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The examples below illustrate how to apply the guiding principle in some common circumstances. They are intended to help you to consider how you can assess the value of an auction prize. They are not exhaustive. In each case, you must consider the particular facts in order to reach an honest assessment of how to value the auction prize(s). If you're not sure how to value a particular prize, you can contact us for advice. We are happy to talk through how you propose to assess the value of a particular prize. As your party is required to keep records that show and explain the transactions it has entered into, you should ensure you keep a record of assessments and valuations so that you can explain whether or not a donation has been made.

Example 1: a new car A permissible donor donates a new car to a political party as an auction prize. The donor requests a nominal fee of £1,000 for the car. Upon checking the manufacturer's website you determine that the car has a recommended retail price – a value – of £12,000. In this scenario, the donor has made a non-money donation to the party of the value of the car minus the fee they have charged. This is £12,000 (value of the car) – £1,000 (fee) = a non-money donation of £11,000. There is a non-money donation to the party of £11,000 which must be reported in a quarterly donation report covering the date when the car was accepted. At auction the car sells for £18,000. To determine whether a donation has been made, subtract the value of the car from the winning bid: £18,000 (winning bid) – £12,000 (value of the car) = a money donation of £6,000. A money donation of £6,000 has been made to the party at the auction. The party must check the permissibility of the donor before accepting the donation.

Example 2: artwork An artist donates, free of charge, one of their works to an accounting unit of a political party for auction. The threshold for declaring donations accepted by an accounting unit to the Commission is £1,500. The artist values their work at approximately £1,500 based on the sale of earlier works. You should check that this valuation is accurate based on the sale prices of the artist's other works in order to make a reasonable and honest assessment of the value of the work. If the artist has not sold similar works before, you should obtain a second and third opinion in order to determine whether the donation needs to be reported to the Commission or not. Two appraisers independently value the artwork at £1,400 and £1,350. To arrive at a market value of the piece, obtain an average of the three figures: $(£1,500 + £1,400 + £1,350) \div 3 = £1,420$ As the item was donated free of charge, you should conclude that a non-money donation of £1,420 has been made to the party. Occasionally, you may be unable to determine the value of an item or service before an auction. For example if the artwork has been done by a prominent public figure who is not an artist or has not sold artwork before. In such a case you

may have to wait until the item or service is bought at auction before assigning value to it, and then reporting it as a donation, if necessary. We are happy to offer advice in such cases, so do contact us. Example 3: use of a holiday home A donor, Mr Smith, has offered to your party, at no charge, the use of his Spanish holiday home for a week during the summer for the next five years. If Mr Smith rents out his holiday home, you should use the price he usually charges and report this as a non-money donation to the party. Alternatively, if the holiday home is not usually available to rent, you should identify similar rentals in the area and use the advertised rates to work out the market value of the use of Mr Smith's home. In this case, you have calculated that the value of this service is £10,000 based on an internet search for prices of holiday rentals in that area of Spain at that time of year (£2,000 a year x 5 years). You must check that Mr Smith is a permissible donor and report to the Commission in the next quarterly report a non-money donation of £10,000 from Mr Smith. At auction this prize attracts a winning bid of £20,000 from Ms Brown. To calculate the donation element of this transaction, subtract the market value of the prize from the winning bid: £20,000 (winning bid) - £10,000 (value) = a money donation of £10,000 You must check the permissibility of, and also report, the money donation of £10,000 from Ms Brown. Last updated: 31 March 2022 Book traversal links for Valuing prizes: examples Valuing prizes: how to make an honest assessment Reporting auction prize donations