



Annual Report and Financial Statements

For the year ended 31 December 2019

The Conservative and Unionist Central Office

"The Conservative Central Office"

Annual Report and Financial Statements

For the year ended 31 December 2019

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The Conservative Central Office

General information

These accounts relate to the central accounts of the Conservative and Unionist Party (commonly known as the Conservative Party) as registered with the Electoral Commission. The central accounting unit is referred to historically as The Conservative Central Office.

The Officers registered with the Electoral Commission are:

Leader	Alexander Boris De Pfeffel Johnson (from July 2019)
Nominating officer	Ms Victoria Astrid Carslake
Treasurer	Mr Alan Mabbutt
Deputy treasurer	Mr Mark McInnes

The Conservative Central Office is the Office of the Leader of the Conservative Party. The Board of the Conservative and Unionist Party 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 Party, to whom this Annual Report and Financial Statement is addressed.

The Board is responsible for the administration of the Party and the authorisation of expenditure within agreed guidelines.

The Board of the Conservative Central Office as at 31 December 2019

(Served throughout the year ended 31 December 2019, unless otherwise stated)

Rt Hon Brandon Lewis MP	Chairman of the Conservative Party and Chairman of the Board (to July 2019)
Ben Elliot	Co-Chairman of the Conservative Party and Chairman of the Board (from August 2019)
James Cleverly TD VR MP	Deputy Chairman of the Conservative Party (to August 2019) Co-Chairman of the Conservative Party and Deputy Chairman of the Board (from August 2019)
Helen Whately MP	Deputy Chairman of the Conservative Party (to July 2019)
Sir Mick Davis	Chief Executive and Party Treasurer (to July 2019)
Andrew Sharpe OBE	Deputy Chairman of the Board and Chairman of the National Conservative Convention
Tom Spiller OBE	President of the National Conservative Convention (to July 2019)
Cllr Rory Love OBE	Chairman of the Conservative Councillors Association (to February 2019)
Cllr Mark Hawthorne MBE	Chairman of the Conservative Councillors Association (from February 2019)
Lord Davies of Gower	Chairman of the Welsh Conservative Party
Robert Forman MBE WS	Chairman, Scottish Conservatives Party
Cllr Pamela Hall	Vice President of the National Conservative Convention
Cllr James Pearson VR	President of the National Conservative Convention (from August 2019)
Andrew Colborne Baber	Vice President of the National Conservative Convention
Peter Booth	Vice President of the National Conservative Convention
Ashley Fox MEP	Vice President of the National Conservative Convention
Rt Hon the Lord Hunt of Wirral MBE	Leader of the Conservatives in the European Parliament (to July 2019)
Sir Graham Brady MP	Chairman of the Association of Conservative Peers
Sir Geoffrey Clifton-Brown MP	Chairman of the 1922 Committee
Charles Walker OBE MP	MP on the Board of the Conservative Party
Bob Blackman MP	MP on the Board of the Conservative Party (to October 2019)
David Morris MP	MP on the Board of the Conservative Party
The Baroness Sater	MP on the Board of the Conservative Party
Anthea McIntyre	Appointed by the Board pursuant to rule 12.12
Matt Wright	Appointed to the Board pursuant to rule 12.10 (from August 2019)
Rt Hon Dame Cheryl Gillan DBE MP	Appointed to the Board pursuant to rule 12.10 (from August 2019)
Sir Ehud Sheleg	MP on the Board of the Conservative Party
Alan Mabbutt OBE	Treasurer of the Conservative Party (from August 2019) Registered Treasurer

Since the year end, in February 2020, Rt Hon Amanda Millings MP was appointed to the Board as Co-Chairman of the Conservative Party

Administrative Information

The Board carries out some of its functions via the following committees.

C&UCO Properties Limited
Candidates
Conferences
Constitutional Review
Disciplinary
Ethics and Integrity
Finance and Audit Committee
Membership Committee

Elected Representatives

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

Accounting Units

At 31 December 2019 the Party had 684 (2018 - 684) accounting units registered with the Electoral Commission throughout the UK.

Central Office

4 Matthew Parker Street
London
SW1H 9HQ
Telephone: 020 7222 9000
Website: www.conservatives.com

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

The Co-Secretary General Office
The U.S. State Department



The Conservative Central Office Statement of Responsibilities of the Board

The Board of the Conservative and Unionist Party ("the Board") are responsible for preparing this report and the financial statements in accordance with applicable law and regulations.

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

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

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

The Board are responsible for keeping adequate accounting records that are sufficient to show and explain the Conservative Central Office's transactions and disclose with reasonable accuracy at any time the financial position of the Conservative Central Office and enable them to ensure that the financial statements comply with the Political Parties, Elections and Referendums Act 2000. They are also responsible for safeguarding the assets of the Conservative Central Office and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Conservative Central Office Report of the Independent Auditors

TO THE BOARD OF THE CONSERVATIVE CENTRAL OFFICE

Opinion

We have audited the financial statements of the Conservative Central Office for the year ended 31 December 2019, which comprise the Consolidated Income and Expenditure Account, 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 the accounting guidance issued by the Electoral Commission.

In our opinion, the financial statements:

- give a true and fair view of the state of affairs of the Conservative Central Office as at 31 December 2019 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.

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 Conservative Central Office 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 Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Conservative Central Office'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 Board are responsible for the other information. The other information comprises the information included in the Treasurers' Financial Review, 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.

THE UNIVERSITY OF CHICAGO

DEPARTMENT OF THE HISTORY OF ARTS AND ARCHITECTURE



The Conservative Central Office **Consolidated Income and Expenditure Account** **For the year ended 31 December 2019**

	Note	2019 £'000	2018 £'000
Income			
Donation income		55,706	22,904
Membership fees	1a	2,209	1,478
Income from fundraising activities		974	755
Income from commercial activities		371	266
Income from legacies		529	934
Investment income	1b	23	26
Grant income	1c	767	704
Income from conferences		5,379	5,310
Notional income	1d	715	626
Other income		1,322	1,267
Total income		67,995	34,270
Expenditure			
Cost of fundraising activities		889	936
Cost of commercial activities		341	345
Notional expenditure		715	626
Staff costs		18,776	12,951
Management and administration expenses		8,872	10,812
Depreciation	6	542	587
Campaign expenditure	3	17,834	3,881
Interest payable	4	318	314
Conference expenditure		3,775	3,842
Other expenditure		2,538	1,886
Total expenditure		54,600	36,180
Surplus/(Deficit) before taxation		13,395	(1,910)
Taxation charge	5	(308)	(198)
Surplus/(Deficit) for the year	12	13,087	(2,108)

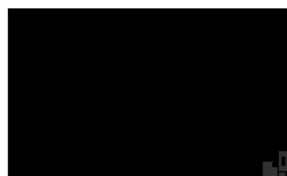
All amounts relate to continuing activities.

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

The accounting policies and notes on pages 11 to 26 form part of these financial statements.

The Conservative Party of Canada
Conservative Party of Canada
As of 21 December 2019

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The Conservative Central Office **Consolidated Cash Flow Statement** **For the year ended 31 December 2019**

	Note	2019 £'000	2018 £'000
Net cash inflow from operating activities	15a	17,980	119
Returns on investments and servicing of finance	15b	(286)	(279)
Taxation		(337)	(184)
Capital expenditure and financial investment	15c	(1,251)	(1,263)
Increase / (Decrease) in cash before financing		<u>16,106</u>	<u>(1,607)</u>
Financing	15d	619	(99)
Increase / (Decrease) in cash in the year	15f	<u><u>16,725</u></u>	<u><u>(1,706)</u></u>

The accounting policies and notes on pages 11 to 26 form part of these financial statements.

The Conservative Central Office

Accounting Policies

For the year ended 31 December 2019

Basis of preparation

The Conservative Central Office (CCO) 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 Constituency Associations 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.

The Board notes that COVID-19 is a post balance sheet non-adjusting event which will influence both post year end and future performance. CCO is closely monitoring the development of COVID-19 and has performed a going concern assessment using a detailed review of the cash flow forecast for 12 months from the date of this report, including various sensitivities. The board therefore believes that sufficient donation income and other funding will be generated for CCO to meet its financial obligations whilst remaining within its available cash balance and are satisfied that it is appropriate to prepare the accounts on the going concern basis.

The financial statements are presented in Sterling (£).

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

Consolidation

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

Income recognition

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

Income in the form of grants is recognised over the period to which it relates. 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 2019 (*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 notional income.

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, office and computers 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;

Furniture, fixtures & fittings	Straight line over 10 years
Office equipment	Straight line over 5 years
Computer equipment	Straight line over 3-9 years

Current asset investment

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

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.

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 2019

1. Income

	2019 £'000	2018 £'000
a Membership fees		
Party membership fees	<u>2,209</u>	<u>1,478</u>
b Investment income		
Dividends received	20	23
Interest receivable	3	3
Other income	-	-
	<u>23</u>	<u>26</u>
c Grant income		
Policy development grant	477	439
Scottish parliament grant	290	265
	<u>767</u>	<u>704</u>
d Notional income		
Goods and services	<u>715</u>	<u>626</u>

The Conservative Central Office **Notes to the Financial Statements** **For the year ended 31 December 2019 (continued)**

2. Employees

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

	2019	2018
Central office staff	230	215
Regional office staff	112	115
	<u>342</u>	<u>330</u>

Their aggregate payroll costs were:

	2019 £'000	2018 £'000
Salaries	12,085	10,921
Social security costs	1,280	1,140
Pension costs	562	484
Cost of defined contribution scheme	4,414	-
	<u>18,341</u>	<u>12,545</u>

The increase in cost of the defined contribution scheme of £4,414,000 represents the increase in future annual contributions due.

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 2018.

The key assumptions adopted for this valuation are as follows:

	%
Rate of increase in salaries	N/A
Rate of increase to excess pension in payment (pre-1997)	NIL
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	3.00
Discount rate in retirement	3.00
Inflation - Retail Prices Index	3.00
Inflation - Consumer Prices Index	2.00
	Years
Assumed life expectancy for a female pensioner aged 65 at the valuation date	24.3
Assumed Life expectancy for a male pensioner aged 65 at the valuation date	22.6
Assumed life expectancy at age 65 for a female non pensioner currently aged 45	26.4
Assumed life expectancy at age 65 for a male non pensioner currently aged 45	24.1

The market value of the Fund's invested assets as at 31 March 2018 was £21.5 million. The actuarial value of these assets represented 70% of the value of the Fund's liabilities at that date. The fund has a shortfall of £9.4 million.

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 £550,000 per annum, payable monthly, in the period 1 April 2018 to 30 June 2019, and £1,100,000 per annum, payable monthly over the period 1 July 2019 to 30 April 2028.

The Conservative Central Office

Notes to the Financial Statements

For the year ended 31 December 2019 *(continued)*

3. Result for the year

	2019 £'000	2018 £'000
The result is stated after charging/(crediting):		
Campaign expenditure:		
General election (reportable)	16,465	-
Campaign expenditure (non-reportable)	1,369	3,881
 Auditors' remuneration:		
Audit services to the Conservative Central Office	78	73
Other assurance services to the Conservative Central Office	-	-
Non-audit services to the Conservative Central Office	53	11
Audit services to quasi-subsiidiaries	9	3
 Operating lease rentals:		
Land and buildings	817	854
Motor vehicles	7	5
Office equipment	24	52
 Depreciation of tangible fixed assets:		
Owned assets	542	587
 Westminster Foundation for Democracy:		
Project funding recognised during the year	(891)	(685)
Project expenditure supported by funding	891	685
	<hr/>	<hr/>

4. Interest payable

	2019 £'000	2018 £'000
Interest payable on loans and overdrafts	61	37
Unwinding of discounts on provisions	193	193
Interest payable on other loans	64	84
	<hr/>	<hr/>
	318	314

The Conservative Central Office
Notes to the Financial Statements
For the year ended 31 December 2019 (continued)

5. Taxation

	2019 £'000	2018 £'000
Current tax on taxable income	248	198
Deferred tax – origination and reversal of timing differences	60	-
Total taxation charge	<u>308</u>	<u>198</u>

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

	2019 £'000	2018 £'000
Surplus/Deficit before taxation	<u>13,395</u>	<u>(1,910)</u>
Tax on surplus / (deficit) at the basic rate of income tax in the UK of 19% (2018 - 20%)	2,545	(363)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	10,049	6,502
Non-taxable income	(12,346)	(5,941)
Origination and reversal of timing differences	60	-
Tax on surplus / deficit	<u>308</u>	<u>198</u>

The Conservative Central Office
Notes to the Financial Statements
For the year ended 31 December 2019 (continued)

6. Tangible fixed assets

	Furniture, fixtures & fittings £'000	Office equipment £'000	Computer equipment £'000	Total £'000
Cost or valuation				
At 1 January 2019	1,704	708	6,800	9,212
Additions	-	-	251	251
At 31 December 2019	<u>1,704</u>	<u>708</u>	<u>7,052</u>	<u>9,464</u>
Depreciation				
At 1 January 2019	1,028	689	5,928	7,645
Charge for the year	152	6	384	542
At 31 December 2019	<u>1,180</u>	<u>695</u>	<u>6,312</u>	<u>8,187</u>
Net book value				
At 31 December 2019	524	13	740	1,277
At 31 December 2018	<u>676</u>	<u>19</u>	<u>872</u>	<u>1,567</u>

7. Debtors

	2019 £'000	2018 £'000
Trade debtors	351	337
Other debtors	594	480
Prepayments and accrued income	<u>2,272</u>	<u>1,776</u>
	<u>3,217</u>	<u>2,593</u>

All amounts fall due within one year.

The Conservative Central Office
Notes to the Financial Statements
For the year ended 31 December 2019 (continued)

8. Current asset investments

	2019 £'000	2018 £'000
Opening fair value	2,476	1,570
Purchases	1,000	1,000
Gain / (Losses) on remeasurement to fair value	407	(94)
Market value	<u>3,883</u>	<u>2,476</u>

Current asset investment of £3,883,000 (2018 - £2,476,000) are shares held in funds which are valued on a regular basis. The total Gain recognised on these investments in the period was £407,000 (2018 – Loss £94,000), representing the fair value remeasurements shown above.

9. Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Other loans payable (note 10)	4,492	3,864
Trade creditors	3,514	1,515
Social security and other taxation	466	359
Corporate tax payable	206	235
Other creditors	530	298
Accruals and deferred income	2,029	3,371
	<u>11,237</u>	<u>9,642</u>

The Conservative Central Office
Notes to the Financial Statements
For the year ended 31 December 2019 (continued)

10. Loans

	2019 £'000	2018 £'000
Interest free and repayable on demand:		
Loans from Constituency Associations	3,044	2,960
Interest bearing and repayable on demand:		
Loans from Constituency Associations	948	904
Loan from third party	500	-
	<u>4,492</u>	<u>3,864</u>

11. Provisions for liabilities

	Pension commitment £'000	Dilapidations provision £'000	Total provision £'000
At 1 January 2019	4,214	250	4,464
Unwinding of discount	193	-	193
Utilisation of provision	(824)	-	(824)
Increase in provision	4,414	-	4,414
At 31 December 2019	<u>7,997</u>	<u>250</u>	<u>8,247</u>

The market value of the Fund's invested assets as at 31 March 2018 was £21.5 million. The actuarial value of these assets represented 70 % of the value of the Fund's liabilities at that date. The fund has a shortfall of £9.4 million.

In order to address the shortfall in the Fund, the Conservative Central Office has agreed to pay additional contributions of £550,000 per annum, payable monthly, in the period 1 April 2018 to 30 June 2019, and £1,100,000 per annum, payable monthly over the period 1 July 2019 to 30 April 2028.

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

The Conservative Central Office
Notes to the Financial Statements
For the year ended 31 December 2019 (continued)

12. Capital and reserves

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

	Capital reserve £'000	Revenue reserves £'000	Total capital and reserves £'000
At 1 January 2018	1,172	(4,368)	(3,196)
Net deficit for the year	-	(2,108)	(2,108)
At 31 December 2018	<u>1,172</u>	<u>(6,476)</u>	<u>(5,304)</u>
At 1 January 2019	1,172	(6,476)	(5,304)
Net surplus for the year	-	13,087	13,087
At 31 December 2019	<u>1,172</u>	<u>6,611</u>	<u>7,783</u>

13. Financial commitments

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

	Land and buildings	
	2019 £'000	2018 £'000
Less than one year	659	659
Between two and five years	2,636	2,636
In more than five years	988	1,628
Total	<u>4,283</u>	<u>4,923</u>

The Conservative Central Office

Notes to the Financial Statements

For the year ended 31 December 2019 *(continued)*

14. Quasi-subsidaries

The financial statements incorporate the quasi-subsidaries 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-subsidaries 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-subsidaries totalled £16,150,000 at 31 December 2019 (2018 - £16,074,000), comprising fixed assets of £175,000 (2018 - £280,000), investments of £3,863,000 (2018 - £2,457,000), debtors of £nil (2018 - £2,000), cash at bank of £986,000 (2018 - £2,104,000), creditors and accruals of £120,000 (2018 - £4,000) and provisions of £250,000 (2018 - £250,000). There are also intra-group balances, of £11,496,000 (2018 - £11,510,000) due from the Conservative Central Office, which are eliminated on consolidation. In aggregate, the quasi-subsidaries reported a gain for the year of £79,000 (2018 - £477,000).

15. Notes to the cash flow statement

(a) Reconciliation of operating (deficit)/surplus to operating cash flows

	2019 £'000	2018 £'000
Surplus/(Deficit) before taxation	13,395	(1,910)
Depreciation on tangible fixed assets	542	587
Change in value of investment	(407)	94
Increase in debtors	(624)	(434)
Increase/ (decrease) in creditors/provision	4,779	1,494
	<u>17,685</u>	<u>(169)</u>
Interest payable	318	314
Investment income	(23)	(26)
Net cash inflow from operating activities	<u>17,980</u>	<u>119</u>

(b) Returns on investments and servicing of finance

	2019 £'000	2018 £'000
Interest paid	(318)	(314)
Interest converted to loans	9	9
Dividends received	20	23
Interest received	3	2
Cash outflow from returns on investments and servicing of finance	<u>(286)</u>	<u>(279)</u>

The Conservative Central Office **Notes to the Financial Statements** **For the year ended 31 December 2019 (continued)**

15. Notes to the cash flow statement (continued)

(c) Capital expenditure and financial investment

	2019 £'000	2018 £'000
Payments to acquire fixed assets	(251)	(263)
Purchase of current asset investment	(1,000)	(1,000)
Cash outflow from capital expenditure and financial investment	<u>(1,251)</u>	<u>(1,263)</u>

(d) Financing

	2019 £'000	2018 £'000
Interest converted to loans	9	9
Cash receipts from / repayment of loans	619	(99)
Movement in loans in the year	628	(90)
Opening loans	3,864	3,954
Closing loans	<u>4,492</u>	<u>3,864</u>

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

	Note	2019 £'000	2018 £'000
(Decrease)/Increase in cash in the year		16,725	(1,706)
Cash inflow from financing	15d	(619)	99
Change in net debt resulting from cash flows		<u>16,106</u>	<u>(1,607)</u>
Non-cash movements		1,398	897
Movement in net debt in the year		<u>17,504</u>	<u>(710)</u>
Opening net debt		777	1,487
Closing net funds	15f	<u>18,281</u>	<u>777</u>

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(f) Analysis of movements in net debt

	1 January 2019 £'000	Cash flow £'000	Non-cash movements £'000	31 December 2019 £'000
Cash at bank and in hand	2,165	16,725	-	18,890
Overdraft	-	-	-	-
	<u>2,165</u>	<u>16,725</u>	<u>-</u>	<u>18,890</u>
Current asset investments	2,476	-	1,407	3,883
Loans falling due within one year	(3,864)	(619)	(9)	(4,492)
Net funds/(debt)	<u>777</u>	<u>16,106</u>	<u>1,398</u>	<u>18,281</u>

16. Post balance sheet events

The COVID-19 outbreak represents an event after the reporting period. However, this is considered to be a non-adjusting event, as the pandemic was declared on 12th March 2020, and is therefore after the date of the statement of financial position. It therefore constitutes a new event that does not impact on the conditions existing at the date of the statement of financial position.

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17. 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 2019 are provided below:

- a) The following transactions were made by Sir Mick Davis during the year:

Donations £458,500	(2018 - £1,096,000)
Donation in kind £2,480	(2018 - £100,000)

- b) The following transactions were made by Dominic Johnson CBE during the year:

Donations £39,075	(2018 - £46,700)
Donations in Kind £2,000	(2018 - £1,974)

- c) The following transactions were made by Mr David Brownlow during the year:

Donations £2,000	(2018 - £307,040)
Donations in Kind £10,938	(2018 - £24,030)

- d) The following transactions were made during the year by Huntswood Associates Limited, a company in which Mr David Brownlow has an interest:

Donations £534,000	(2018 - £758,000)
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- e) The following transactions were made during the year by The Halcyon Gallery Limited a company in which Sir Ehud Sheleg has an interest:

Donations £1,929,200	(2018 - £15,000)
Donations in Kind £20,000	(2018 - £Nil)

- f) The following transactions were made by Mr Matt Wright during the year:

Donations £50,000	(2018 - £Nil)
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- g) The following transactions were made by Mr Robert Foreman during the year:

Donations £1,000	(2018 - £Nil)
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- h) Certain other individual members of the Board and Party Officers made donations in aggregate of :

Donations £215	(2018 - £45)
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18. Controlling party

As described on page 5, The Board of the Conservative Central Office is responsible for the management and administration of the Conservative Central Office and the Leader of the Party is considered to be a person of significant control due to the right to appoint or remove a majority of the Board of the Party.

19. Contingent liabilities

The Party, from time to time, has a number of legal cases ongoing. It is not considered possible to reliably estimate the amount of costs that might be payable on current cases as they are dependent on the outcome of legal proceedings which are ongoing. No further information can be disclosed on the grounds that it can be expected to prejudice the outcome of the legal process.

