

Office of the Registrar

of Consultant Lobbyists

Statement of Accounts
2018-19

Registrar of Consultant Lobbyists Statement of Accounts

(for the year ended 31 March 2019)

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 22 July 2019



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ISBN – 978-1-5286-1352-1

CCS - CCS0519310634 07/19

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the APS Group on behalf of the Controller of Her Majesty's Stationery Office

Table of Contents	Page
PERFORMANCE REPORT	5
ACCOUNTABILITY REPORT	9
Governance Report	10
Remuneration and Staff Report	13
Parliamentary Accountability and Audit Report	14
The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament	17
FINANCIAL STATEMENTS	21
Statement of Accounts	22
Notes to the Accounts	26

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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'), under which those who lobby on behalf of a third party are required to declare the names of their clients and whether or not they subscribe to a relevant code of conduct.

I am a statutory office holder, independent of Government and the public affairs sector and I account to Parliament for implementation of the provisions of the Act. 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 was appointed Registrar of Consultant Lobbyists on 22 September 2018 and thank my predecessor Alison White for establishing and embedding the Register so effectively from 2014.

I come to the role with the conviction that transparent, ethical lobbying can be an important part of effective public policy formation. The work of the Registrar supports that process by putting the work of consultant lobbyists into the public domain. To complement this, policy-makers also have a responsibility to consider a variety of policy positions, not only those from the most organised or well-funded parties.

This is the Registrar's fifth annual Statement of Accounts, covering the period from 1 April 2018 to 31 March 2019.

Objectives and performance in 2018-19

This brief review of the year is set against the objectives my predecessor set for the Office of the Registrar in the 2018-19 business plan and spans the work of two Registrars:

- 1 April 2018 to 21 September 2018 – Alison White
- 22 September 2018 to 31 March 2019 – Harry Rich

The Register opened on 26 March 2015 and at 31 March 2019 had 140 registrants. The overall number of registrants has been relatively stable, but this reflects a degree of churn with some registrants leaving and new ones joining.

1. *Administer an accessible, up-to-date, and accurate Register*

Most consultant lobbyists recognise the importance of transparency in their work and comply with the requirements of the Act professionally and fully.

Since taking office, I have worked to ensure quarterly information returns are returned by the statutory deadline, to keep Register information up to date. This has included issuing penalties for late, incomplete or missing returns. Despite this, the Office of the Registrar continues to encounter

out of date information on the register profiles that registrants themselves maintain and we continue to focus on this.

2. *Ensuring that all those that need to register do so*

During the past year, the previous Registrar and I have used information provided by whistleblowers, the media and published ministerial diaries to test compliance. This has demonstrated that unregistered consultant lobbying is rare. The subjects of my enquiries have generally provided the required information without the need to issue a formal statutory information notice.

3. *Providing clear, accessible guidance*

We have worked with registrants and stakeholders to support their understanding of the requirements for registration and client declaration, including presenting at stakeholder events.

I have also begun to review the published guidance, seeking comments on clarity and accessibility from the representative bodies of those working in the industry.

4. *Monitoring and enforcing compliance*

Registrants generally approach their statutory obligations with professionalism. However, as in previous years, there were a number of breaches of those obligations, including late payments, late information returns and inaccurate declarations.

As the work of the Office of the Registrar was being established, my predecessor dealt with many of these issues as administrative errors. However, after four years of an unchanged set of relatively clear and simple statutory obligations there is generally no valid reason for these breaches and I am more likely to issue penalties for any non-compliance.

5. *Good governance and cost effectiveness*

In the first half of the year the Office of the Registrar faced challenges, including staff continuity and technical system issues. However, I have benefited from a settled and effective office team since I took up office. My predecessor addressed the technical resilience of the online Register and the system has operated well this year.

We are compliant with the General Data Protection Regulation, working with the Cabinet Office as joint data controller. My team and I work hard to minimise costs and optimise value for money, whilst delivering our statutory duties. Unqualified accounts for 2017-18 were laid before Parliament.

Financial position

I am committed to fulfilling my statutory duties efficiently and delivering value for money. The cost of running the Office of the Registrar in 2018-19 was £223,664, compared to £248,981 in 2017-18. This reduction in cost, and the underspend of £52,905 against budget, was largely a result of

unplanned staff vacancies during the year, and a lower amount of fees and expenses payable to the Registrar.

Under the terms of the Act, Ministers set the annual fees to registrants and seek to ensure that the total paid in fees is sufficient to offset the total costs. The Registrar collects and accounts for all fees and pays them into the Consolidated Fund. Income in 2018-19 was £139,815, an increase of £8,522 from the previous year. Staffing and shared services costs are paid for by Cabinet Office budgets. At 31 March 2019 there is a cumulative net deficit of £67,783 (2017-18: £129,905).

Plans for 2019-20

Both the industry and the Office of the Registrar now have four full years of experience of working with the statutory regime and the mechanisms put in place to deliver it. This is therefore a good moment to review those mechanisms, to best secure effective and efficient delivery. In doing so, my aims will be to ensure confidence in the Register, compliance, ease of use and value for money.

During 2019-20, I plan to review our user-facing and internal systems for registration and quarterly information returns, review user guidance, and continue awareness and communication activities. Alongside improving ease of use and support for users, I will enforce the requirements of the Act with clarity, making use of statutory penalties where necessary.

I am committed to transparency, both as required of consultant lobbyists by the Act, but also in the way the Office of the Registrar operates. We therefore now publish information about my formal correspondence and meetings, details of all statutory information notices and proposed penalties, and summaries of the investigations that I carry out.

The Business Plan for 2019-20 is available at: <http://registrarofconsultantlobbyists.org.uk>



Harry Rich
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15th July 2019

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 Registrar of Consultant Lobbyists prepares 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 income and expenditure, Statement of Financial Position 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;
- prepare the accounts on a going concern basis; and
- confirm that the Statement of Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Statement of Accounts and the judgements required for determining that it is fair, balanced and understandable.

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.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that Registrar of Consultant Lobbyist's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Governance Statement

Introduction

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Office of the Registrar'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 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 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 was appointed Registrar of Consultant Lobbyists from 22 September 2019. My predecessor, Alison White, briefed me on the work of the Office of the Registrar and provided me with a letter detailing the status of a number of key matters, including staffing, systems, financial processes and General Data Protection Regulation. The letter provided assurance that "At the date of handover, I am not aware of any matters of fraud or other irregularities which should be drawn to your attention."

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 of 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 did arise, which required careful management.

My predecessor as Registrar identified the risks associated with the lack of provision and continuity of staff resources in the first few months of the year. In order to mitigate this risk, the previous Registrar increased the number of days she worked and escalated issues to the Cabinet Office. The Office of the Registrar is currently fully staffed with a skilled and effective team, but the risk of changes to this remains on the strategic risk register.

Information Security

During the past year, there have been no reportable breaches of information security. The Office of the Registrar has complied with the new requirements introduced by the General Data Protection Regulation, sharing certain data controller responsibilities, as appropriate, with the Cabinet Office (as providers of relevant corporate services to the Office of the Registrar, including IT, and HR).

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.

Register of Interest

The Office of the Registrar maintains a register of my interests which is published on the Office of the Registrar's website.



Harry Rich

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15th July 2019

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	2018-19 Total	2017-18 Total
Registrar's fees	18,386	-	18,386	24,533
Registrar's expenses	970	-	970	1,682
Inward secondments	-	92,457	92,457	96,963
Total	19,356	92,457	111,813	123,178

1.2. Average number of persons employed

The Registrar is a part-time appointment. Alison White was expected to commit to around 30-50 days per year, and Harry Rich is expected to commit 30-40 days per year. The Registrar is paid a daily rate of £420. During the 2018-19 financial year, Alison White worked and was paid for 17.5 days. Harry Rich worked and was paid for 23.5 days. In 2017-18 the Registrar worked 53 days and was paid for 53 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 inward secondees from the Cabinet Office: though there have been fluctuations in the numbers during the year, these equate on average to the equivalent of 1.8 full time members of staff (2017-18: 2.0).

	2018-19	2017-18
Registrar	0.2	0.2
Others	1.8 ¹	2.0
Total	2.0	2.2

¹Staff costs and headcount were lower than the previous year, due to periods of the Office carrying vacancies.

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	2018-19		2017-18	
		Income	Outturn Receipts	Income	Outturn Receipts
Registration fees from consultant lobbyists	3, 7	139,815 ¹	149,200	131,293	136,966
Civil penalties from consultant lobbyists	7	-	550	-	1,500
Total amount payable to the Consolidated Fund		139,815	149,750	131,293	138,466

¹ Income has increased for 2018-19 due to a small net increase in the number of registrants on 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 netting off arrangement described above does not apply to civil penalties charged upon consultant lobbyists.

The civil penalties collected amounted to £550 (2017-18: £1,500) and £150 invoiced as receivable (2017-18: nil).

- Kreab Gavin Anderson was issued a civil penalty of £250 on 30 November 2018, for failing to submit a statutory Quarterly Information Return for the July – September 2018 quarter.
- Portland PR Limited was issued a civil penalty of £150 on 26 February 2019, for failing to submit a statutory Quarterly Information Return for the October - December 2018 quarter.
- Tristan Fitzgerald Associates was issued a civil penalty of £150 on 26 February 2019, for failing to submit a statutory Quarterly Information Return for the October - December 2018 quarter.
- Quatro Public Relations Limited was issued with a civil penalty of £150 on 12 March 2019, for failing to submit a complete statutory Quarterly Information Return for the October – December 2018 quarter.

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	2018-19 Total	2017-18 Total
	Note to Accounts				
	Registrar's fees and expenses	19,356	-	19,356	26,215
	Inward secondments	-	92,457	92,457	96,963
	Costs of providing the Register	37,789	-	37,789	37,037
	Compliance and enforcement	11,514	-	11,514	14,985
	Notional corporate services recharge	-	53,514	53,514	47,000
	Other expenditure	9,034	-	9,034	26,781
	Full cost of service	77,693	145,971	223,664	248,981
	Registration fees from Consultant Lobbyists	(139,815)	-	(139,815)	(131,293)
	Net expenditure for the year	(62,122)	145,971	83,849	117,688
	Notional corporate services recharge	-	(53,514)	(53,514)	(47,000)
	Net outturn	(62,122)	92,457	30,335	70,688

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 2018-19 a net surplus of £62,122 represents excess income over costs. At 31 March 2019 there is a cumulative net deficit of £67,783 which will be recovered in future years as part of the fee charged to consultant lobbyists.

Surplus 2018-19	£(62,122)
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 2019	£67,783

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.

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 Office of the Registrar of Consultant Lobbyists for the year ended 31 March 2019 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 Accountability Report 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 affairs of the Office of the Registrar of Consultant Lobbyists as at 31 March 2019 and of its 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.

Conclusions relating to going concern

I am required to 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 for a period of at least twelve months from the date of approval of the financial statements. 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. I have nothing to report in these respects.

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.
- 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 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;
- in the light of the knowledge and understanding of the Office of the Registrar of Consultant Lobbyists and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; 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 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.

Gareth Davies
Comptroller and Auditor General
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19th July 2019

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FINANCIAL STATEMENTS

Statement of Comprehensive Net Expenditure

for the year ended 31 March 2019

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

£		2018-19	2017-18
	Note		
Total income	3	(139,815)	(131,293)
Staff costs	2	111,813	123,178
Purchase of goods and services	2	58,262	78,803
Notional corporate services recharge	2	53,514	47,000
Provision for doubtful debt	2	75	-
Total operating expenditure	2	223,664	248,981
Net operating expenditure for the year		83,849	117,688

Notes 1 to 9 form part of these accounts on pages 26 to 34

Statement of Financial Position

as at 31 March 2019

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.

£		2018-19	2017-18
	Note		
Current assets			
Trade and other receivables	5	3,233	12,509
Cash and cash equivalents	6	149,927	138,235
Total assets		153,160	150,744
Current liabilities			
Trade and other payables	7	(273,956)	(251,334)
Total liabilities		(273,956)	(251,334)
Total assets less total liabilities		(120,796)	(100,590)
Taxpayers' equity			
General fund		(120,796)	(100,590)
Total taxpayers' equity		(120,796)	(100,590)



Harry Rich

Registrar of Consultant Lobbyists and Accounting Officer

15th July 2019

Notes 1 to 9 form part of these accounts on pages 26 to 34

Statement of Cash Flows

for the year ended 31 March 2019

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.

£		2018-19	2017-18
	Note		
Cash flows from operating activities			
Net operating expenditure	SOCNE	(83,849)	(117,688)
Adjustment for non-cash transactions	2	53,589	47,000
Decrease in trade and other receivables	5	9,276	789
<i>Less: Movement in trade and other receivable relating to items not passing through the Statement of Comprehensive Net Expenditure</i>			
Provision for doubtful debt	2	(75)	-
Increase in trade and other payables	7	22,622	14,432
<i>Less: 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	(12,234)	(7,866)
Net cash outflow from operating activities		(10,671)	(63,333)
Cash flows from financing activities			
Grant-in-Aid from Cabinet Office	SOCTE	159,329	199,904
Net financing		159,329	199,904
Net increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		148,658	136,571
Payments of amounts due to the Consolidated Fund	7	(136,966)	(129,100)
Net increase in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		11,692	7,471
Cash and cash equivalents at the beginning of the period	6	138,235	130,764
Cash and cash equivalents at the end of the period		149,927	138,235

Notes 1 to 9 form part of these accounts on pages 26 to 34

Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2019

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.

£		2018-19	2017-18
	Note		
Balance at 1 April		(100,590)	(92,840)
Grant-in-Aid from Cabinet Office	SOCF	159,329	199,904
Extra receipts payable to the Consolidated Fund	7	(149,200)	(136,966)
Net operating expenditure for the year	SOCNE	(83,849)	(117,688)
Non-cash charges – Notional corporate services recharge from Parent Department	2	53,514	47,000
Balance at 31 March		(120,796)	(100,590)

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 2018-19 *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 2019-20 in the *Central Government Main Supply Estimates 2019-20 (HC 2154)*.

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: a) for corporate services, as a cost per full time equivalent employee within the Cabinet Office multiplied by the number of full time equivalent employees in the entity; and b) for estates, as a cost per square metre of floor, multiplied by the number of square metres occupied by the entity.

1.5 First time adoption of IFRS 15 *Revenue from contracts with customers*

ORCL adopted IFRS 15 *Revenue from contracts with customers* in 2018-19 to replace IAS 18 *Revenue*.

ORCL conducted an impact assessment and concluded that the transition to IFRS 15 had no impact on the general fund opening balance and therefore no adjustment has been required.

The FReM has made an adaptation in applying IFRS 15 for government entities: where, by statute or Treasury consent, an entity is permitted to retain the revenue from taxation, fines and penalties, this revenue shall be treated as arising from a contract and accounted for under IFRS 15 (15a).

Under IFRS 15 (15a) ORCL recognises consideration received as revenue only when it has no remaining obligations to transfer services to the consultant lobbyists and all, or substantially all, of the consideration promised by the consultant lobbyist has been received by ORCL and is non-refundable.

ORCL has considered the five step model set out in IFRS 15 (9) and concluded that there will be no impact on the recognition of registration fee income or the income recognition policy.

1.6 Revenue – fees from consultant lobbyists

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 the Office of the Registrar of Consultant Lobbyists 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.

Refunds are payable to lobbyists who terminate their registration before the end of the registration period due to them ceasing lobbying before 31 December. Registration expires only once the lobbyists give notification to the Office of the Registrar of Consultant Lobbyists that they wish to de-register.

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.

The Office of the Registrar of Consultant Lobbyists 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 fees are surrenderable to HM Treasury's Consolidated Fund.

1.7 Civil penalties from consultant lobbyists

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.

1.8 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 Office of the Registrar of Consultant Lobbyists does not hold a bank account. Grant-in-aid is recognised at the point of cash receipt and is credited to the General Fund.

1.9 Cash and cash equivalents

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

1.10 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.

1.11 First time adoption of IFRS 9 *Financial Instruments*

ORCL adopted IFRS 9 *Financial Instruments* in 2018-19 to replace IAS 39 *Financial Instruments: Recognition and Measurement*.

ORCL conducted an impact assessment and concluded that the transition to IFRS 9 had no impact on the general fund opening balance and therefore no adjustment has been required.

An allowance for expected credit loss is determined for financial assets and recognised when material – fees receivable from consultant lobbyists - in the context of forecast future economic conditions.

ORCL has a policy of pursuing outstanding debt from consultant lobbyists and, where recovery is in doubt, a provision is made.

1.12 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.

1.13 Value added tax

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

1.14 Impending application of newly issued accounting standards not yet effective

The Office of the Registrar of Consultant Lobbyists 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 is expected to be applied in 2019-20.

Conceptual Framework (Amendment)

The revised Conceptual Framework, issued by the International Accounting Standards Board in March 2018, includes:

- a new chapter on measurement;
- guidance on reporting financial performance;
- improved definitions of an asset and a liability, and guidance supporting these definitions; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

Impact

Minimal – The framework will only be relevant to preparers in exceptional circumstances where existing reporting standards cannot be applied and a bespoke accounting treatment must instead be developed from the principles in the Framework.

The following standard is expected to be applied in 2020-21 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 2019-20 to assess if, under the new standard, the Office of the Registrar of Consultant Lobbyists will need to recognise right of use assets and lease liabilities.

The following is expected to be applied in 2019-20 or 2020-21 following EU adoption and review.

IAS 1 and IAS 8 – Disclosure initiative: Definition of material (Amendment)

The amendments clarify the definition of material and its application by:

- aligning the wording of the definition of material across all IFRS Standards and other publications and making minor improvements to that wording;
- including some of the supporting requirements in IAS 1 Presentation of Financial Statements in the definition to give them more prominence; and
- clarifying the explanation accompanying the definition of material.

Impact

While updates to the concept of materiality will affect all account preparers, the amendments are unlikely to result in significant changes to materiality limits or disclosures.

2. Expenditure

£	2018-19	2017-18
Staff costs¹		
Registrar's fees	18,386	24,533
Registrar's expenses	970	1,682
Inward secondments	92,457	96,963
Total staff costs	111,813	123,178
Goods and services		
IT costs ²	37,789	37,037
Supplies and services ³	9,138	29,779
Auditors' remuneration and expenses ⁴	8,500	8,000
Enforcement legal advice ⁵	2,835	3,204
Other staff related costs	-	783
Total goods and services	58,262	78,803
Non-cash		
Notional corporate services recharge	53,514	47,000
Provision for doubtful debt	75	-
Total Non-cash	53,589	47,000
Total	223,664	248,981

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

² IT costs have increased by £752 from £37,037 to £37,789 as ORCL continue to focus on small scale technical improvements to the Register and maintenance.

³ Supplies and services have decreased by £20,641 from £29,779 to £9,138 due to an amalgamation of the Shared Services Connected Limited charges into the notional corporate services recharge by Cabinet Office. There was also no stakeholder event.

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

⁵ There was a slight decrease in legal costs from 2017-18 due to less advice being needed on complex or novel compliance issues.

⁶ A lobbyist went into administration early in January 2019, resulting in a small provision for doubtful debt.

3. Income

£	2018-19	2017-18
Registration fees from consultant lobbyists	139,815	131,293
Total	139,815	131,293

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 2019 and 2018 is £950. The quarterly information return fee has remained at £12.50 per quarter for both 2019 and 2018.

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 1 January to 31 December each year with the fee therefore covering two financial years. 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 formula applies 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

£	2018-19	2017-18
Current – amounts falling due within one year		
Amounts due from consultant lobbyists for fees	3,158	3,155
Provision for doubtful debt	(75)	-
Amounts due from consultant lobbyists for civil penalties	150	-
Prepayments	-	9,354
Total	3,233	12,509

6. Cash and cash equivalents

£	2018-19	2017-18
Balance at 1 April	138,235	130,764
Net change in cash and cash equivalent balances	11,692	7,471
Balance at 31 March	149,927	138,235
The following balance at 31 March was held at:		
Government Banking Service	149,927	138,235
Balance at 31 March	149,927	138,235

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

7. Trade and other payables

£	2018-19	2017-18
Current – amounts falling due within one year		
Trade Payables	800	-
Refunds due to consultant lobbyists	-	1,208
Other payables	27	131
Accruals	18,227	15,917
Deferred income	105,002	95,612
Amounts payable to the Consolidated Fund – received:		
Fees from consultant lobbyists	149,200	136,966
Civil penalties from consultant lobbyists	550	1,500
Amounts payable to Consolidated Fund – receivable:		
Civil penalties from consultant lobbyists	150	-
Total	273,956	251,334

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 their 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.

