

# The Labour Party

## Financial statements for the year ended 31 December 2022

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### Registered Party officers

<b>Leader</b>	Rt Hon Keir Starmer MP
<b>Treasurer</b>	David Evans
<b>Nominating Officer</b>	Andrew Whyte
<b>Deputy Treasurer</b>	Carol Linforth
<b>Deputy Treasurer</b>	Simon Mills (resigned 12 May 2023)
<b>Deputy Treasurer</b>	Andrew Whyte

**Registered address** Labour Central, Kings Manor, Newcastle upon Tyne, NE1 6PA

## Treasurers' report

We are pleased to present the financial statements for the year ended 31st December 2022 which show the Party made a healthy surplus.

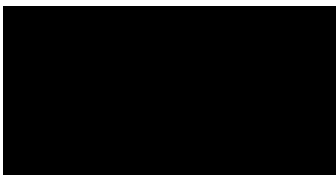
The year began with a number of known challenges and opportunities for the Party and as always, further challenges and opportunities arose during the year. The commitment and hard work of the Party's staff led us to overcome those challenges and maximise those opportunities to exceed expectations across a number of fronts.

One such challenge for the year was the potential for a snap General Election during a turbulent time at the top of the government. Continuously being in a state of election-readiness can be demanding on the Party's resources and staff, however the Party remains ready to fight a General Election to deliver a Labour government at any time.

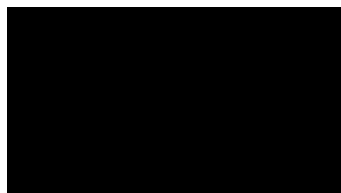
Some of the difficult decisions taken by the Party in recent years to reduce the cost base are apparent in these financial results with running costs much reduced. However, income generated by the Party grew to some of its highest levels outside of an election year. Party membership remains the primary source of income and although slightly reduced vs 2021, membership income exceeded targets as we welcomed new members and benefitted from an improved rate of retention. Without any national elections in England, Scotland or Wales the Party's hugely successful annual conference was the marquee event of the year which saw unprecedented demand and led to significant growth in commercial income.

As always we would like to thank all those who contribute to the Party. Whether you are a campaigner, an activist, a member, or donate as an individual, business, trade union or socialist society, the support you provide is fundamental in helping the Party to achieve its goals in winning campaigns and improving the country.

The Party has been boosted by a series of by-election victories and more recently the 2023 local election results which have been overwhelmingly successful. However, along with the rest of the country, the Party is not immune to the issues that high inflation presents; cost pressures continue to grow each year and the Party must remain fiscally responsible in its decision making.



David Evans  
Registered Treasurer



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 2023.

### 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:

Committee	Responsibilities
<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 to better reflect the community, to drive the Party's equality agenda, and to assist and promote the Party's work in combating discrimination in all forms.
<b>Organisation Committee</b>	Responsible for Party rules and its constitution; ensures all levels of the Party are operating effectively throughout the country to the highest standards; and has overall responsibility for membership, investigations, elections (including selections), local government, conferences, electoral law, boundaries strategy and internal elections.
<b>Complaints and Disciplinary Sub-Committee</b>	Oversight and scrutiny of complaints and disputes processes; 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 audit and compliance oversight, and policies to mitigate risks

## **Administrative information (cont.)**

### **Elected representatives**

The Party's elected representatives at the Westminster and Scottish Parliaments and the Senedd can be found on the Party's websites at: -

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

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

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

### **Membership**

As at 31 December 2022 the total individual membership of the Party was 407,445 (2021: 432,213).

### **Accounting units**

As at 31 December 2022 the Party had 670 (2021: 668) 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 2022 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 2022 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

In auditing the financial statements, we have concluded that the Registered 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 Labour Party'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 trustees with respect to going concern are described in the relevant sections of this report.

## 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.

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

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 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 6, 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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.

### Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the Labour Party operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Political Parties, Elections and Referendums Act 2000, together with the Financial Reporting Standard applicable in the UK (FRS102).

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

We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the Labour Party's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the Labour Party for fraud.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of donation, membership, affiliation and government grant income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

### 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** 6 July 2023



## Consolidated income and expenditure account for the year ended 31 December 2022

		2022	2021
	Notes	£'000	£'000
<b>Income</b>			
Donations		10,498	9,933
Membership		15,962	16,187
Affiliations		5,340	5,821
Fundraising	4	640	200
Commercial income		4,149	2,977
Legacies		547	221
Interest receivable		3	-
Government grants	5	7,301	6,954
Notional income	6	398	297
Other income		2,312	2,583
Investment Income	7	21	391
Total income		<u>47,171</u>	<u>45,564</u>
<b>Expenditure</b>			
Costs of fundraising		(221)	(22)
Costs of commercial activity		(2,848)	(2,446)
Notional expenditure	6	(398)	(297)
Running costs	8	(34,794)	(40,694)
Campaign expenditure	9	-	(1,673)
Interest payable	10	(225)	(42)
Grants and payments to CLPs		(3,640)	(3,664)
Other	12	(2,324)	(1,927)
Total expenditure		<u>(44,450)</u>	<u>(50,765)</u>
Surplus / (deficit) before taxation	13	2,722	(5,201)
Taxation	14	-	(4)
Surplus / (deficit) for the year		<u>2,722</u>	<u>(5,205)</u>

## Statements of comprehensive income and changes in equity for the year ended 31 December 2022

### Statement of comprehensive income

	Notes	2022	2021
		£'000	£'000
Surplus / (deficit) for the year		2,722	(5,205)
Net investment (loss) / gain		(287)	155
Asset (losses) / gains arising during the year		(67,850)	2,870
Liability gains arising during the year	23	63,059	5,165
		<hr/>	<hr/>
Total comprehensive (loss) / gain for the year		(2,356)	2,985
		<hr/> <hr/>	<hr/> <hr/>

### Statement of changes in equity

	General	Revaluation reserve	Total
	£'000	£'000	£'000
At 1 January 2021	10,636	1,137	11,773
Deficit for the year	(5,205)	-	(5,205)
Other comprehensive income:			
Actuarial gain on the pension scheme	8,035	-	8,035
Disposal of properties	-	-	-
Net investment gain	155	-	155
At 31 December 2021 and 1 January 2022	<hr/> 13,621	<hr/> 1,137	<hr/> 14,758
Surplus for the year	2,722	-	2,722
Other comprehensive income:			
Actuarial loss on the pension scheme	(4,791)	-	(4,791)
Disposal of properties	-	-	-
Net investment (loss)	(287)	-	(287)
At 31 December 2022	<hr/> 11,265	<hr/> 1,137	<hr/> 12,402

The Notes on pages 14 to 21 form part of these financial statements

## Consolidated balance sheet at 31 December 2022

	Notes	2022	2021
		£'000	£'000
<b>Fixed assets</b>			
Intangible fixed assets	15	2,070	-
Tangible fixed assets	16	5,816	6,609
Investments	17	2,239	2,507
		<b>10,125</b>	<b>9,116</b>
<b>Current assets</b>			
Debtors and prepayments	18	4,194	3,968
Cash at bank and in hand		23,429	21,111
		<b>27,623</b>	<b>25,079</b>
<b>Creditors: amounts falling due within one year</b>			
Creditors, accruals and deferred income	19	(14,835)	(13,235)
Development fund loans	26	(10,891)	(11,422)
		<b>(25,726)</b>	<b>(24,657)</b>
<b>Net current assets</b>		<b>1,897</b>	<b>422</b>
<b>Total assets less current liabilities</b>		<b>12,022</b>	<b>9,538</b>
<b>Pension liability</b>	23	-	-
<b>Provisions for liabilities and charges</b>	20	(414)	(203)
<b>Net assets</b>		<b>11,608</b>	<b>9,335</b>
<b>Pension asset</b>	23	(795)	(5,423)
<b>Reserves</b>			
General reserve	21	11,266	13,621
Revaluation reserve	21	1,137	1,137
		<b>11,608</b>	<b>9,335</b>

The financial statements on pages 10 to 21 were approved by the National Executive Committee on 29th June 2023 and signed on its behalf by:

David Evans  
**General Secretary and Registered Treasurer**

**Party Treasurer**

The Notes on pages 14 to 21 form part of these financial statements.

## Consolidated cash flow statement for the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
<b>Cash flows from operating activities</b>			
Surplus / (deficit) for the year		2,722	(5,205)
Adjustments for:			
Depreciation and impairment charges		296	119
Actuarial gains / (losses) in pension scheme		(162)	1,592
		<u>2,856</u>	<u>(3,494)</u>
Movements in working capital			
(Increase) in trade and other receivables		(226)	(289)
Increase in trade and other payables		1,600	158
Increase / (decrease) in provisions for liabilities and charges		212	(450)
		<u>1,586</u>	<u>(581)</u>
Cash generated from / (used in) operations		<u>1,586</u>	<u>(581)</u>
Net cash generated from / (used in) operating activities		<u>4,442</u>	<u>(4,075)</u>
<b>Cash flows from investing activities</b>			
Payments for fixed assets		(1,593)	(754)
Net cash used in investing activities		<u>(1,593)</u>	<u>(754)</u>
Net increase / (decrease) in cash and cash equivalents		2,850	(4,829)
Cash and cash equivalents at the beginning of the year		9,689	14,518
Cash and cash equivalents at the end of the year		<u>12,538</u>	<u>9,689</u>
Cash and bank balances		23,429	21,111
Development fund loans		(10,891)	(11,422)
		<u>12,538</u>	<u>9,689</u>

The Notes on pages 13 to 20 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 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. Income from legacies is recognised on receipt, except where notification is received before the year end and funds received after the year end.
- 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.

Office equipment is depreciated on a straight line basis over a period of 4 years.

No depreciation is charged on assets under construction until they are available for use.

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. Intangible fixed assets

Intangible fixed assets are stated at cost, net of amortisation and any provision for impairment.

Amortisation is calculated to write off the cost of intangible fixed assets by equal annual instalments over their expected useful economic lives on the following basis:

- Software and other intangible assets: Over five year straight line

Amortisation is not charged on assets in the course of construction until they are complete.

#### d. 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).

## Notes to the financial statements

### e. 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.

### f. 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.

### g. 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.

### h. 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.

### i. 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.

### j. 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 £26,130,000 (2021: £22,885,000) and Financial liabilities at amortised cost of £25,726,000 (2021: £24,597,000). The Party held financial assets at fair value through the income and expenditure accounts of £2,239,000 (2021: £2,507,000).

## 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.

## Notes to the financial statements

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 £433,000 (2021: surplus of £336,000) 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. 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 (2022: £nil, 2021: £1,673k) 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.

### 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

	2022	2021
	£'000	£'000
Dinners	323	10
Other events	317	190
	<b>640</b>	<b>200</b>

### 5. Government grants

	2022	2021
	£'000	£'000
Short money	6,864	6,503
Policy Development Grant	437	451
	<b>7,301</b>	<b>6,954</b>

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

	2022	2021
	£'000	£'000
This comprises:		
Goods	69	6
Services	66	17
Seconded staff	263	274
	<b>398</b>	<b>297</b>

### 7. Investment Income

	2022	2021
	£'000	£'000
Sale of investments	-	347
Dividends Received	21	44
	<b>21</b>	<b>391</b>

### 8. Running costs

	2022	2021
	£'000	£'000
Staff related expenditure (see Note 11)	19,955	26,066
Building and premises	3,880	2,838
Depreciation and amortisation	296	119
Political activities and publishing	4,364	6,029
Administration	2,880	2,818
Finance, IT and telecommunication costs	3,419	2,824
	<b>34,794</b>	<b>40,694</b>

### 9. Campaign expenditure

	2022	2021
	£'000	£'000
Scottish Parliament election	-	1,175
Senedd election	-	498
	<b>-</b>	<b>1,673</b>

### 10. Interest payable

	2022	2021
	£'000	£'000
Development fund loans	225	42
	<b>225</b>	<b>42</b>

## Notes to the financial statements

### 11. Employees

	2022	2021
	£'000	£'000
Staff related expenditure comprises:		
Wages and salaries	15,030	19,164
Social security costs	1,821	1,922
Other pension costs	3,180	4,818
Other costs	86	162
	<u>20,117</u>	<u>26,066</u>

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

	Full time	Part time	Total
<b>At 31 December 2022</b>	<b>347</b>	<b>47</b>	<b>394</b>
At 31 December 2021	286	45	331
At 31 December 2020	372	52	424
<b>Average for 2022</b>	<b>317</b>	<b>46</b>	<b>363</b>
Average for 2021	345	54	399

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 £1,181,000 (2021: £880,000).

### 12. Irrecoverable VAT

	2022	2021
	£'000	£'000
Irrecoverable VAT expensed in the year	<u>2,135</u>	<u>1,758</u>

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

### 13. Surplus from Party activities before taxation

	2022	2021
	£'000	£'000
This has been arrived at after crediting / (charging):		
Property rentals receivable	<u>114</u>	123
Auditors' remuneration	(83)	(64)
- audit services	(83)	(64)
- non audit services	(18)	(18)

Westminster Foundation for Democracy:

Project funding recognised during the year	(270)	(232)
Project expenditure supported by funding	270	232
Operating lease charge	(1,277)	(1,125)
- property	-	-
- equipment	<u>(189)</u>	<u>(187)</u>

### 14. Taxation

	2022	2021
	£'000	£'000
<i>Current taxation</i>		
UK Corporation Tax	-	4
Adjustment for prior year tax payable	-	-
Tax on surplus on Party activities	<u>-</u>	<u>4</u>

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

	2022	2021
	£'000	£'000
Surplus / (deficit) from Party activities before taxation	<u>2,722</u>	(5,201)
Tax on profit/(loss) at 19 % (2021: 19 % )	<u>517</u>	(988)
<i>Effects of:</i>		
Difference between non-taxable income and non-deductible expenses	<u>(516)</u>	1,001
Adjustment for prior year tax payable	-	-
Movement in deferred tax not provided	<u>(1)</u>	(9)
	<u>-</u>	<u>4</u>

If all of the property assets were sold at their balance sheet values it is estimated that a tax liability of £82,000 (2021: £82,000) 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 £36,000 (2021: £35,000 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 2022 Labour Party Properties Ltd had £33,000 losses carried forward (2021: £nil).



## Notes to the financial statements

### 15. Intangible fixed assets

Cost at 1 January 2022	Additions / (disposals)	Transfers	Cost at 31 December 2022	Amortisation At 1 January 2022	Charge for year	Amortisation at 31 December 2022	Net book value at 31 December 2022
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
-	-	2,311	2,311	-	(241)	(241)	2,070

### 16. Tangible fixed assets

	Freehold investment properties	Other freehold & leasehold properties	Office equipment	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 January 2022	2,868	2,916	477	738	6,999
Additions	-	-	-	1,573	1,573
Transfers	-	-	-	(2,311)	(2,311)
<b>At 31 December 2022</b>	<b>2,868</b>	<b>2,916</b>	<b>477</b>	<b>-</b>	<b>6,261</b>
<b>Depreciation</b>					
At 1 January 2022	-	-	(390)	-	(390)
Charge for year	-	-	(55)	-	(55)
<b>At 31 December 2022</b>	<b>-</b>	<b>-</b>	<b>(445)</b>	<b>-</b>	<b>(445)</b>
<b>Net book value at 31 December 2022</b>	<b>2,868</b>	<b>2,916</b>	<b>32</b>	<b>-</b>	<b>5,816</b>
Net book value at 31 December 2021	2,868	2,916	87	738	6,609

The historic cost for all properties is £5,521,000 (2021: £5,521,000). 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.

## Notes to the financial statements

### 17. Investments

<b>Listed &amp; fund investments</b>	<b>2022</b>	2021
	<b>£'000</b>	£'000
At 1 January 2022	<b>2,507</b>	2,340
Net additions / (withdrawals)	<b>19</b>	12
Fair value adjustment	<b>(287)</b>	155
At 31 December 2022	<b>2,239</b>	2,507

### 18. Debtors and prepayments

	<b>2022</b>	2021
	<b>£'000</b>	£'000
Trade debtors	<b>1,086</b>	785
Prepayments	<b>1,493</b>	2,238
Accrued income	<b>415</b>	408
Other debtors	<b>1,200</b>	537
	<b>4,194</b>	3,968

### 19. Creditors, accruals and deferred income

	<b>2022</b>	2021
	<b>£'000</b>	£'000
Trade creditors	<b>1,822</b>	2,092
Taxation and social security	<b>1,144</b>	1,098
Other creditors	<b>9,421</b>	7,498
Accruals	<b>2,448</b>	2,547
	<b>14,835</b>	13,235

### 20. Provisions for liabilities and charges

	<b>2022</b>	2021
	<b>£'000</b>	£'000
Dilapidations	<b>26</b>	203
Discretionary pension uplift	<b>388</b>	-
	<b>414</b>	203

### 21. Reserves

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 was 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 resulted in an update to the revaluation reserve with comparative figures and opening position updated accordingly.

### 22. Subsidiary companies

The following are the subsidiary companies controlled by the NEC of the Party during 2021:

<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.

### 23. 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 2020 and showed a deficit of £5.2M on a Technical Provisions basis. The Party is paying a deficit contributions of £100,000 by 30 June 2023 and £200,000 p.a. from 1 July 2023 until 31 October 2027 with a final payment of £3,330 in November 2027 which, along with assumed investment returns, are expected to make good this shortfall by November 2027. The next funding valuation is due no later than 31 December 2023, at which progress towards full-funding will be reviewed.

From 1 February 2023 the Party also pays contributions of 32.5% of pensionable salaries in respect of current accrual, with active members paying a further 9% of pensionable salaries until 30 November 2023. This includes an allowance for expenses.

From 1 December 2023, the Party will pay contributions of 29.5% of pensionable salaries in respect of current accrual, with active members paying a further 12% of pensionable salaries until 31 October 2029. This includes an allowance for expenses.

## Notes to the financial statements

### 23. Pension fund (continued)

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

#### Main Financial Assumptions

	2022	2021
Discount rate for society liabilities	4.70%	1.80%
Rate of general long term increase in salaries	n/a	5.10%
Future CARE revaluations	2.50%	n/a
RPI inflation	3.40%	3.50%
CPI inflation	3.00%	3.10%
Pension increases pre April 1997	0.00%	0.00%
Pension increases April 1997 to April 2005	2.90%	3.00%
Pension increases post April 2005	2.00%	2.10%

The mortality base tables adopted are 99% (2021 99%) of S3PMA "middle" tables for males and 101% (2021 101%) of S2PFA tables for females, with CMI2021 [Sk=7.0] projections. and a long term rate of improvement of 0.25% each year.

Under these assumptions, members aged 60 now are expected to live for a further 26.4 years (2021 26.4 years) if they are male and a further 29.0 years (2021 28.9 years) if they are female. Members currently aged 45 are expected to live for a further 27.8 years (2021 27.7 years) from age 60 if they are male and for a further 30.4 years (2021 30.3 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.

#### Asset breakdown as at 31 December 2022

Main asset categories	£'000
Equities	13,944
Cash	3,257
Growth fund	1,990
Liquid alternatives	10,492
Corporate bonds	10,694
Hedging assets	29,095
Total	<u>69,472</u>

#### Asset breakdown as at 31 December 2021

Main asset categories	£'000
Equities	27,449
Cash	1,640
Growth fund	3,398
Liquid alternatives	21,966
Corporate bonds	41,765
Hedging assets	37,667
Total	<u>133,885</u>

None of the Society assets are in property occupied by, or other assets used by, the Party.

#### Actual return on Society assets

	2022	2021
	£'000	£'000
Interest income on Society assets	2,423	1,674
Gain on Society assets	(67,850)	2,870
Actual return on Society assets	<u>(65,427)</u>	<u>4,544</u>

#### Reconciliation of funded status to balance sheet

	2022	2021
	£'000	£'000
Fair value of Society assets	69,472	133,885
Present value of funded Defined Benefit Obligation	(68,677)	(128,462)
Funded status	<u>795</u>	<u>5,423</u>
Unrecognised asset	-	-
Asset/(liability) recognised on the balance sheet	<u>795</u>	<u>5,423</u>

#### Changes in Defined Benefit Obligation over the year

	2022	2021
	£'000	£'000
Opening Defined Benefit Obligation	128,462	129,147
Current service cost	4,575	4,364
Interest expense on DBO	2,342	1,697
Contributions by Society participants	547	643
Actuarial (gains)/losses on liabilities	(63,059)	(5,165)
Net benefits paid out	(2,215)	(2,224)
Past service cost	(1,975)	-
Closing Defined Benefit Obligation	<u>68,677</u>	<u>128,462</u>

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

	2022	2021
	£'000	£'000
Opening fair value of Society assets	133,885	128,127
Interest income on Society assets	2,423	1,674
(Losses)/gains on Society assets	(67,850)	2,870
Contributions by the employer	3,125	3,109
Contributions by Society participants	547	643
Net benefits paid out	(2,215)	(2,224)
Administration costs incurred	(443)	(314)
Closing fair value of Society assets	<u>69,472</u>	<u>133,885</u>

## Notes to the financial statements

### 23. Pension fund (continued)

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

	2022	2021
	£'000	£'000
Operating cost:		
Current service cost	4,575	4,364
Past service cost	(1,975)	-
Administration expenses	443	314
Past service cost(including curtailments)	-	-
Financing cost:		
Interest on net defined benefit (assets)	(81)	(23)
Expense recognised in income and expenditure	<u>2,962</u>	<u>4,701</u>
Remeasurements in OCI:		
Return on society assets above that recognised in net interest	67,850	(2,870)
Liability (gains) arising during the year	(63,059)	(5,165)
Change in effect of the asset ceiling	-	-
Total amount recognised in OCI	<u>4,791</u>	<u>(8,035)</u>
Total amount recognised in income & expenditure and OCI	<u><u>7,753</u></u>	<u><u>(3,334)</u></u>

### 24. Contingencies and commitments

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

	2022	2021
	£'000	£'000
<b>Operating leases payable:</b>		
Within one year	213	1,228
In the second to fifth years inclusive	90	66
In more than five years	-	-
	<u>303</u>	<u>1,294</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.

The Party is subject to legal claims as a consequence of the unauthorised publication of a report in 2020 and is defending itself against such claims. While investigations are ongoing the outcome of any case is unknown. It is not possible to estimate the potential cost should the Party be unsuccessful in defending these claims or the timing of any payments.

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

	2022	2021
	£'000	£'000
Surplus / (deficit) for the year	2,722	(5,205)
Depreciation and impairment charges	296	119
Gain on grant of property	-	-
Interest payable	-	-
(Decrease) in trade and other receivables	(226)	(289)
Increase in trade and other payables	1,600	158
Actuarial (loss) / gain on pension scheme	(162)	1,592
Interest paid	-	-
Increase / (decrease) in provisions for liabilities and charges	212	(450)
Net cash flow from operating activities	<u><u>4,442</u></u>	<u><u>(4,075)</u></u>

### 26. 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 2022	11,422
Additional loans made available	1,276
Loans repaid	<u>(1,808)</u>
Loans payable at 31 December 2022	<u><u>10,891</u></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.