

Ulster Unionist Party
Report and financial statements
for the year ended 31 December 2010

Ulster Unionist Party

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Party Officers and advisers

Leader

Tom Elliott MLA

Chairman

David Campbell CBE

Honorary Treasurer

Cllr Mark Cosgrove

Parliamentary Officer

Lord Rogan of Lower Iveagh

Nominating Officer

Tom Elliott MLA

Assembly Chief WHIP

John McCallister MLA

Solicitors

Peden & Reid
22 Callender Street
Belfast
BT1 5BU

Johnsons Solicitors
Johnson House
50/56 Wellington Place
Belfast

Bankers

First Trust Bank
Market Square
Lisburn
BT28 1AF

Councillor's Officer

Cllr Trevor Wilson

European Parliament Officer

Jim Nicholson MEP

Party Headquarters

First Floor
174 Albertbridge Road
Belfast
BT5 4GS

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Waterfront Plaza
8 Laganbank Road
Belfast
BT1 3LR

Report of the Party Officers for the year ended 31 December 2010

The officers present their report and the audited financial statements of the party for the year ended 31 December 2010.

Chairman's Report

2010 was a year of ups and downs for the Party. Following Jim Nicholson's convincing win at the European Elections the year before, the Party entered the year with high morale and determined to secure seats at the Westminster elections.

Unfortunately this did not materialise however for the first time in two Parliaments Unionists came very close to regaining Fermanagh and South Tyrone, losing out by just one vote! (as the subsequent election court proved). What better proof that every single vote counts! Sir Reg Empey also came very close to regaining South Antrim for the Party.

The election results overall persuaded Sir Reg that he should retire as Party Leader. I wish to place on record my appreciation for the long service he has given the Party, not just as Leader but as a Councillor, Forum Member, Assembly Member and Minister. We should not forget that his role as Chief Negotiator for the Party during the 1996-98 All-Party Talks was instrumental in bringing the peace agreement and stable government to Northern Ireland. He will continue to serve the Party, and Northern Ireland, in the House of Lords and we wish him and Lady Empey well for the future.

The vacancy for Party Leader gave rise to a Leadership election contested by Basil McCrea MLA and Tom Elliott MLA. For the first time the entire Party membership was entitled to attend and vote, and despite the obvious logistical challenges this presented I know that both candidates and the Party at large were significantly boosted when well over one thousand members attended the Special General Meeting of the Ulster Unionist Party in September. I wish to pay tribute to both candidates and to congratulate Tom Elliott on his decisive victory.

The Party continued to improve its financial position during 2010, and thanks are due to all those Associations, Party members and elected Members who provide the bulk of our financial resources. The Party has also started to benefit from the income stream from Cunningham House and we are awaiting the granting of planning approval for the development proposals on our site there.

I wish to record my thanks as Party Chairman to the staff at Party Headquarters, and at Stormont, who work so hard behind the scenes. As we approach the Assembly and Local Government elections we should also formally record our thanks to our MLA's and Councillors who are the public face of our Party and who work tirelessly for the electorate. In particular, to those Members and Councillors who are retiring from public service, in many cases after a lifetime of representation, we record our appreciation to you for your service. The history of our Party and our Country is the richer for your efforts.



David Campbell, CBE BAgr
Party Chairman
Date: 24 June 2011

Report of the Party Officers for the year ended 31 December 2010 (continued)

Administrative information

Committees

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

Elected representatives

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

Membership

Due to the constitution of the Ulster Unionist Party we are unable to obtain membership numbers as they are not held centrally. Each constituency has a different number of branches with varying numbers of members and the members change regularly.

Accounting units

During the year under review the Party had 41 accounting units registered with the Electoral Commission. No accounting units were added during the year.

Report of the Party Officers for the year ended 31 December 2010 (continued)**Annex A****List of elected representatives**

European Parliament	Northern Ireland Assembly
Mr Jim Nicholson MEP	Roy Beggs MLA
	Danny Kinahan MLA
	Ald Leslie Cree MBE MLA
	Tom Elliott MLA
	Samuel Gardiner MBE JP MLA
	Danny Kennedy MLA
	John McCallister MLA
	Basil McCrea MLA
	Michael McGimpsey MLA
	David McNarry MLA
	Mrs Sandra Overend MLA
	Robin Swann MLA
	Cllr Michael Copeland MLA
	Cllr Mrs Jo-Anne Dobson MLA
	Cllr Ross Hussey MLA
	Mike Nesbitt MLA

Report of the Party Officers for the year ended 31 December 2010 (continued)

Review of political activities

Conferences

The Party held its Annual Conference at the Ramada Hotel in Belfast during December 2010.

Regional reports

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

Financial review

2010 was another solid financial year for the Ulster Unionist Party. Despite the ongoing recession and the fact that the UUP receives no policy development or money from Westminster, Income was up and running costs were again operated within a tight budgetary framework. Most pleasingly was the continued growth in membership numbers and the income derived thereof.

It has been my privilege to steer this great party financially to its best set of results for many years and I pay tribute to all organs of the party from members, to Party Officers to the 116 elected representatives without whose collective work and support this party could not function.

Money spent on political output has been again at a high level as we seek to serve the people who elect us.

I also would also pay tribute to our hard working staff at HQ and in the Assembly who have worked together as a team and ensured that we deliver a great service within limited resources.

Statement of Treasurer's Responsibilities

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Party will continue in business.

Section 41 of the Act requires that the Treasurer is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Party at that time and to enable him to ensure that the financial statements comply with the Act. He is also responsible for safeguarding the assets of the Party and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Party Officers for the year ended 31 December 2010 (continued)

Statement of disclosure of information to auditors

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

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

On behalf of the Party

Mark Cosgrove
Honorary Treasurer
Date:

Independent auditors' report to the Treasurer of Ulster Unionist Party

We have audited the financial statements of the Ulster Unionist Party for the year ended 31 December 2010, which comprises the income and expenditure account, the statement of recognised gains and losses, reconciliation of movements in funds, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of the Treasurer and auditors

The Treasurer's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Treasurer's Responsibilities.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Party officers as a body in accordance with Section 43 of the Political Parties, Elections and Referendums Act 2000 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the accounting policies set out on pages 12 to 13. We also report to you if, in our opinion, the Report of the Party Officers is consistent with the financial statements. In addition we report to you if, in our opinion, the Party has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Party Officers remuneration and transactions with the Party is not disclosed.

We read the Report of the Party Officers and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information contained in the annual report.

Basis of audit opinion


We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Treasurer in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Party's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with the requirements of the Political Parties, Elections and Referendums Act 2000, of the state of the Party's affairs as at 31 December 2010 and of its surplus and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the requirements of the Political Parties, Elections and Referendums Act 2000; and
- the information given in the Report of the Party Officers is consistent with the financial statements.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Belfast

24 June 2011

Income and expenditure account for the year ended 31 December 2010

	Note	2010 £	2009 £
Income			
Membership and subscription fees		347,605	307,797
Conferences and AGM		39,108	26,980
Investment income		24,671	-
Other income	4	29,565	58,091
		440,949	392,868
Expenditure			
Impairment of investment in LLP		8,095	-
Running costs	5	316,471	283,167
Depreciation		3,478	14,646
Interest payable	6	20,414	38,216
Conferences, AGM and other Special Meetings		49,837	21,401
		398,295	357,430
Surplus before taxation	3	42,654	35,438
Taxation	7	5,673	(8,054)
Surplus for the financial year	15	48,327	27,384

All amounts above relate to continuing operations of the Party.

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

Statement of total recognised gains and losses for the year ended 31 December 2010

	2010	2009
	£	£
Surplus for the financial year	48,327	27,384
Recognised revaluation gain on fixed asset investments	3,602	6,199
Total recognised gains and losses for the year	51,929	33,583

Reconciliation of movements in funds for the year ended 31 December 2010

	2010	2009
	£	£
Surplus for the financial year	48,327	27,384
Other recognised gains and losses relating to the year	3,602	6,199
Net movement to funds	51,929	33,583
Opening funds	709,405	675,822
Closing funds	761,334	709,405

Balance sheet as at 31 December 2010

	Note	2010 £	2009 £
Fixed assets			
Tangible assets	8	19,449	22,096
Investments	9	1,348,255	1,352,748
		1,367,704	1,374,844
Current assets			
Debtors	11	57,720	27,112
		57,720	27,112
Creditors: amounts falling due within one year	12	(210,590)	(232,551)
Net current liabilities		(152,870)	(205,439)
Total assets less current liabilities		1,214,834	1,169,405
Creditors: amounts falling due after more than one year	13	(453,500)	(460,000)
Net assets		761,334	709,405
Reserves			
Revaluation reserve	15	18,940	15,338
Donated fixed asset fund	15	32,000	32,000
General fund	15	710,394	662,067
Total funds		761,334	709,405

The financial statements on pages 8 to 18 were approved by the Party Officers on *24 June 2011* and were signed on its behalf by:



Mark Cosgrove
Honorary Treasurer

Cash flow statement for the year ended 31 December 2010

	Note	2010 £	2009 £
Net cash inflow from operating activities	16	56,598	65,160
Returns on investments and servicing of finance			
Investment income		24,671	-
Interest paid		(20,414)	(38,216)
		4,257	(38,216)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(831)	-
Deposit received on potential sale of share of investment		-	125,000
		(831)	125,000
Cash inflow before financing		60,024	151,944
Financing			
Repayments of hire purchase obligations		-	(3,361)
Repayment of bank and other loans		(59,772)	(57,720)
		(59,772)	(61,081)
Increase in cash in the year	17 - 18	252	90,863

Notes to the financial statements for the year ended 31 December 2010

1 Accounting policies

The financial statements are prepared under the historical cost convention as modified by the revaluation of fixed assets and investments and are in accordance with applicable accounting standards and the Statement of Accounts Guidance Notes issued by the Electoral Commission. The principal accounting policies which have been applied consistently throughout the year are set out below:

Income recognition

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

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

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

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

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

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

		%
Computers	-	25
Furniture, fixtures and fittings	-	25

Investments

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

Notes to the financial statements for the year ended 31 December 2010 (continued)

1 Accounting policies (continued)

Leased assets

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

Pension costs

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

2 Employee information

	2010	2009
	£	£
Staff costs:		
Wages and salaries	50,937	66,284
Social security costs	3,356	5,825
Other pension costs	2,266	993
	56,559	73,102

The officers did not receive any emoluments in respect of their services to the party (2009: £nil).

The average monthly number of persons employed by the party during the year was:

	2010	2009
	£	£
Administration	3	3

3 Surplus before taxation

	2010	2009
	£	£
This is stated after charging:		
Staff costs (note 2)	56,559	73,102
Auditors' remuneration - audit services	8,225	8,250
Depreciation		
- owned assets	3,478	14,646
Operating lease charges		
- other	12,000	12,000

4 Other income

	2010	2009
	£	£
Office services and publications	10,085	9,414
Travel income	7,834	26,901
Other donations	11,646	21,776
	29,565	58,091

Notes to the financial statements for the year ended 31 December 2010 (continued)

5 Running costs

	2010	2009
	£	£
Stationery & office equipment	9,198	9,114
Telephone & postage	22,655	20,971
Heating & power	2,655	2,464
Rates & insurance	6,427	1,824
Rent	12,000	12,000
Repairs & maintenance property	136	917
Maintenance/leasing of equipment	6,016	4,039
Professional & consultancy services	72,369	46,810
Salaries, wages, NIC and pensions	56,559	73,102
Sundry	11,421	16,868
PR & marketing	15,025	15,975
Travel & motor expenses	37,051	19,285
Research costs	529	2,160
Election expenses	64,430	57,638
	316,471	283,167

6 Interest payable

	2010	2009
	£	£
Bank interest and charges	14,825	32,312
Bank loan interest	5,589	5,904
	20,414	38,216

7 Taxation

	2010	2009
	£	£
Current tax:		
UK corporation tax at 21% (2009:21%)	(2,381)	(8,054)
Adjustments in respect of prior year	8,054	-
Tax on surplus	5,673	(8,054)

The tax assessed for the year is equal to the standard rate of corporation tax in the UK (21%).

	2010	2009
	£	£
Surplus before taxation	46,254	35,438
Surplus multiplied by standard rate in the UK 21% (2009: 21%)	(9,713)	(7,442)
Effects of:		
Expenses/(income) not deductible	7,332	(612)
Adjustment in respect of prior year	8,054	-
Current tax credit/(charge) for the year	5,673	(8,054)

Notes to the financial statements for the year ended 31 December 2010 (continued)

8 Tangible assets

	Computers £	Furniture, fixtures & fittings £	Total £
Cost			
At 1 January 2010	62,702	138,517	201,219
Additions	-	831	831
At 31 December 2010	62,702	139,348	202,050
Accumulated depreciation			
At 1 January 2010	62,702	116,421	179,123
Charge for the year	-	3,478	3,478
At 31 December 2010	62,702	119,899	182,601
Net book amount			
At 31 December 2010	-	19,449	19,449
At 31 December 2009	-	22,096	22,096

9 Investments

	Investments in subsidiary undertaking £	Other investments £	Total £
Cost or valuation at 1 January and 31 December 2010	1,320,000	35,581	1,355,581
Market value of investments			
At 1 January 2010	1,320,000	32,748	1,352,748
Amounts written off	(8,095)	-	(8,095)
Change in market value of investments	-	3,602	3,602
At 31 December 2010	1,311,905	36,350	1,348,255
Net book amount			
At 31 December 2010	1,311,905	36,350	1,348,255
At 31 December 2009	1,320,000	32,748	1,352,748

Detail of subsidiary undertaking:

Name	Principal activities	Country of incorporation or regulation	Proportion held directly by Party	Loss for the financial year £	Capital and reserves at 31 March 2010 £
Cunningham House LLP	Rental of property	Northern Ireland	80%	(10,119)	1,639,881

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

Notes to the financial statements for the year ended 31 December 2010 (continued)

10 Accounting units and similar affiliated organisations

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

At 31 December 2010 there were 41 registered accounting units. Details of these units are available from Party headquarters.

11 Debtors

	2010	2009
	£	£
Quota fees due	49,242	23,316
Other debtors	3,000	3,000
Prepayments and accrued income	5,478	796
	57,720	27,112

12 Creditors: amounts falling due within one year

	2010	2009
	£	£
Bank overdraft	32,767	33,019
Bank loans (note 14)	-	53,272
Trade creditors	500	1,975
Corporation tax	2,381	8,054
Accruals and deferred income	174,942	136,231
	210,590	232,551

13 Creditors: amounts falling due after more than one year

	2010	2009
	£	£
Bank loans (note 14)	375,000	375,000
Other loans (note 14)	78,500	85,000
	453,500	460,000

Notes to the financial statements for the year ended 31 December 2010 (continued)

14 Bank and other loans

	2010	2009
	£	£
Maturity of debt		
Less than one year, or on demand	-	53,272
Between one and two years	78,500	85,000
Between two and five years	375,000	375,000
	453,500	513,272

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

15 Reserves

	Revaluation reserve £	Donated fixed asset fund £	General fund £
At 1 January 2010	15,338	32,000	662,067
Surplus for the financial year	-	-	48,327
Gain in value of investments	3,602	-	-
At 31 December 2010	18,940	32,000	710,394

16 Net cash inflow from operating activities

	2010	2009
	£	£
Operating surplus before investment income, interest payable and taxation	38,397	73,654
Depreciation on tangible fixed assets	3,478	14,646
Impairment of investment in LLP	8,095	-
Movement in debtors	(30,608)	33,553
Movement in creditors	(1,475)	(29,366)
Movement in accruals and deferred income	38,711	(27,327)
Net cash inflow from operating activities	56,598	65,160

Notes to the financial statements for the year ended 31 December 2010 (continued)

17 Analysis of net debt

	At 1 January 2010 £	Cash flow £	At 31 December 2010 £
Bank overdraft	(33,019)	252	(32,767)
Debt due within one year	(53,272)	53,272	-
Debt due after one year	(460,000)	6,500	(453,500)
	(513,272)	59,772	(453,500)
Net debt	(546,291)	60,024	(486,267)

18 Reconciliation of net cash outflow to movement in net debt

	2010 £	2009 £
Increase in cash in the financial year	252	90,863
Cash inflows from decrease in debt	59,772	61,081
Change in net debt resulting from cash flows	60,024	151,944
Movement in net debt in the year	60,024	151,944
Net debt at 1 January	(546,291)	(698,235)
Net debt at 31 December	(486,267)	(546,291)

19 Ultimate controlling party

The ultimate controlling party is the executive committee.

20 Related party transactions

On the 31 December 2008 the Party created an LLP called Cunningham House LLP. The Party's premises at Cunningham House became an asset of LLP and the Party retains an 80% share in LLP. The party received dividend income of £23,333 (2009: £nil) from the LLP.

21 Financial commitments

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

	Property 2010 £	Property 2009 £
After five years	12,000	12,000