sums are held in cash deposits.

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