



The Liberal Democrats (The Federal Party)

Reports and Financial Statements

Year Ended

31 December 2014

"The Liberal Democrats exist to build and safeguard a free, fair and open society, in which we balance the fundamental values of liberty, equality and community and in which no-one shall be enslaved by poverty, ignorance or conformity."

Preamble to the Federal Party constitution.

The Liberal Democrats (The Federal Party)
Report of the Party Officers for the year ended 31 December 2014

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Party Officers

Registered Officers under PPERA

Leader:	Rt Hon. Nick Clegg MP
Registered Treasurer:	Peter Dunphy
Nominating officer:	Sarah Morris
Campaigns officer:	Tim Gordon
Deputy campaigns officer:	Adam Stachura
Deputy campaigns officer:	Richard Thomas

Other Officers

Party President:	Tim Farron MP
Vice President:	Peter Ellis
Vice President:	Craig Harrow
Vice President:	Prof John Last CBE
Treasurer:	Lord Wrigglesworth
Chief Executive:	Tim Gordon

The Party Leader is elected by a postal ballot of all members in accordance with Article 10 of the constitution. The Party President is elected for a 2-year term by a postal ballot of all members of the Party in accordance with Article 12.1 of the constitution.

Party Headquarters

2nd floor, 8-10 Great George Street, London, SW1P 3AE

Auditor

Mazars LLP, 

The Liberal Democrats (The Federal Party)

Report of the Party Officers for the year ended 31 December 2014

The Liberal Democrats (The Federal Party) is a federation constituted by the Scottish Liberal Democrats, the Welsh Liberal Democrats (Democratiaid Rhyddfrydol Cymru) and the Liberal Democrats in England (the State Parties). The Liberal Democrats in England is a federation of the Regional Parties in England. The Regional Parties comprise a number of Local Parties.

The Liberal Democrats (The Federal Party) is constituted under section 26 of the Political Parties, Elections and Referendums Act 2000 as a central organisation with 449 accounting units.

These financial statements deal solely with the activities of the Federal Party as set out in Article 2 of the Constitution of the Federal Party. They do not include the income, expenditure, assets or liabilities of the State, Regional, Local Parties, or any other bodies.

1. *Administrative information*

Committees

The following committees operate within The Liberal Democrats (The Federal Party) ("the Federal Party", "the Party") to oversee and manage the organisation's business. The terms of reference for each committee are contained within the party's constitution. The Chairs of the respective committees are:

Federal Executive – Tim Farron MP	to Jan 2015
Federal Executive – Sal Brinton	from Jan 2015
Campaigns & Communications – James Gurling	
Federal Policy – Duncan Hames	to Jan 2015
Federal Finance and Administration – Peter Dunphy	
International Relations – Robert Woodthorpe-Browne	
Federal Conference – Andrew Wiseman	

Conference is the sovereign representative body of the Party with the power to determine its policies. In addition to setting the Party's policies, Conference also receives reports from the federal committees and parliamentary and European parliamentary parties. Membership of Conference is defined by article 6.1 of the constitution.

Conference is organised by the Federal Conference Committee (FCC), membership of which is defined by article 6.10 of the constitution.

Between conferences the Federal Policy Committee (FPC) is responsible for researching, developing and overseeing the policy making process. Membership of the FPC is defined by article 7.2 of the constitution.

The Federal Executive (FE) is responsible for directing, co-ordinating and implementing the work of the Federal Party. Membership of the FE is defined by article 8.1 of the constitution.

The Federal Finance & Administration Committee (FFAC) is a sub-committee of the FE responsible for the planning and administration of the budget and finances of the Federal Party, directing the administration of the Federal Party and ensuring compliance of the Party at all levels with the provisions of the Political Parties, Elections

The Liberal Democrats (The Federal Party) Report of the Party Officers for the year ended 31 December 2014

and Referendums Act 2000 as amended by the Electoral Administration Act 2011. The FFAC is also responsible for the appointment of the Federal Party's auditor and ensuring that there are adequate financial controls and systems in place. Membership of the FFAC is defined by article 8.2 of the constitution.

The Campaigns & Communications Committee (CCC) exists to co-ordinate the Party's national campaigns and communications strategy. Membership consists of a Chair elected biannually by the FE, the Party President, Party Leader, Chief Whip and two members directly elected by the FE.

The International Relations Committee (IRC) is responsible for the Party's international liaison. Its membership consists of representatives of the state and parliamentary parties, Liberal Youth, Liberal International British Group, European Liberal Democrats and Reform Group and individuals elected by Conference representatives.

The Directors of The Liberal Democrats Ltd are appointed by the Federal Party President and the Chair of the FFAC, subject to the approval of the appointments by the Federal Executive, during the year the following have served:

Duncan Greenland*	
Eric Lowry*	
Michael Jeans*	
Lord Dholakia of Waltham Brooks	
Baroness Parminter*	
Lord Vallance of Tummel*	(resigned 21 January 2014)
Peter Dunphy	
Lady Vallance*	(appointed 29 April 2014)
Baroness Manzoor*	(appointed 29 April 2014)

Those marked with an asterisk perform the role of an Audit Committee including meeting with the auditor and receiving its reports, and ensuring compliance with the Party's procedures for the acceptance of significant donations including, consideration of the dangers to the Party's reputation, and legal compliance with the Political Parties, Elections and Referendums Act 2000 as amended by the Political Parties and Elections Act 2009.

Elected representatives

The Party's 8 elected members of the Westminster and 1 member of the European Parliaments are shown at Annex A. In addition there are 102 Liberal Democrat members of the House of Lords, five Liberal Democrat members of the Scottish Parliament, five Liberal Democrat members of the Welsh Assembly and two Liberal Democrat members of the Greater London Authority. As of June 2015 there were approximately 1,800 Liberal Democrat Councillors. There are also two directly elected Liberal Democrat Mayors.

The Liberal Democrats (The Federal Party)

Report of the Party Officers for the year ended 31 December 2014

Staffing

The principal permanent members of staff are:

Chief Executive – Tim Gordon	
Director of Elections & Field – Hilary Stephenson	
Director of Finance & Operations – Nigel Bliss ACA	
Director of Political Operations – Tim Snowball	to July 2014
Digital Director – Steve Pitman	
Chief Fundraiser – Ibrahim Taguri	to July 2014
Chief Fundraiser – Emma Cherniavsky	from July 2014

Accounting Units

The Party has 449 accounting units registered with the Electoral Commission.

2. *Review of political activities*

During 2014 the public continued to see the impact of Liberal Democrats in government with specific manifesto pledges being implemented in areas such as continuing to increase personal tax allowances.

Conferences

The Party held two conferences during the year:

- Spring
- Autumn

Spring

The 2014 Spring Conference was held in York with debates covering such issues as immigration, Europe and pubs.

Autumn

In the autumn of 2014 Conference was held in Glasgow where debates included climate change, affordable housing and first aid in schools.

Policy development

During the Party's time in Government it retained its identity as a radical, progressive party and at the heart of this is its strong policy development function. This strength was in part evidenced by the consultative sessions covering such issues as crime, equalities and public services.

Campaigns and elections

The Party contested the European Parliament elections and retained one seat. It also campaigned successfully for the retention of the union in the Scottish Independence referendum. At the general election held on 7 May 2015, 8 Liberal Democrat Members of Parliament were elected.

The Liberal Democrats (The Federal Party)
Report of the Party Officers for the year ended 31 December 2014

3. *Financial Review*

2014 was a very successful year for the Party with a substantial financial surplus and a growing membership.

The Federal Party recorded a surplus for the year of £1,489,841 with the result that net assets at the year-end were £776,982. Of this surplus £2,461 related to the General Fund and £1,487,380 related to the Legacy Fund that was launched in 2013.

Unusually for a party in government the Party increased its membership by over 2,000 (5%) over the course of the year. This increase was broadly based across the entire country and in every type of seat. Since the year-end there has been a surge in membership to over 60,000.



Peter Dunphy
Registered Treasurer
29 June 2015

The Liberal Democrats (The Federal Party) Statement of Registered Treasurer's responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Party will continue in business.

Section 41 of the Act requires that the Registered Treasurer is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Party at that time and to enable him to ensure that the financial statements comply with the Act.

Section 43 of the Act requires that the Treasurer is responsible for delivery of the statement of accounts to the Electoral Commission by the required deadline.

The Registered Treasurer is also responsible for safeguarding the assets of the Party and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Registered Treasurer has taken all steps he ought to have taken to make himself aware of any information required by the auditor for the purpose of their audit and to establish that the auditor is aware of that information. The Registered Treasurer is not aware of any relevant information of which the auditor is unaware.

Independent Auditor's Report to The Federal Conference of The Liberal Democrats (The Federal Party)

We have audited the financial statements of the Liberal Democrats (The Federal Party) for the year ended 31 December 2014 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of the Registered Treasurer and auditor

As explained more fully in the Statement of Registered Treasurer's Responsibilities set out on page 6, the Registered Treasurer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report is made solely to the Federal Conference of the Liberal Democrats (The Federal Party), as a body, in accordance with section 43 of the Political Parties, Elections and Referendums Act 2000. Our audit work has been undertaken so that we might state to the Federal Conference of the Liberal Democrats (The Federal Party) those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Federal Conference of the Liberal Democrats (The Federal Party) as a body, for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web site at www.frc.org.uk/auditscopeukprivate

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the Liberal Democrats (The Federal Party) as at 31 December 2014 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Political Parties, Elections and Referendums Act 2000.



William Neale Bussey (Senior Statutory Auditor)
for and on behalf of Mazars LLP



29 June 2015

The Liberal Democrats (The Federal Party)
Income and Expenditure Account
For the year ended 31 December 2014

General Fund

	Note	2014 £	2013 £
Income			
Donations		3,647,064	2,540,657
Membership and subscription fees		771,932	850,035
Newspaper income	11	74,138	106,899
Affinity income		22,989	27,964
Grants	5	718,312	794,664
Conference income	10	2,034,247	1,765,027
Investment income	6	64	67
Notional income	7	276,823	185,672
Recharges to party bodies	12	875,489	852,697
Other income	8	<u>300,841</u>	<u>313,705</u>
		<u>8,721,899</u>	<u>7,437,387</u>
Expenditure			
Conference expenditure	10	940,213	1,081,120
Newspaper expenditure	11	51,927	54,935
Fundraising expenditure		134,350	179,336
Depreciation and amortisation	4	95,162	80,597
Campaign expenditure		2,199,860	1,305,164
Staff costs	2	3,492,324	2,940,319
Premises & office costs		933,162	768,243
Interest payable and similar charges	9	53,273	65,252
Notional expenditure	7	276,823	185,672
Grants to party bodies	13	373,950	373,687
Expenditure recharged from other party bodies		56,171	54,193
Charges from other party bodies		26,000	27,000
Audit fees	4	27,158	16,327
Bad debt provision	10,26	45,515	50,724
Other expenditure		<u>13,537</u>	<u>27,101</u>
		<u>8,719,425</u>	<u>7,209,670</u>
General Fund surplus before taxation	4	2,474	227,717
Taxation	14	<u>(13)</u>	<u>(14)</u>
General Fund surplus for the year		<u>2,461</u>	<u>227,703</u>

The notes on pages 12 to 23 form part of the financial statements

The Liberal Democrats (The Federal Party)
Income and Expenditure Account
For the year ended 31 December 2014

Legacy Fund

	Note	2014 £	2013 £
Income			
Legacies		<u>1,622,396</u>	<u>216,127</u>
		<u>1,622,396</u>	<u>216,127</u>
Expenditure			
Grants to party bodies		135,000	-
Legal & professional costs		-	4,800
Interest payable and similar charges		<u>16</u>	<u>-</u>
		<u>135,016</u>	<u>4,800</u>
Legacy Fund surplus before taxation		<u>1,487,380</u>	<u>211,327</u>
Taxation		-	-
Legacy Fund surplus for the year		<u>1,487,380</u>	<u>211,327</u>
Overall surplus for the year		<u>1,489,841</u>	<u>439,030</u>

The income and expenditure account has been prepared on the basis that all operations are continuing operations.

There were no recognised gains or losses other than those included in the income and expenditure account.

The Liberal Democrats (The Federal Party)
Balance Sheet as at 31 December 2014

	Note	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Tangible assets	15		391,317		405,214
Current assets					
Debtors	16	855,703		506,430	
Cash at bank and in hand		<u>759,727</u>		<u>26,318</u>	
		1,615,430		532,748	
Creditors: amounts falling due within one year	17	<u>(1,129,765)</u>		<u>(1,550,821)</u>	
Net current assets/(liabilities)			<u>485,665</u>		<u>(1,018,073)</u>
Total assets less current liabilities			876,982		(612,859)
Creditors: amounts falling due after more than one year	18		(100,000)		(100,000)
Net assets/(liabilities)			<u>776,982</u>		<u>(712,859)</u>
Reserves					
General Fund	19		(539,225)		(969,186)
Reserve Fund	19		45,000		45,000
Legacy Fund	19		<u>1,271,207</u>		<u>211,327</u>
Total assets/(deficit)			<u>776,982</u>		<u>(712,859)</u>

The financial statements were approved by the Federal Finance & Administration Committee on 29 June 2015


Peter Dunphy
Registered Treasurer

The Liberal Democrats (The Federal Party)
Cash Flow Statement
For the year ended 31 December 2014

	Note	2014 £	2013 £
Net cash inflow from operating activities	22	940,242	693,917
Returns on investment and servicing of finance			
Interest received		64	67
UK Tax paid		(14)	(13)
Capital expenditure and financial investment			
Payment to acquire tangible fixed assets		(81,265)	(26,220)
Increase in cash	23	<u>859,027</u>	<u>667,751</u>

The Liberal Democrats (The Federal Party)
Notes forming part of the Financial Statements
For the year ended 31 December 2014

1 Accounting policies

The Liberal Democrats (The Federal Party) is a federation constituted by the Scottish Liberal Democrats, the Welsh Liberal Democrats (Democratiaid Rhyddfrydol Cymru) and the Liberal Democrats in England (the State Parties). The Liberal Democrats in England is a federation of the Regional Parties in England. The Regional Parties comprise a number of Local Parties.

The Liberal Democrats (The Federal Party) is constituted under section 26 of the Political Parties, Elections and Referendums Act 2000 as a central organisation with 449 accounting units. Details of these units are available from party headquarters.

These financial statements deal solely with the activities of the Federal Party as set out in Article 2 of the Constitution of the Federal Party. They do not include the income, expenditure, assets or liabilities of the State, Regional, Local Parties, or any other bodies.

Basis of preparation

The Liberal Democrats (The Federal Party) is not incorporated in law and is thus not bound by the Companies Act 2006. The Party is required to prepare financial statements in accordance with the Political Parties, Elections and Referendums Act 2000 ("PPERA"). The financial statements have been prepared under the historical cost convention, and in accordance with applicable law and accounting standards in the United Kingdom (United Kingdom Generally Accepted Accounting Practice). The financial statements reflect the principles contained in the Statement of Accounts Guidance Notes issued by the Electoral Commission.

Going concern

The Federal Party relies on the receipt of donation income to meet a significant proportion of its expenditure, and an overdraft facility with the Royal Bank of Scotland to meet its working capital requirements. Donation income is inherently unpredictable, but the Finance & Administration Committee is confident that sufficient donations will be received and facilities will continue to be available to allow the Federal Party to meet its obligations.

The Finance & Administration Committee has reviewed the cash flow projection to the end of June 2016. On the basis of these projections it is satisfied that the Federal Party will be able to meet its financial obligations within its available overdraft facility and, on this basis, it considers that it is appropriate to prepare the accounts on a going concern basis

The Liberal Democrats (The Federal Party)
Notes forming part of the Financial Statements
For the year ended 31 December 2014

1 Accounting policies (continued)

The following principal accounting policies have been applied:

Income recognition

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

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

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

- Donations of monetary assets and liquid investments are recognised in the income and expenditure account on receipt. Donations of notional income are recognised on receipt at the relevant market value of the item or service received with an expense of the same amount being recognised contemporaneously.
- Grants are recognised in the income and expenditure account when the conditions for receipt of the grant have been met.
- Membership and subscription fees are recognised on a receipts basis.
- Legacies are recognised when the personal representatives of the deceased have notified the Party of the legacy, they have obtained grant of representation and there are no significant matters outstanding concerning the precise division of the estate. Legacies notified to the Party after 1 August 2013 are included in a separate Legacy Fund.
- Newspaper and conference income, and the State Party Levy are recognised on an accruals basis.
- Interest receivable is recognised in the income and expenditure account on an accruals basis.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Computer software	-	5 years
Fixtures and fittings	-	10 years

Campaign expenditure

The Party does not provide a breakdown of campaign expenditure between campaigns as the officers believe such an analysis would not be possible, given the continuous expenses incurred on multiple campaigns.

The Liberal Democrats (The Federal Party)
Notes forming part of the Financial Statements
For the year ended 31 December 2014

1 Accounting policies (continued)

Recharged expenditure

The Federal Party meets the majority of the overheads incurred by the English State Party and some of those incurred by the Parliamentary Office of the Liberal Democrats and the Scottish and Welsh State Parties. These costs are recovered through the Federal Party recharge.

Leased assets

Rentals payable under operating leases are charged on a straight-line basis over the term of the lease.

Pension benefit

Defined benefit pension scheme:

Pension liabilities are measured at their present value using the projected unit method in accordance with actuarial assumptions that are reviewed at each balance sheet date.

Pension assets are measured at fair value. The net pension liability or asset, after deferred tax, is recognised in the balance sheet.

The service cost of providing pension benefits to employees for the year is charged to the income and expenditure statement.

Defined contribution scheme:

Contributions to the Party's defined contribution pension scheme are charged to the income and expenditure account in the year in which they become payable.

Tax

As a voluntary society, tax is only charged on investment income.

2 Employees

	2014	2013
	£	£
Staff costs consist of:		
Wages and salaries	2,650,132	2,231,093
Social security costs	267,651	223,623
Other pension costs	209,361	171,315
Other staff costs	365,180	314,288
	<u>3,492,324</u>	<u>2,940,319</u>

Other staff costs includes recruitment, training, travel and other costs.

The Liberal Democrats (The Federal Party)
Notes forming part of the Financial Statements
For the year ended 31 December 2014

2 Employees (continued)

The average number of employees during the year was as follows:

2014 Number	2013 Number
90	78
<u>90</u>	<u>78</u>

3 Registered Party Officers

None of the Registered Officers under PPERA or Committee Chairs received any remuneration in that capacity in 2014 (2013 - £nil).

4 Surplus before taxation

2014 £	2013 £
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The surplus before taxation is stated after charging:

Auditors' remuneration	- audit services	15,000	16,327
	- other services	12,158	-
Operating lease charge	- property	157,250	157,250
	- equipment	10,600	10,600
Depreciation		95,162	80,597
		<u>95,162</u>	<u>80,597</u>

5 Grants received

2014 £	2013 £
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Policy development grant	453,016	455,105
Home Office grant for conference security	265,296	339,559
	<u>718,312</u>	<u>794,664</u>

6 Investment income

2014 £	2013 £
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Interest receivable	64	67
	<u>64</u>	<u>67</u>

7 Notional income and expenditure

2014 £	2013 £
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Market value of services donated	276,823	185,672
	<u>276,823</u>	<u>185,672</u>

The Liberal Democrats (The Federal Party)
Notes forming part of the Financial Statements
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8 Other income

	2014 £	2013 £
Westminster Foundation for Democracy management fee	84,502	84,348
Events income	211,132	219,031
Miscellaneous income	5,207	10,326
	<u>300,841</u>	<u>313,705</u>

9 Interest payable and similar charges

	2014 £	2013 £
Bank charges	51,390	58,631
Interest payable	1,883	6,621
	<u>53,273</u>	<u>65,252</u>

10 Surplus on conferences

	2014 £	2013 £
Income	2,034,247	1,765,027
Expenditure		
Direct costs	940,213	1,081,120
Premises & office costs	22,166	20,531
Staff costs	169,187	151,666
Increase in bad debt provision	-	324
	<u>1,131,566</u>	<u>1,253,641</u>
Total expenditure	1,131,566	1,253,641
Surplus for the year	<u>902,681</u>	<u>511,386</u>

The Liberal Democrats (The Federal Party)
Notes forming part of the Financial Statements
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11 Surplus on Ad Lib (Liberal Democrat News)

	2014 £	2013 £
Income	74,138	106,899
Expenditure		
Direct costs	51,927	54,935
Premises & office costs	873	2,495
	<hr/>	<hr/>
Total expenditure	52,800	57,430
	<hr/>	<hr/>
Surplus for the year	21,338	49,469
	<hr/>	<hr/>

12 Recharges to party bodies

	2014 £	2013 £
Fixed cross charge to State Parties	677,409	680,930
Variable cross charge to State Parties	59,324	56,400
Charges to other party bodies	138,756	115,367
	<hr/>	<hr/>
	875,489	852,697
	<hr/>	<hr/>

13 Grants to party bodies

	2014 £	2013 £
Grants to Specified Associated Organisations	68,492	70,270
Grants to other party bodies	305,458	303,417
	<hr/>	<hr/>
	373,950	373,687
	<hr/>	<hr/>

The Liberal Democrats (The Federal Party)
Notes forming part of the Financial Statements
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14 Taxation on surplus from ordinary activities

	2014 £	2013 £
Taxation on investment income	13	14
	<u>13</u>	<u>14</u>

15 Tangible assets

	Computer software £	Fixtures & fittings £	Total £
<i>Cost</i>			
At 1 January 2014	234,453	362,922	597,375
Additions	81,265	-	81,265
At 31 December 2014	<u>315,718</u>	<u>362,922</u>	<u>678,640</u>
<i>Depreciation</i>			
At 1 January 2014	107,869	84,292	192,161
Charge for the year	58,869	36,293	95,162
At 31 December 2014	<u>166,738</u>	<u>120,585</u>	<u>287,323</u>
<i>Net book value</i>			
At 31 December 2014	<u>148,980</u>	<u>242,337</u>	<u>391,317</u>
At 31 December 2013	<u>126,584</u>	<u>278,630</u>	<u>405,214</u>

16 Debtors

	2014 £	2013 £
Trade debtors	49,270	112,016
Amounts owed by Liberal Democrat related entities	188,938	108,027
Other debtors	136,607	77,835
Prepayments and accrued income	478,789	208,552
Other taxation and social security	2,099	-
	<u>855,703</u>	<u>506,430</u>

The Liberal Democrats (The Federal Party)
Notes forming part of the Financial Statements
For the year ended 31 December 2014

17 Creditors: amounts falling due within one year

	2014 £	2013 £
Bank overdraft	-	125,618
Amounts owed to Liberal Democrat related entities	103,076	91,954
Trade creditors	44,220	59,745
Other taxation and social security	-	10,298
Corporation tax	13	14
Other creditors	111,601	74,496
Accruals and deferred income	870,855	1,188,696
	<u>1,129,765</u>	<u>1,550,821</u>

18 Creditors: amounts falling due after more than one year

	2014 £	2013 £
Other loans	100,000	100,000
	<u>100,000</u>	<u>100,000</u>

The other loan is interest free and repayable on 30 June 2017.

The Liberal Democrats (The Federal Party)
Notes forming part of the Financial Statements
For the year ended 31 December 2014

19 Reconciliation of movements in reserves

	General Fund £	Reserve Fund £	Legacy Fund £	Total £	2013 £
At 1 January 2014	(969,186)	45,000	211,327	(712,859)	(1,151,889)
Surplus for the year	2,461	-	1,487,380	1,489,841	439,030
Transfers between reserves	427,500	-	(427,500)	-	-
At 31 December 2014	<u>(539,225)</u>	<u>45,000</u>	<u>1,271,207</u>	<u>776,982</u>	<u>(712,859)</u>

The Reserve Fund represents an amount set aside for designated activities determined by FFAC.

The Legacy Fund was established in 2013 to separate the windfall benefit of legacies from the normal activities of the Party. The amount transferred into the fund represents the monies received from legacies notified to the Party since the fund was set up. The intention of the Legacy Fund is to provide an income to the Party and to fund projects for the long term development of the Party.

During the year transfers from specific legacies were made from the Legacy Fund to the General Fund to cover campaign expenditure.

20 Capital commitments

There are no contracted capital commitments not provided for in the accounts (2013: £nil).

The Liberal Democrats (The Federal Party)
Notes forming part of the Financial Statements
For the year ended 31 December 2014

21 Lease commitments

As at 31 December 2014, the party had annual commitments under non-cancellable contracts as follows:

	2014 £	2013 £	2014 £	2013 £
	Land & Buildings	Land & Buildings	Other	Other
Operating leases which expire:				
Within 1 year	-	-	4,417	-
Within 2 to 5 years	-	-	-	10,600
After 5 years	259,250	259,250	-	-
	<u>259,250</u>	<u>259,250</u>	<u>10,600</u>	<u>10,600</u>

22 Net cash inflow from operating activities

	2014 £	2013 £
General Fund surplus before taxation	2,474	227,717
Legacy Fund surplus before taxation	1,487,380	211,327
Depreciation	95,162	80,597
(Increase)/decrease in debtors	(349,273)	(75,803)
(Decrease)/increase in creditors due within one year	(295,437)	250,146
Net cash inflow from operating surplus before tax	<u>940,306</u>	<u>693,984</u>
Investment income	(64)	(67)
Net cash inflow from operating activities	<u>940,242</u>	<u>693,917</u>

23 Reconciliation of net cash inflow to movement in net funds/(debt)

	2014 £	2013 £
Increase in cash in the year	859,027	667,751
Opening net debt	(199,300)	(867,051)
Closing net funds/(debt)	<u>659,727</u>	<u>(199,300)</u>

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24 Analysis of net funds

	At 1 January 2014 £	Cash flow £	At 31 December 2014 £
Cash at bank and in hand	26,318	733,409	759,727
Loans	(100,000)	-	(100,000)
Bank overdraft	(125,618)	125,618	-
Net (deficit)/funds	<u>(199,300)</u>	<u>859,027</u>	<u>659,727</u>

25 Pensions

The Party formerly sponsored the Liberal Headquarters 1975 Retirement Fund. As at the year end the scheme was in surplus and had only one deferred member and no active members. In January 2014 the scheme purchased a deferred annuity for the one remaining member and in June 2014 the Party commenced the winding up of the scheme. It is anticipated that the wind up of the scheme will be completed by the end of 2015.

Once the scheme is wound up any remaining surplus will be returned to the Party and treated as a return of the additional contributions made.

Other post-retirement benefit schemes

The Federal Party contributes to personal pension schemes held in the names of individual employees. The assets of these schemes are held separately from those of the Federal Party in independently administered funds. The pension cost charge represents contributions payable to these funds and amounted to £209,361 (2013: £171,315). At 31 December 2014, contributions amounting to £83,159 (2013: £70,169) were payable to these funds and are included within other creditors in note 17.

26 Related entity transactions

The Federal Executive is chaired by the President of the Party to whose office the Federal Party paid grants in the year amounting to £2,844 (2013: £5,137).

The Federal Party is related to other bodies within the Liberal Democrats as set out in note 1 above. During the year it received levies from these bodies amounting to £771,932 (2013: £850,035) and recharged expenditure totalling £875,489 (2013: £852,697). Expenditure includes grants to party bodies, expenditure recharged to other party bodies and charges from other party bodies totalling £456,121 (2013 - £454,880).

Included in newspaper income is an amount of £18,802 (2013: £19,105) received from the Alliance of Liberals and Democrats for Europe (ALDE) for promoting ALDE in Ad Lib.

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26 Related entity transactions (continued)

The amount owed by related entities at 31 December 2014 was £188,938 (2013: £108,027) and the amount owed to related entities was £103,076 (2013: £91,954).

Significant balances owed by related entities are as follows:

The Liberal Democrats in England	£102,665
London Region Liberal Democrats	£17,882
Western Counties Liberal Democrats	£12,427
South East Region Liberal Democrats	£10,024

An amount of £45,515 (2013: £50,400) has been provided against amounts owed by related entities.

Significant balances owed to related entities are as follows:

Parliamentary Office of the Liberal Democrats	£62,010
Liberal Youth	£14,886

27 Membership

As at 31 December 2014 there were 45,771 (2013 – 43,451) members of the Party.

As of June 2015 the Party had the following elected representatives

**Westminster
Parliament**

Tom Brake
Alistair Carmichael
Nick Clegg
Tim Farron
Norman Lamb
Greg Mulholland
John Pugh
Mark Willams

European Parliament

Catherine Bearder