



Annual Report and Financial Statements

For the year ended 31 December 2021

The Conservative and Unionist Central Office

"The Conservative Central Office"

Annual Report and Financial Statements

For the year ended 31 December 2021

	Page
General Information	2
Treasurers' Financial Review	4
Statement of Responsibilities of the Board	5
Report of the Independent Auditors	6
Consolidated Statement of Income and Expenditure	9
Consolidated Balance Sheet	10
Consolidated Statement of Changes in Equity	11
Consolidated Cash Flow Statement	12
Accounting Policies	13
Notes to the Financial Statements	14-25

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	Rt Hon Boris Johnson MP
Nominating officer	Rachel Oldham
Treasurer	Alan Mabbutt OBE
Deputy treasurer	The Lord McInnes of Kilwinning CBE

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

The operations and budgets of the Conservative Central Office are therefore subject to the scrutiny of the Board with the support of the Finance and Audit Committee. The Board of the Party is responsible for preparing this Annual Report and Financial Statement.

The Board of the Conservative Central Office as at 31 December 2021

(Served throughout the year ended 31 December 2021, unless otherwise stated)

Rt Hon Amanda Milling MP*	Co-Chairman of the Conservative Party and Deputy Chairman of the Board (to September 2021)
Ben Elliot*	Co-Chairman of the Conservative Party and Chairman of the Board
Rt Hon Oliver Dowden CBE MP	Co-Chairman of the Conservative Party and Deputy Chairman of the Board (from September 2021 to June 2022)
The Lord Sharpe of Epsom OBE*	Deputy Chairman of the Board and Chairman of the National Conservative Convention (to September 2021)
Peter Booth*	Chairman of the National Conservative Convention and a Deputy Chairman of the Board (from September 2021)
	Vice President of the National Conservative Convention (to September 2021)
Cllr Mark Hawthorne MBE	Chairman of the Conservative Councillors Association
Glyn Davies	Chairman of the Welsh Conservative Party
Robert Forman MBE WS	Chairman, Scottish Conservative & Unionist Party
Gotz Mohindra	Vice President of the National Conservative Convention
Andrew Colborne-Baber	Vice President of the National Conservative Convention (from September 2021)
	President of the National Convention (until September 2021)
Debbie Toon MBE	Vice President of the National Conservative Convention (to September 2021)
	President of the National Conservative Convention (from September 2021)
Fleur Butler	Vice President of the National Conservative Convention (from September 2021)
Rt Hon Lord Forsyth of Drumlean	Chairman of the Association of Conservative Peers (from September 2021)
Rt Hon Lord Hunt of Wirral MBE	Chairman of the Association of Conservative Peers (to September 2021)
Sir Graham Brady MP*	Chairman of the 1922 Committee
Bob Blackman MP	Appointed to the board pursuant to rule 12.13
David Morris MP	Appointed to the board pursuant to rule 12.13
Richard Graham MP	Appointed to the board pursuant to rule 12.13
Matt Wright*	Appointed to the Board pursuant to rule 12.10
Sir Ehud Sheleg	Treasurer of the Conservative Party (to September 2021)
Malik Karim*	Treasurer of the Conservative Party (from September 2021)
Alan Mabbutt OBE*	Registered Treasurer and Senior member of the professional staff of the Party

The Conservative Central Office

Administrative Information

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

C&UCO Properties Limited Board
Candidates Committee
Conferences Committee
Constitutional Review Board
Disciplinary Committee
Finance and Audit Committee
Investment Committee
Governance and Risk Board
Membership Committee

*Members of the Board that also served as members of the Finance and Audit Committee in the year.

Elected Representatives

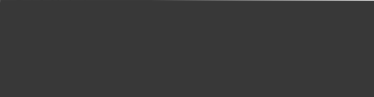
The current list of Elected Members of Parliament is available on the website.

Accounting Units

At 31 December 2021, the Party had 571 (2020 - 584) accounting units registered with the Electoral Commission throughout the UK.

Central Office

4 Matthew Parker Street
London
SW1H 9HQ



Auditors

Nexia Smith and Williamson
Portwall Place, Portwall Lane
Bristol
BS1 6NA

The Conservative Central Office

Treasurers' Financial Review

The Conservative and Unionist Party, like many other fundraising-dependent organisations in 2021, faced ongoing operational and financial challenges from the COVID-19 pandemic.

Staff continued to innovate and engage with our elected officials, donors, members and supporters in a variety of digital formats not only to protect our income streams but also to keep the Party moving forward. However, after two years of restrictions, the excitement was tangible when the Party was able to come together again in Manchester for a physical Party Conference.

The annualised impact of cost savings strategies employed in 2020 were successfully realised in 2021 and costs continued to be carefully monitored and controlled as campaigning activity resumed. CCO did not access any of the COVID-19 financial support schemes, choosing instead to utilise reserves built from 2019 to support cashflow.

Due to a concerted effort by every member of the professional Party the financial losses experienced in 2020 were mitigated and overall the Party delivered a surplus of £0.3m in 2021; whilst also reporting unprecedented successes in the local and mayoral elections.

Politically, 2021 saw our best ever result in the Senedd, strong mayoral election performances in the West Midlands, Tees Valley and a good performance in London and a by-election win in Hartlepool for the first time since 1974.

2021 also saw the opening of CCHQ Leeds, the delivery of key digital transformation projects and the launch of the Party's first internship scheme in partnership with the Patchwork Foundation.

Although 2021 saw an improvement in performance financially, 2022 is expected to be a challenge with ongoing political pressure and a difficult national economic climate. This tough economic and political backdrop has further been exacerbated by the war in Ukraine and increasing global energy prices. The Party has been prudent in its forecasting to allow for a cautious return to business as usual.

The Party holds sufficient reserves to cope with further Covid-19 pandemic occurrences in 2022 and wider political uncertainties. With a lower and more agile cost base as a result of changes made in 2020 and 2021, the Board is confident that sufficient funding will be generated for the Party in 2022 to meet its financial obligations without significantly eroding these reserves. The Party has therefore prepared its accounts on the going concern basis.


Financial oversight on behalf of the Board of the Party was exercised throughout the year by the Finance and Audit Committee under the Chairmanship of The Lord Sharpe of Epsom, until September 2021, when the baton was passed to Peter Booth as the new Chairman of the National Conservative Convention. The Party would like to formally thank Lord Sharpe for his leadership of this committee through such challenging times.

Without the dedication and professionalism of all our staff the successes of 2021 would not have been possible and they are due great credit, as are our colleagues on the Finance and Audit Committee and the Board.

As always, a big thank you must also go to our donors, whatever the size of donation and our colleagues in the Parliamentary and Voluntary Parties for the work they do at a national and local level on behalf of the Party.



Darren Mott OBE
CEO



Alan Mabbutt OBE
Registered Treasurer

Date: 04 July 2022

The Conservative Central Office

Statement of Responsibilities of the Board and Treasurer

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 and in so doing have chosen to comply with the requirements of Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland. 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 statement 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 Board are responsible for the maintenance and integrity of the financial information included on the Party's website.

The Conservative Central Office

Report of the Independent Auditors

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF THE CONSERVATIVE CENTRAL OFFICE

Opinion

We have audited the financial statements of The Conservative Central Office and its quasi-subidiaries (the 'group') for the year ended 31 December 2021 which comprise the consolidated income and expenditure account, the consolidated balance sheet, the consolidated cashflow statement, the accounting policies and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) 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 the group's affairs as at 31 December 2021 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 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 group 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

In auditing the financial statements, we have concluded that the Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Treasurer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The Board are responsible for the other information contained within the Annual Report and Financial Statements. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 the Treasurer and the Board of the Conservative Central Office

As explained more fully in the statement of responsibilities of the Board set out on page 5, the 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 Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Conservative Central Office

Report of the Independent Auditors (*continued*)

In preparing the financial statements, the Treasurer is responsible for assessing the group'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 Board either intend to liquidate the group or to cease operations, or have 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained a general understanding of the group's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations. We also drew on our existing understanding of the group's industry and regulation.

We understand that the group complies with requirements of the framework through:

- Engaging with independent advisors to ensure compliance with the interpretations of the accounting guidance issued by the Electoral Commission as well as the reporting framework Political Parties, Elections and Referendums Act 2000.
- Given the management structure and reporting lines, any litigation or claims would come to the Board's attention and would be considered at Board meetings.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the group's ability to conduct its business and where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the group:

- Compliance with the Electoral Commission regulations;
- Political Parties, Elections and Referendums Act 2000; and
- VAT regulations.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations identified above:

- Reviewed the procedures management has implemented over compliance with the regulations.
- Inspected the year end internal reporting to the Board regarding compliance with significant regulations.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the group's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were:

- Manipulation of the financial statements, especially income through manual journal entries.
- Risk of manipulation of notional income/expenses through not including relevant items.
- Risk that the pension scheme is incorrectly disclosed.

These areas were communicated to the other members of the engagement team who were not present at the discussion.

The Conservative Central Office

Report of the Independent Auditors *(continued)*


The procedures we carried out to gain evidence in the above areas included;

- Testing of a sample of revenue transactions to underlying documentation;
- Testing of a sample of journal entries, selected through applying specific risk assessments based on the processes and controls surrounding journal entries;
- Challenging management regarding the assumptions used in the estimates identified above, and comparison to post-year-end data and third-party correspondence as appropriate;
- Consulting with pension specialists to confirm the treatment of the pension scheme is correct.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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 Treasurer and Board members, as a body, in accordance with Part III of the Political Parties, Elections and Referendums Act 2000. Our audit work has been undertaken so that we might state to the Treasurer and Board 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 group and the Treasurer and Board members as a body, for our audit work, for this report, or for the opinions we have formed.



for and on behalf of
Nexia Smith & Williamson

Statutory Auditors
Chartered Accountants

Portwall Place
Portwall Lane
Bristol BS1 6NA

Date 5 July 2021

The Conservative Central Office
Consolidated Statement of Income and Expenditure
For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Income			(Restated)
Donation Income		20,494	17,281
Membership fees	1a	1,989	1,999
Income from fundraising activities		333	768
Income from commercial activities		513	301
Income from legacies		1,259	1,425
Investment income	1b	614	15
Grant income	1c	511	618
Income from conferences		4,519	544
Notional Income	1d	436	514
Westminster Foundation for Democracy	3	719	545
Other income		357	82
Total income		<u>31,744</u>	<u>24,092</u>
Expenditure			
Cost of fundraising activities		442	383
Cost of commercial activities		337	291
Notional expenditure		436	514
Staff costs	2	11,305	13,430
Management and administration expenses		8,104	10,257
Depreciation and amortisation	6a&6b	899	557
Campaign expenditure	3	5,020	1,652
Interest payable	4	273	342
Conference expenditure		3,519	1,370
Westminster Foundation for Democracy	3	719	545
Other expenditure		276	(57)
Total expenditure		<u>31,330</u>	<u>29,284</u>
Surplus/(Deficit) before taxation		414	(5,192)
Taxation charge	5	(95)	(348)
Surplus/(Deficit) for the year		<u>319</u>	<u>(5,540)</u>

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 13 to 25 form part of these financial statements.

**The Conservative Central Office
Consolidated Balance Sheet
As at 31 December 2021**

	Note	2021	2020
		£'000	£'000
Fixed assets			(Restated)
Tangible assets	6a	1,653	1,187
Intangible assets	6b	132	375
Current assets			
Debtors	7	3,939	1,554
Investments	8	9,743	4,149
Cash at bank and in hand		3,951	11,536
		<u>17,633</u>	<u>17,239</u>
Creditors: amounts falling due within one year	9	(8,683)	(8,764)
Net current assets		<u>8,950</u>	<u>8,475</u>
Total assets less current liabilities		10,735	10,037
Creditors: amounts falling due after more than one year	11a	(1,760)	(488)
Provision for liabilities	11b	(6,484)	(7,306)
Net assets		<u>2,491</u>	<u>2,243</u>
Reserves			
Capital reserve		1,172	1,172
Revenue reserve		1,319	1,071
Total capital and reserves		<u>2,491</u>	<u>2,243</u>

The financial statements were approved and authorised for issue by the Board of the Conservative Central Office on 04 July 2022 and were signed on its behalf by Ben Elliot



Ben Elliot
Co-Chairman of the Party

The accounting policies and notes on pages 13 to 25 form part of these financial statements.

The Conservative Central Office

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

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

	Capital reserves £'000	Revenue reserves £'000	Total capital and reserves £'000
At 1 January 2020	1,172	6,611	7,783
Net deficit for the year	-	(5,540)	(5,540)
At 31 December 2020	<u>1,172</u>	<u>1,071</u>	<u>2,243</u>
At 1 January 2021	1,172	1,071	2,243
Prior year adjustment	-	(71)	(71)
Net surplus for the year	-	319	319
At 31 December 2021	<u>1,172</u>	<u>1,319</u>	<u>2,491</u>

The Conservative Central Office
Consolidated Cash Flow Statement
For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Net cash flow from operating activities	14a	(629)	(6,885)
Investment activities:			
Payments to acquire fixed assets		(1,011)	(110)
Deferred payment on IT hardware acquired		(647)	
Purchases of current asset investment		(5,001)	
Interest paid		(273)	(342)
Interest converted to loans		-	(9)
Dividends received		20	13
Interest received		1	2
Net cash (used in)/generated from investment activities		(6,911)	(446)
Decrease in cash before financing		(7,540)	(7,331)
Financing activities:			
Cash repayment of loans	14b	(45)	(23)
Net cash (used in)/generated from financing activities		(45)	(23)
Net decrease in cash in the year		(7,585)	(7,354)
Cash and cash equivalents at the beginning of the year	14c	11,536	18,890
Cash and cash equivalents at the end of the year		3,951	11,536

The accounting policies and notes on pages 13 to 25 form part of these financial statements.

The Conservative Central Office

Accounting Policies

For the year ended 31 December 2021

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 and in so doing have chosen to comply with the requirements of Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland. 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 an ongoing post balance sheet non-adjusting event which will influence both post year end and might impact future performance. The Party must also manage its cost base carefully during a period of intense political pressure and monitor closely the challenges of fundraising in a tough economic climate. CCO 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 and excludes accounting units which report separately to the Electoral Commission. 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.

The Conservative Central Office

Accounting Policies

For the year ended 31 December 2021 *(continued)*

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.

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, Intangible asset are also stated the same way. 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
Intangible assets	Straight line over 5 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 with the deficit of the scheme(s) taken onto the balance sheet.

The amount charged to the income and expenditure account in respect of pension costs therefore represents the contributions payable for the year. The Conservative Central Office has agreed with the Trustees additional pension contributions to reduce the Fund's deficit and has recognised the present value of these contributions which are payable over a number of years. 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 2021

1. Income

	2021	2020
	£'000	£'000
a Membership fees		
Party membership fees	<u>1,989</u>	<u>1,999</u>
b Investment income		
Dividends received	20	13
Interest receivable	1	2
Gains on investments	593	-
	<u>614</u>	<u>15</u>
c Grant income		
Policy development grant	490	435
Scottish parliament grant	21	183
	<u>511</u>	<u>618</u>
d Notional income		
Goods and services	<u>436</u>	<u>514</u>

The Conservative Central Office

Notes to the Financial Statements

For the year ended 31 December 2021 (continued)

2. Employees

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

	2021	2020
Central office staff	157	177
Regional office staff	73	127
	230	304

Their aggregate payroll costs were:

	2021 £'000	2020 £'000
Salaries	9,535	11,408
Social security costs	1,037	1,181
Cost of Superannuation Pension Fund	456	500
Other staff costs	277	341
	-	-
	11,305	13,430

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. This scheme is now closed to further accrual.

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 had a shortfall of £9.4 million at the last valuation date.

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 2021 (continued)

3. Result for the year

	2021	2020
	£'000	£'000
The result is stated after charging/(crediting):		
Campaign expenditure:		
General election (reportable)	-	-
Campaign expenditure (non-reportable)	5,020	1,652
Auditors' remuneration:		
<i>(2021: Nexia Smith & Williamson, 2020: BDO)</i>		
Audit services to the Conservative Central Office	85	91
Other assurance services to the Conservative Central Office	10	-
Non-audit services to the Conservative Central Office	14	7
Audit services to quasi-subsiidiaries	17	5
Operating lease rentals:		
Land and buildings	867	894
Motor vehicles	5	9
Office equipment	8	133
Depreciation of tangible fixed assets:		(Restated)
Owned assets	248	330
Leased assets	183	61
Amortisation of intangible fixed asset:		(Restated)
Owned assets	436	166
Westminster Foundation for Democracy:		
Project funding recognised during the year	(719)	(545)
Project expenditure supported by funding	719	545
	<hr/>	<hr/>

4. Interest payable

	2021	2020
	£'000	£'000
Interest payable on loans and overdrafts	22	103
Unwinding of discounts on provisions	206	159
Interest payable on other loans	45	80
	<hr/>	<hr/>
	273	342

The Conservative Central Office
Notes to the Financial Statements
For the year ended 31 December 2021 (*continued*)

5. Taxation

	2021	2020
	£'000	£'000
Current tax on taxable income	(59)	279
Deferred tax – origination and reversal of timing differences	154	69
Total taxation charge	<u>95</u>	<u>348</u>

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

	2021	2020
	£'000	£'000
(Deficit)/Surplus before taxation	<u>414</u>	<u>(5,192)</u>
Tax on (deficit) / surplus at the basic rate of income tax in the UK of 19% (2019 - 19%)	79	(986)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	5,719	5,255
Non-taxable income	(5,628)	(3,989)
Prior year adjustment - current tax	(240)	-
Fixed asset differences	180	-
Other	(15)	68
Tax on surplus /(deficit)	<u>95</u>	<u>348</u>

The Conservative Central Office
Notes to the Financial Statements
For the year ended 31 December 2021 (continued)

6a. Tangible fixed assets

	Furniture, fixtures & fittings £'000	Office equipment £'000	Computer equipment £'000	Total £'000
Cost or valuation				
At 1 January 2021 (restated)	1,741	709	3,439	5,889
Additions	605	71	177	853
Disposals	(530)	(663)	(2,222)	(3,415)
At 31 December 2021	<u>1,816</u>	<u>117</u>	<u>1,394</u>	<u>3,327</u>
Depreciation				
At 1 January 2021 (restated)	1,477	675	2,549	4,701
Charge – owned	165	17	98	280
Charge – financed	-	-	183	183
Disposals	(640)	(663)	(2,187)	(3,490)
At 31 December 2021	<u>1,002</u>	<u>29</u>	<u>643</u>	<u>1,674</u>
Net book value				
At 31 December 2021	814	88	751	1,653
At 31 December 2020 (restated)	<u>264</u>	<u>34</u>	<u>890</u>	<u>1,188</u>

6b. Intangible fixed assets

	Website £'000	Database £'000	Total £'000
Cost or valuation			
At 1 January 2021 (restated)	3,509	918	4,427
Additions	158	-	158
Disposals	(3,509)	-	(3,509)
At 31 December 2021	<u>158</u>	<u>918</u>	<u>1,076</u>
Amortisation			
At 1 January 2021 (restated)	3,134	918	4,052
Charge for the year	436	-	436
Disposals	(3,544)	-	(3,544)
At 31 December 2021	<u>26</u>	<u>918</u>	<u>944</u>
Net book value			
At 31 December 2021	132	-	132
At 31 December 2020 (restated)	<u>375</u>	<u>-</u>	<u>375</u>

The Conservative Central Office
Notes to the Financial Statements
For the year ended 31 December 2021 (continued)

7. Debtors

	2021	2020
	£'000	£'000
Trade debtors	369	126
Other debtors	1,138	519
Prepayments and accrued income	2,432	909
	<u>3,939</u>	<u>1,554</u>

All amounts fall due within one year.

8. Current asset investments

	2021	2020
	£'000	£'000
Opening fair value	4,149	3,883
Purchases	5,001	-
Gain on remeasurement to fair value	593	266
	<u>9,743</u>	<u>4,149</u>

Current asset investments of £9,743,000 (2020 - £4,149,000) are shares held in funds which are valued on a regular basis. The total Gain recognised on these investments in the period was £593,000 (2020 -- Gain £266,000), representing the fair value remeasurements shown above. These financial instruments are the only assets held at fair value through profit or loss.

9. Creditors: amounts falling due within one year

	2021	2020
	£'000	£'000
		(Restated)
Other loans payable (note 10)	2,679	4,460
Trade creditors	3,109	901
Social security and other taxation	299	410
Finance Lease -- Computers	244	390
Deferred tax	277	-
Corporate tax payable	191	281
Other creditors	360	425
Accruals and deferred income	1,524	1,897
	<u>8,683</u>	<u>8,764</u>

The Conservative Central Office
Notes to the Financial Statements
For the year ended 31 December 2021 (continued)

10. Loans

	2021 £'000	2020 £'000
Loans repayable on demand:		
Interest bearing loan from Constituency Associations	2,179	(Restated) 2,444
Loan from third party	500	500
Loans repayable over one year:		
Interest free loans from Constituency Associations	1,516	1,516
	<u>4,195</u>	<u>4,460</u>

11a. Creditors falling due after one year

	2021 £'000	2020 £'000
Other loans payable (note 10)	1,516	-
Finance Lease creditors	244	488
Total	<u>1,760</u>	<u>488</u>

11b. Provisions for liabilities

	Pension commitment £'000	Dilapidations provision £'000	Total provision £'000
At 1 January 2021	7,056	250	7,306
Unwinding of discount	206	-	206
Utilisation of pension provision	(1,100)	-	(1,100)
Adjustment prior year accounts	72	-	72
At 31 December 2021	<u>6,234</u>	<u>250</u>	<u>6,484</u>

Pension provision utilised relates to the additional contributions of £1,100,000 per annum, payable monthly over the period 1 July 2019 to 30 April 2028. (See note 2)

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 2021 *(continued)*

12. Financial commitments

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

	Land and buildings	
	2021	2020
	£'000	£'000
		(Restated)
Less than one year	800	659
Between two and five years	2,884	2,636
In more than five years	923	330
Total	<u>4,607</u>	<u>3,625</u>

13. Quasi-subsidiaries

The financial statements incorporate the quasi-subsidiaries 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-subsidiaries 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-subsidiaries totalled £7,137,000 as at 31 December 2021 (2020 - £5,873,000 Restated), comprising fixed assets of £38,000 (2020 - £70,000), investments of £4,668,000 (2020 - £4,130,000), debtors of £35,000 (2020 - £1), cash at bank of £2,959,000 (2020 - £2,090,000), creditors and accruals of £313,000 (2020 - £40,000) and provisions of £250,000 (2020 - £250,000).

There are also Intra-group balances, of £ 9,000 (2020 - £13,000 Restated) due from the Conservative Central Office, which are eliminated on consolidation. In aggregate, the quasi-subsidiaries reported a gain for the year of £1,287,000 (2020 - £1,195,000 loss).

14. Notes to the cash flow statement

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

	2021	2020
	£'000	£'000
Surplus before taxation	414	(5,131)
Depreciation on tangible fixed assets	463	496
Amortisation of intangible fixed asset	436	-
Change in value of investment	(593)	(266)
(Increase) /decrease in debtors	(2,385)	1,809
Increase/(Decrease) in creditors/provision	969	(3,847)
	(696)	(6,939)
Interest payable	273	342
Investment income	(21)	(15)
Net cash inflow from operating activities before taxation	(444)	(6,612)
Taxation	(185)	(273)
Net cash inflow from operating activities after taxation	(629)	(6,885)

The Conservative Central Office
Notes to the Financial Statements
For the year ended 31 December 2021 (continued)

14. Notes to the cash flow statement (continued)

(b) Financing

	2021 £'000	2020 £'000
Interest converted to loans	-	(9)
Loan converted to donation	(221)	-
Repayment of loans/cash receipts	(45)	(23)
Movement in loans in the year	(266)	(32)
Opening loans	4,460	4,492
Closing loans	4,194	4,460

(c) Analysis of movements in net debt

	1 January 2021 £'000	Cash flow £'000	Non-cash movements £'000	31 December 2021 £'000
Cash at bank and in hand	11,536	(7,585)	-	3,951
Overdraft	-	-	-	-
	11,536	(7,585)	-	3,951
Current asset investments	4,149	-	5,594	9,743
Loans falling due within one year	(4,460)	45	221	(4,194)
Net funds/(debt)	11,225	(7,540)	5,815	9,500

15. Post balance sheet events

The impact of the COVID-19 pandemic continued, to be felt in 2021 with ongoing restrictions in place until July 2021, with some restrictions reintroduced in December with the discovery of the Omicron variant. The Party is mindful of the pandemic's ongoing challenges and the evolving global economic and political landscape of 2022; however, these challenges do not constitute a post balance sheet event and do not impact on the conditions existing at the date of the statement of financial position.

No other post balance sheet events have been identified that impact on the conditions existing at the date of the statement of financial position.

The Conservative Central Office

Notes to the Financial Statements

For the year ended 31 December 2021 *(continued)*

16. Related party transactions

The Board of the Conservative Central Office has determined that, under FRS 102, related parties to the Conservative Central Office include the Leader of the Conservative Party and any person who has, at any time during the year, been a member of the Board of the Conservative Central Office or a Party Officer or is a close family member.

Under FRS 102, transactions and balances with these related parties, or with certain partnerships, companies, trusts or other entities, must be disclosed. Details of such transactions and balances (except where they are below Electoral Commission reporting thresholds) for the year ended 31 December 2021 are provided below:

- a) The following transactions were made during the year by Malik Karim:
- | | | |
|-------------------|----------|---------------|
| Donations | £830,025 | (2020 - £nil) |
| Donations in kind | £20,252 | (2020 - £nil) |
- b) The following transactions were made during the year by Fenchurch Advisory Partners LLP, a partnership in which Mr Malik Karim has significant influence over:
- | | | |
|----------|---------|---------------|
| Donation | £20,000 | (2020 - £nil) |
|----------|---------|---------------|
- c) The following transactions were made during the year by IPGL, a company in which Lord Michael Spencer has an interest:
- | | | |
|-------------------|----------|------------------|
| Donations | £100,500 | (2020 - £69,854) |
| Donations in kind | £nil | (2020 - £536) |
- d) The following transactions were made during the year by Dr Christopher Moran:
- | | | |
|-----------|---------|------------------|
| Donations | £10,000 | (2020 - £10,000) |
|-----------|---------|------------------|
- e) The following transactions were made during the year by Golden Lane securities, a company in which Dr Christopher Moran has an interest:
- | | | |
|-----------|---------|------------------|
| Donations | £50,000 | (2020 - £50,000) |
|-----------|---------|------------------|
- f) The following transactions were made during the year by Lord Stanley Fink:
- | | | |
|-----------|---------|-------------------|
| Donations | £50,000 | (2020 - £127,000) |
|-----------|---------|-------------------|
- g) Certain other individual members of the Board and Party Officers made donations during the year in aggregate of:
- | | | |
|-------------------|--------|-----------------|
| Donations | £7,650 | (2020 - £6,715) |
| Donations in kind | £637 | (2020 - £nil) |

Spend on behalf of the Party to promote, support or defend the activity of its members, representatives and leaders in the normal course of their Party or political activity is not deemed related party expenditure for the purpose of these accounts.

17. 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.

18. 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. At this time we do not consider any potential claim made to be material.

The Conservative Central Office

Notes to the Financial Statements

For the year ended 31 December 2021 *(continued)*

19. Prior Year Adjustments

Prior year adjustments relating to the correction of the disclosure of the company's fixed assets:

- Reclassification of software assets and website to intangible assets with a value at cost of £4,427,000
- Computer hardware procured under a finance lease arrangement not being accounted for as an addition in the financial statement for the year ended 31 December 2020 with a value at cost of £733,000
- The above hardware adjustment has reduced earnings of the entity by £61k as at 31 December 2020 due to depreciation charged.

The next prior year adjustment reflects the impairment of an intercompany loan between CCO and C&UCO Properties with a value of £11.4m. This has no effect on the consolidated financial statements of the group.

The final prior year adjustment reflects the outcome of the Electoral Commission investigation into the renovation of the Prime Ministerial residence in Downing Street

Declaration as per 2020 accounts:

During 2020, the Conservative Central Office provided a bridging loan of £52,802 in relation to the renovation of the Prime Ministerial residence in Downing Street (in anticipation of the formation of a Downing Street Trust). The Party was invoiced by the Cabinet Office in June 2020 for these works and was reimbursed in full by the Lord Brownlow of Shurlock Row during October 2020.

In March 2021, the Prime Minister personally settled the costs incurred by Lord Brownlow. Following a review by the Independent Adviser on Ministers' Interests, it had been determined that the loan provided by the Conservative Central Office constituted financial support to the Prime Minister who had made a declaration in the List of Ministerial Interests.

Further clarification for 2021:

It was determined by an Electoral Commission investigation in 2021 that the funds received from Lord Brownlow by the Party (and subsequently returned) were a donation to, and the bridging loan represented expenditure of the Party. The 2020 comparative results have been restated in accordance with this determination.