



Registrar of Consultant Lobbyists Statement of Accounts 2017-18

Registrar of Consultant Lobbyists Statement of Accounts 2017-18

(for the year ended 31 March 2018)

Presented to Parliament pursuant to Schedule 2 (9) of the
Transparency of Lobbying, Non-Party Campaigning and Trade
Union Administration Act 2014

Ordered by the House of Commons to be printed on 19 July 2018

OGL

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PERFORMANCE REPORT

Introduction

My role as Registrar is set out in the Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014 (“the Act”). I am an independent statutory office holder, established to keep and publish the Register of Consultant Lobbyists, in which those who lobby on behalf of a third party will be required to declare the names of their clients and whether or not they subscribe to a relevant code of conduct.

I have a duty to monitor compliance with the requirement to register and a power to undertake enforcement action in instances of non-compliance. I have already and will continue where appropriate, to develop and publish guidance for consultant lobbyists under the relevant provisions of the Act. This is my fourth annual statement of accounts covering the period from 1 April 2017 to 31 March 2018.

My objectives

The Register opened on 26 March 2015, and by the end of the following financial year had 123 registrants. By the end of 2017-2018 financial year, the number of registrants had grown to 132, a reflection of fluctuations due to industry changes; some changes in the nature of services provided by consultant lobbyists for their clients in the context of EU Exit, and the outcome of my compliance activities.

The nature of the definition of “consultant lobbying” (in summary, direct communications with Ministers or Permanent Secretaries about government business, on behalf of clients and in return for payment) has brought lawyers, accountants, management consultants and think tanks onto the Register, alongside public affairs organisations.

As we enter the fourth full year of operation of the Register, and in an environment where further legislative changes seem unlikely, I anticipate another year of business as usual, although based on past experience that means continued attention to detail, rigorous compliance activity and a focus on provision of a professional service to ensure that confidence in the Register and in value for money, can remain at a high level.

In order to ensure that my statutory obligations were achieved, during the year I set my Office the following objectives:

- Administer an accessible, up-to-date and accurate Register of Consultant Lobbyists;
- Ensure that all those who are required to register do so, by making potential registrants aware of their obligations under the Act;
- Provide clear accessible guidance on the requirements for registration and compliance;
- Monitor and enforce compliance with the Act’s legal requirements; and
- Operate the Register and the Office in a way that demonstrates good governance through delivery of my statutory obligations in a cost effective and accountable manner.

More detailed information about these objectives can be found in my 2017-18 Business Plan, available on the Registrar of Consultant Lobbyists website.

Performance in 2017-18

Now that the challenges of establishing the Register have been addressed, the past year has given the Office an opportunity to focus on ensuring that all those that need to register do so. This includes non-traditional lobbyists where it has been necessary to conduct more detailed work and subsequently issue specialist guidance. In terms of the objectives set, performance has been as follows:

Administering an accessible, up-to-date and accurate Register

Generally speaking, consultant lobbyists approach the need for registration in a professional manner and try their hardest to comply properly and in a timely fashion. Where the Office finds inaccuracies, it identifies the changes made on the face of the Register in a transparent manner. We have worked very hard to maintain the accuracy of the Register, with a particular focus on removing any over-declaration of clients. A review of the Register was carried out during the year, and minor errors were corrected.

Ensuring that all those that need to register do so

During the past year, we have used information provided by whistle-blowing and other sources to satisfy the Registrar that evidence of unregistered consultant lobbying taking place is rare. Information Notices have been used where necessary to obtain information to support enquiries, and conduct regular reviews of information from ministerial diaries. Investigations have identified a number of serving parliamentarians who are shareholders, partners or directors of consultant lobbyist organisations (and hence appear on the Register), but no evidence that they were personally conducting relevant ministerial communications.

Providing clear, accessible, guidance

Guidance regarding relevance of codes of conduct to governance of the business of consultant lobbying was updated and a number of codes were removed that were not considered to be relevant. Guidance on information publication and retention was also refreshed.

Work continued with registrants and stakeholders to enhance their understanding of the requirements for registration and client declaration, including the Registrar presenting at a number of registrants' offices, and to groups of compliance officers. This continued to have a positive effect on the quality and accuracy of the information in the Register.

Monitoring and enforcing compliance

Generally speaking, registrants approach their statutory obligations with professionalism. Throughout the year, there have been minor breaches identified which include late payments, late submissions and inaccurate declarations. These were dealt with as administrative errors, though there have been some rare instances of serious non-compliance where the mechanism of civil penalties were used.

Good governance and cost effectiveness

The back-office challenges identified last year associated with staff continuity and financial reporting services have continued, although there has now been undoubted improvement in the latter. This year aspects of the business plan had to be curtailed, especially in social media communications, as a result of staff shortages, the main contributory factor to this year's underspend. Additionally, problems emerged with the technical resilience of the website and Register. The team worked very hard to minimise costs and optimise value for money and to achieve all the targets set out in the legislation for operational processing, whilst striving to provide a responsive and helpful service for customers and stakeholders.

Financial position

I take my responsibilities to operate the Register in an efficient manner, which demonstrates value for money, very seriously. In a year of business as usual, and with the expectation that the only cost increases would be for staff, the gross budget requirement increased from £265,200 to £276,608 against which there was an underspend of £27,627. There had been staff shortages throughout the year, and the planned project in social media communications had to be curtailed as a result. The situation was partially mitigated as I worked additional days to ensure that statutory obligations were met.

In terms of income, it is the role of Ministers to set the charges for the Register and to seek to ensure that the total paid in charges is sufficient to offset the total of the costs. At 31 March 2018 there is a cumulative net deficit of £129,905. It continues to be the case that staffing and shared services costs are paid for by Cabinet Office budgets. This year income collected was £131,293, a small increase of £3,189 from the previous year. It is the role of the Registrar to collect and account for all fees and pay them into the Consolidated Fund.

Future look

For the year ahead, I anticipate a year of business as usual, which will continue to require maintaining focus on achieving business plan commitments and a professional customer service, and attention to detail in all aspects of operations especially as staff shortages remain an ongoing issue. I intend to continue to operate a transparent, professional and efficient service for registrants and other stakeholders, so that they can retain confidence in the Register and in the value for money of the service.

During the year ahead, I anticipate the continuing need for reviewing and refreshing guidance; for further modest investment in the technical development of the Register and website; and to continue my programme of education and communication. Where necessary, I will use the enforcement powers available to me where I identify situations of serious non-compliance.

Further information on my priorities for 2018-19 can be found in my Business Plan for that same period which is available on the website: <http://registrarofconsultantlobbyists.org.uk>.

I announced on 8 June 2018, that I will be standing down at the end of my term of office on 21 September 2018. It has been a tremendous privilege to serve as Registrar, and to implement the Register from a zero base. I would like to thank all those that have supported me during the past four years.



Alison J White

Registrar of Consultant Lobbyists and Accounting Officer

16th July 2018

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ACCOUNTABILITY REPORT

Governance Report

Statement of Accounting Officer's Responsibilities

Under the Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014, the Cabinet Office has directed the Registrar of Consultant Lobbyists to prepare for each financial year, a Statement of Accounts in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Registrar of Consultant Lobbyists and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the Accounts Direction issued by the Cabinet Office, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

The Cabinet Office has appointed the Registrar of Consultant Lobbyists as the Accounting Officer. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Registrar of Consultant Lobbyist's assets, are set out in *Managing Public Money* published by HM Treasury.

Statement on the Disclosure of Relevant Audit Information

The Registrar of Consultant Lobbyists' Statement of Accounts has been prepared on a statutory basis, in accordance with the requirements of HM Treasury and is designed to comply with the Accounts Direction issued by the Cabinet Office, with reference to the Act.

The financial statements are audited by the Comptroller and Auditor General, who is appointed under statute and reports to Parliament on the audit examination. Auditor's remuneration and expenses are disclosed at Note 2 to the Accounts. During the reporting year, no payment was made to the auditors for non-audit work.

I hereby confirm that so far as I am aware, there is no relevant audit information of which the auditors are unaware and that I have taken all reasonable steps to ensure that I am aware of any relevant audit information and to establish that the auditors are aware of that information. I also confirm that the Statement of Accounts as a whole is fair, balanced and understandable, and that I take personal responsibility for it and the judgements required for determining that it is fair, balanced and understandable.

Governance Statement

Introduction

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Office's policies, aims and objectives, whilst safeguarding public funds and the assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money*.

The Office of the Registrar of Consultant Lobbyists exists only to implement the provisions in the Act, as a corporation sole. I am independent of both consultant lobbyists and Government, and report directly to Parliament. The Office of the Registrar of Consultant Lobbyists has been designated for consolidation into the Cabinet Office Estimate and Accounts. The regime of corporate governance needs to be proportionate to the size and risk profile of the organisation. There is no requirement in the Act for a Board of Directors or a separate Audit Committee, although I maintain a relationship with the Cabinet Office Audit and Risk Assurance Committee.

I have on-going dialogue with the National Audit Office to ensure proportionate governance arrangements are in place. To ensure a robust financial control regime, my Office manages my financial arrangements in accordance with the Cabinet Office's best practice, systems and resources, and I conduct regular reviews. The work of my Office is conducted strictly in accordance with the requirements in the Act.

Risk Management

I have established a proportionate regime for the management of risk, where the risk environment and the specific risks associated with the delivery of my statutory objectives are reviewed on a quarterly basis, and any new mitigating actions required are carefully implemented.

There is no evidence of risk that the Register is not complete or that all appropriate revenues are not being collected. The risk environment remains neutral to benign, but during the past year operational risks have arisen which required careful management.

The primary risk which emerged was in the provision of continuity of staff resources and financial support (although there has been considerable improvement in the latter during the past few months). As a small organisation, even the slightest reduction in staff causes problems and the potential for mistakes and in order to mitigate this risk, I increased the number of days I work and escalated issues to the Cabinet Office to provide interim staff.

Recent stakeholder feedback continues to be fairly positive, although the introduction of a parallel regime for the Scottish Government has increased complexity and the cost of compliance for some registrants.¹

¹ The Registrar's remit covers consultant lobbying of the UK Government. Lobbying of the Government of the Scottish Executive, Welsh Assembly and Northern Irish Assembly is not covered by the requirements in the Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014.

Information Security

During the past year, there have been no reportable breaches of information security. To ensure the integrity of information in the Register, presentation is made in accordance with my policy on publication of information. My guidance has been updated to reflect the changes brought about by the General Data Protection Regulation.

Review of Effectiveness

I follow the Cabinet Office's guidelines and procedures for internal control. During the past year, there have been no instances of fraud or irregularity.

Public Interest

The Office of the Registrar of Consultant Lobbyists maintains a register of my interests. Copies of the register are available on my website².



Alison J White

Registrar of Consultant Lobbyists and Accounting Officer

16th July 2018

² <http://registrarofconsultantlobbyists.org.uk/wp-content/uploads/2017/02/Alison-Joy-White-Public-Appointments-Jan-2017.pdf>

Remuneration and Staff Report

This report sets out details on remuneration and staff that Parliament consider key to accountability. This section is subject to audit.

1. Staff numbers and related costs

1.1 Staff costs comprise:

£	Registrar	Others	2017-18 Total	2016-17 Total
Registrar's fees	24,533	-	24,533 ¹	30,242
Registrar's expenses	1,682	-	1,682	1,258
Inward secondments	-	96,963	96,963 ²	96,400
Total	26,215	96,963	123,178	127,900

The Cabinet Office Annual Report and Accounts 2017-18 HC 1293 discloses fair pay at Note 1.9 to the Remuneration and Staff Report 'Fair Pay Disclosure'.

1.2. Average number of persons employed

The Registrar is a part-time appointment and is expected to commit to around 30-50 days per year. The Registrar is paid a daily rate of £420 and worked 53 days and was paid for 53 days during the financial year. In 2016-17 the Registrar worked 65.5 days and was paid for 65.5 days. The appointment is taxable under Schedule E and subject to Class I National Insurance contributions and does not receive a pension. 'Others' relates to three inward secondees from the Cabinet Office, which equate to the equivalent of 2.0 full time members of staff (2016-17: 2.3).

	2017-18	2016-17
Registrar	0.2 ³	0.3
Others	2.0 ⁴	2.3
Total	2.2	2.6

¹ Although the cost of the Registrar is less than last year, she worked more days than was budgeted for in order to ensure that strategic objectives were delivered in times of staff vacancies.

² ORCL recruited staff whose cost to the department month on month was higher than in previous years. The staff costs were still approximately £10,000 under budget for the whole year due to the Office carrying vacancies.

³ The Registrar worked just over one day per week in 2017-18 which is equivalent to 0.2 of a full time member of staff, and constitutes fewer days than her total worked in 2016-17.

⁴ The Office has budget for 2.6 members of staff. However, there have been periods of staff vacancies in 2017-18 so the Office was not at full complement for the entire year.

Parliamentary Accountability and Audit Report

This section presents key documents which contribute to the organisation's accountability to Parliament.

Regularity of expenditure reports losses and special payments. Regularity refers to the principle that all consumption of resources should be made in accordance with the legislation authorising them, and applicable delegated authority and the principles set out in *Managing Public Money*. Disclosures on fees and charges, are required by *Managing Public Money*.

In his certificate and report, the Comptroller and Auditor General to the Houses of Parliament provides his opinion on regularity and whether the Remuneration and Staff Report and Parliamentary Accountability disclosures have been properly prepared and are consistent with the financial statements, and whether the information given in the Performance Report and Accountability Report is consistent with the financial statements.

Parliamentary Accountability Disclosures

This section is subject to audit

1. Analysis of cash surrenderable to the Consolidated Fund

£	Note to Accounts	2017-18		2016-17	
		Income	Outturn <i>Receipts</i>	Income	Outturn <i>Receipts</i>
Registration fees from consultant lobbyists	3, 7	131, 293 ¹	136,966	128,104	129,100
Civil penalties from consultant lobbyists	7	-	1,500	-	900
Total amount payable to the Consolidated Fund		131,293	138,466	128,104	130,000

¹ Income has increased for 2017-18 due to a small number of new registrants joining the Register.

1.1 Income payable to the Consolidated Fund

Registration fees from consultant lobbyists

In accordance with part 1 section 22 (5) of the Act, the Registrar must pay into the Consolidated Fund any sums received in respect of charges. The cash received by the Registrar from the charge for registration is paid to HM Treasury's Consolidated Fund. The Registrar has no separate bank account and banking arrangements are provided by the Cabinet Office which collects fees from registrants and in due course will surrender cash receipts to the Consolidated Fund; see Note 7 to the Accounts.

Although this income is payable to HM Treasury's Consolidated Fund, the Chief Secretary to the Treasury has agreed to a netting off arrangement whereby the Registrar may retain the income and offset it against expenditure for budget and outturn purposes.

1.2 Consolidated Fund Income

Civil penalties applied to consultant lobbyists

The Registrar of Consultant Lobbyists acts as a collecting agent of the Consolidated Fund in respect of civil penalties applied to consultant lobbyists. The income collected was £1,500 (2016-17: £900). The netting off arrangement described above does not apply to civil penalties charged upon consultant lobbyists.

iNHouse Communications Limited was issued a civil penalty on 25 May 2017 for conducting pre-registration lobbying. Consultant lobbyists are required to be on the Register one quarter prior to conducting consultant lobbying. iNHouse initially applied to join the Register on 13 March 2017, however, it was identified that registrable communications were conducted dating back to Autumn 2015. This was the only civil penalty issued by the Registrar in 2017-18.

2. Regularity of expenditure

There are no losses nor special payments to disclose.

3. Fees and charges

£		Direct Costs/ Income	Cost borne by Cabinet Office	2017-18 Total	2016-17 Total
	Note to Accounts				
	Registrar's fees and expenses	26,215	-	26,215	31,500
	Inward secondments	-	96,963	96,963	96,400
	Costs of providing the Register	37,037	-	37,037	41,465
	Compliance and enforcement	14,985	-	14,985	11,707
	Notional corporate services recharge	-	47,000	47,000	46,000
	Other expenditure	8,974	17,807	26,781 ¹	41,010
	Full cost of service	87,211	161,770	248,981	268,082
	Registration fees from Consultant Lobbyists	(131,293)	-	(131,293)	(128,104)
	Net expenditure for the year	(44,082)	161,770	117,688	139,978
	Notional corporate services recharge	-	(47,000)	(47,000)	(46,000)
	Net outturn	(44,082)	114,770	70,688	93,978

The information is provided for fees and charges purposes, not for the purposes of *IFRS 8 Operating Segments*. It represents costs included in the Statement of Comprehensive Net Expenditure. The financial requirement of the Registrar of Consultant Lobbyists is to ensure that registration charges are collected from registrants, in accordance with the Cabinet Office's regulations.

Direct Costs/Income

In accordance with section 22 of the Act, the Minister must seek to recoup the costs of implementing and operating the Register from registration charges for using the Register. In 2017-18 a net surplus of £44,082 represents excess income over costs. At 31 March 2018 there is a cumulative net deficit of £129,905 which will be recovered in future years as part of the fee charged to consultant lobbyists.

Surplus 2017-18	£(44,082)
Surplus 2016-17	£(38,444)
Deficit 2015-16	£52,546
Deficit 2014-15	£159,885
Cumulative net deficit at 31 March 2018	£129,905

Cost borne by Cabinet Office

In accordance with schedule 2, section 8 (1) of the Act, the Registrar may make arrangements with the Minister or other persons: for staff to be seconded to the Registrar; for accommodation or services to be provided to the Registrar. The Minister has decided not to recover these costs by making a charge upon the consultant lobbyists, and consequently, the Cabinet Office bears these costs in addition to any net deficit from direct costs/income; see Note to Accounts 1.3 Going concern.

¹The 'Other' expenditure is less than last year because the communications budget was left largely untouched as the Registrar did not hold 'a paid for' stakeholder event and the Office did not have resources to launch a social media strategy. There was also some budget left in contingent legal enforcement as this is only used when complex compliance issues arise.

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the Registrar of Consultant Lobbyists for the year ended 31 March 2018 under the Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report and the Parliamentary Accountability Disclosures that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Registrar of Consultant Lobbyists affairs as at 31 March 2018 and of net operating expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014 and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Office of the Registrar of Consultant Lobbyists in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office of the Registrar of Consultant Lobbyists internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office of the Registrar of Consultant Lobbyists ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Other Information

The Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Performance Report and Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report disclosures to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

18th July 2018

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FINANCIAL STATEMENTS

Statement of Comprehensive Net Expenditure

for the year ended 31 March 2018

This account summarises the expenditure and income generated and consumed on an accruals basis.

£		2017-18	2016-17
	Note		
Total income	3	(131,293)	(128,104)
Staff costs	2	123,178	127,900
Purchase of goods and services	2	78,803	94,182
Notional corporate services recharge	2	47,000	46,000
Total operating expenditure	2	248,981	268,082
Net operating expenditure for the year		117,688	139,978

Notes 1 to 9 form part of these accounts on pages 28 to 35

Statement of Financial Position

as at 31 March 2018

This statement presents the financial position and comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity.

£		2017-18	2016-17
	Note		
Current assets			
Trade and other receivables	5	12,509	13,298
Cash and cash equivalents	6	138,235	130,764
Total assets		150,744	144,062
Current liabilities			
Trade and other payables	7	(251,334)	(236,902)
Total liabilities		(251,334)	(236,902)
Total assets less total liabilities		(100,590)	(92,840)
Taxpayers' equity			
General fund		(100,590)	(92,840)
Total taxpayers' equity		(100,590)	(92,840)



Alison J White

Registrar of Consultant Lobbyists and Accounting Officer

16th July 2018

Notes 1 to 9 form part of these accounts on pages 28 to 35

Statement of Cash Flows

for the year ended 31 March 2018

The Statement of Cash Flows shows the changes in cash and cash equivalents during the reporting period. The statement shows how cash and cash equivalents are generated and used by classifying cash flows as operating and financing activities.

£		2017-18	2016-17
	Note		
Cash flows from operating activities			
Net operating expenditure	SOCNE	(117,688)	(139,978)
Adjustment for non-cash transactions	2	47,000	46,000
Decrease/(Increase) in trade and other receivables	5	789	(8,490)
Increase/(Decrease) in trade and other payables	7	14,432	(57,833)
<i>Movement in trade and other payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>			
Amounts payable to Consolidated Fund	7	(7,866)	28,672
Net cash outflow from operating activities		(63,333)	(131,629)
Cash flows from financing activities			
Grant-in-Aid from Cabinet Office	SOCTE	199,904	259,685
Net financing		199,904	259,685
Net increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		136,571	128,056
Payments of amounts due to the Consolidated Fund	7	(129,100)	(157,772)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	6	7,471	(29,716)
Cash and cash equivalents at the beginning of the period	6	130,764	160,480
Cash and cash equivalents at the end of the period	6	138,235	130,764

Notes 1 to 9 form part of these accounts on pages 28 to 35

Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2018

This statement shows the movement in the year on the general fund reflecting any grant from the Parent Department and extra receipts repayable to the Consolidated Fund. It also reflects net operating expenditure for the year and notional charges.

£		2017-18	2016-17
	Note		
Balance at 1 April		(92,840)	(129,447)
Grant-in-Aid from Cabinet Office	SOCF	199,904	259,685
Extra receipts payable to the Consolidated Fund	7	(136,966)	(129,100)
Net operating expenditure for the year	SOCNE	(117,688)	(139,978)
Non-cash charges – Notional corporate services recharge	2	47,000	46,000
Balance at 31 March		(100,590)	(92,840)

Negative equity arises from expenditure exceeding income and from the accounting method for grant-in-aid which is sufficient to cover only cash expenditure and excludes accruals. Further explanation is provided at Note 1.3 to the Accounts and in the Fees and Charges Note 3 in the Accountability Report.

Notes to the accounts

1. Statement of accounting policies

1.1 Statement of compliance

This statement of accounts has been prepared in accordance with the 2017-18 *Government Financial Reporting Manual (FReM)* issued by HM Treasury. The accounting policies contained in the *FReM* apply International Financial Reporting Standards as adapted or interpreted for the public sector context. Where the *FReM* permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of the Registrar of Consultant Lobbyists for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Registrar of Consultant Lobbyists are described below. They have been applied consistently in dealing with items that are considered material to the statement of accounts.

1.2 Basis of preparation

This statement of accounts has been prepared under the modified historical cost convention.

1.3 Going concern

The statement of accounts has been prepared on a going concern basis, although the Office of the Registrar of Consultant Lobbyists (ORCL) has more liabilities than assets and its retained losses are greater than income resulting in negative equity. Negative equity arises where grant-in-aid provided by the Cabinet Office is sufficient to cover only cash gross expenditure and not accruals and where income from consultant lobbyists is insufficient to cover costs.

ORCL is however able to maintain its operations because the Cabinet Office will continue to provide financing through grant-in-aid. The Spending Review 2015 set out plans for the Cabinet Office for financial years 2016-17 to 2019-20 and Parliament has authorised spending for 2018-19 in the *Central Government Main Supply Estimates 2018-19 (HC 957)*.

1.4 Expenditure

The Register is not of itself an asset, rather the Registrar purchases a service provided by the asset and, as a consequence, the Registrar does not bear the risks and rewards of ownership and relevant costs are expensed.

The Cabinet Office provides a number of corporate functions to the entity which include finance, estates and information communication and technology service delivery. These are recharged on a notional basis. The amount of the recharge is an apportionment of costs, calculated as a cost per full time equivalent employee within the Cabinet Office multiplied by the number of full time equivalent employees in the entity.

1.5 Revenue

Part 1, section 22 of the Act stipulates:

- i. The Registrar may impose charges for or in connection with the making, updating and maintenance of entries in the Register.
- ii. The charges are to be determined by or in accordance with regulations.
- iii. In making the regulations, the Minister must seek to ensure that the total paid to the Registrar in charges is sufficient to offset the total of the costs incurred by the Registrar in exercising the functions under this Part (whether or not those costs are directly connected with the keeping of the Register).
- iv. If a charge imposed for making an application or a return to the Registrar is not paid, the Registrar may treat the application or return as not having been made.
- v. The Registrar must pay into the Consolidated Fund any sums received in respect of charges under this section.

Fees, including the charge for the annual maintenance of the Register, from consultant lobbyists are recognised on an accruals basis from the point of application to register over the period to which the fee relates.

The registration period with associated obligations on ORCL and registrants runs from 1 January to 31 December each year with the fee therefore straddling two financial years. Monies collected are split appropriately across the financial year with a portion of the fee retained for the current financial year and, where necessary, the rest deferred to the next financial year.

HM Treasury has agreed that these charges (which are treated as taxes in National Accounts) may be subject to a netting off arrangement whereby they may be netted off against expenditure in budgetary terms and may be recorded as income in the SOCNE.

ORCL also acts as a collecting agent for civil penalties on behalf of HM Treasury's Consolidated Fund. The netting off arrangement does not apply to these fines charged upon consultant lobbyists.

Cash receipts from both fees and civil penalties are surrenderable to HM Treasury's Consolidated Fund.

1.6 Grant-in-aid

The Registrar of Consultant Lobbyists is a corporation sole and receives financing in the form of grant-in-aid from the Cabinet Office. The level of grant-in-aid is sufficient to cover gross cash expenditure given income is surrenderable to HM Treasury's Consolidated Fund. Grant-in-aid is issued on a deemed basis since the ORCL does not hold a bank account. Grant-in-aid is recognised at the point of cash receipt and is credited to the General Fund.

1.7 Cash and cash equivalents

ORCL does not hold a bank account or cash. Under a memorandum of understanding, payments are made, and receipts collected, on behalf of ORCL by the Cabinet Office, through its central bank account.

1.8 Financial assets

Trade and other receivables are recognised at cost which is deemed to be materially the same as the fair value. Trade and other receivables include registration charges due from consultant lobbyists and prepayments and accrued income and cash collected by the Cabinet Office from consultant lobbyists on behalf of the Registrar.

1.9 Financial liabilities

Trade and other payables are recognised at cost which is deemed to be materially the same as the fair value. Trade and other payables include refunds due to consultant lobbyists, accruals, deferred income and amounts payable to the Consolidated Fund.

1.10 Value added tax

The Registrar for Consultant Lobbyists is not VAT registered. Irrecoverable VAT is charged to the relevant expenditure category.

1.11 Impending application of newly issued accounting standards not yet effective

ORCL anticipate that the adaptation of these standards is unlikely to have a material impact on the financial statements in the period of application.

The following standards are expected to be applied in 2018-19 following EU adoption and review.

IFRS 9 – Financial Instruments (new)

The objective of the new Standard is to provide users with more useful information about an entity's expected credit losses (ECLs) at all times and to update the amount of expected credit losses recognised at each reporting date of financial instruments.

Impact

Impact should be negligible since ORCL has no trade receivables and only occasionally raises a sales invoice on registrants for their annual fees.

IFRS 15 – Revenue from Contracts with Customers (new)

The objective of the new Standard is that it sets out core principles that recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration

to which the entity expects to be entitled to, in exchange for those goods or services. It introduces a new five stage model for assessing and recognising revenue from contracts with customers.

Impact

Impact should be negligible since ORCL's revenue comprises of fees from consultant lobbyists which are recognised at the point of application to register over the period to which the fee relates, in accordance with the relevant fee regulations.

The following are expected to be applied in 2019-20 following EU adoption and review.

IFRS 16 – Leases (new)

This new standard represents a significant change in lessee accounting by largely removing the distinction between operating and finance leases and introducing a single lessee accounting model. A lessee is required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value on the Statement of Financial Position. There are corresponding changes to the disclosure requirements to show the effect that leases have on the financial position, financial performance and cash flows of the lessee.

Impact

Contracts will be reviewed during 2018-19 to assess if, under the new standard, ORCL will need to recognise right of use assets and lease liabilities.

2. Expenditure

£	2017-18	2016-17
Staff costs¹		
Registrar's fees	24,533	30,242
Registrar's expenses	1,682	1,258
Inward secondments	96,963	96,400
Total staff costs	123,178	127,900
Goods and services		
IT costs ²	37,037	41,465
Supplies and services ³	29,779	41,120
Auditors' remuneration and expenses ⁴	8,000	8,500
Enforcement Legal Advice ⁵	3,204	2,597
Other staff related costs	783	500
Total goods and services	78,803	94,182
Non-cash - Notional corporate services recharge	47,000	46,000
Total	248,981	268,082

¹ Staff costs are disclosed in the Remuneration and Staff Report within the Accountability Report.

² IT costs have decreased by £4,428 from £41,465 to £37,037 as ORCL continue to see a focus on small scale technical improvements to the Register and maintenance.

³ Supplies and services have decreased by £11,341 from £41,120 to £29,779 due to a decrease in Shared Services Connected Limited charges. There was also no cost for the annual stakeholder event.

⁴ During the reporting year, no payment was made to the auditors for non-audit work.

⁵ These costs relate to the enforcement advice received from Counsel. There was a slight increase from 2016-17 due to the need to investigate some complex compliance issues, however only a third of the contingent enforcement budget was spent.

3. Income

£	2017 -18	2016-17
Registration fees from consultant lobbyists	131,293	128,104
Total	131,293	128,104

The Cabinet Office determines the registration fee which includes costs associated with maintaining the Register and processing registration and quarterly information returns. The registration fee runs from 1 January to 31 December. The fee for 2018 and 2017 is £950. The quarterly information return fee has remained at £12.50 per quarter for both 2018 and 2017.

The fee for consultant lobbyists joining the Register part way through the year is calculated on a pro-rata basis¹. The registration period with associated obligations on ORCL and registrants runs from the 1 January to the 31 December each year with the fee therefore covering two financial years. As such in terms of financial handling, monies collected from the fee are split appropriately across the financial year with a portion of the fee retained for the current financial year and where necessary the rest deferred to the next financial year.

4. Financial instruments

Funding for ORCL is received as grant-in-aid from the Cabinet Office. Therefore the Registrar of Consultant Lobbyists is not exposed to significant liquidity or interest rate risk.

¹ The following algorithm for calculating the pro-rata registration fee applies $F = (n / T) \times 950 + 12.5 \times Q$, where n = number of days left in the year from when the registrant posts their registration, T = total number of days in that year and Q = number of quarters left in the year not including the current quarter + the number of current and previous quarters available to be prepared by the consultant lobbyist.

5. Trade and other receivables

£	2017 -18	2016-17
Current – amounts falling due within one year		
Amounts due from consultant lobbyists	3,155	3,936
Prepayments	9,354	9,354
Other receivables	-	8
Total	12,509	13,298

6. Cash and cash equivalents

£	2017 -18	2016-17
Balance at 1 April	130,764	160,480
Net change in cash and cash equivalent balances	7,471	(29,716)
Balance at 31 March	138,235	130,764
The following balance at 31 March was held at:		
Government Banking Service	138,235	130,764
Balance at 31 March	138,235	130,764

The cash will be used to settle amounts payable to the Consolidated Fund.

7. Trade and other payables

£	2017-18	2016-17
Current – amounts falling due within one year		
Refunds due to consultant lobbyists	1,208	2,046
Other payables	131	388
Accruals	15,917	13,747
Deferred income	95,612	90,721
Amounts payable to the Consolidated Fund – received in respect of:		
Fees from consultant lobbyists	136,966	129,100
Civil penalties from consultant lobbyists	1,500	900
Total	251,334	236,902

Deferred income is further explained at Note 3. Information on the amounts payable to the Consolidated Fund is provided at Note 1 in the Parliamentary Accountability Disclosures Section.

8. Related party transactions

The Registrar of Consultant Lobbyists is a corporation sole funded by the Cabinet Office. The Registrar has had a number of transactions with the Cabinet Office in relation to staff secondments and corporate services. Neither the Registrar nor her staff have undertaken any material transaction with registered consultant lobbyists during the year. Compensation due to the Registrar in year has been disclosed in the Remuneration Report.

9. Events after the reporting period

In accordance with the requirements of *IAS 10 Events after the Reporting Period*, events after the reporting period are considered up to the date on which the accounts are authorised for issue by the Accounting Officer. This is interpreted as being the date on the Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament. There are no events after the reporting period which affect these accounts.

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