

SNPX

Review 2016/17

Administrative Information

Review of political activities

Corporate Governance

Financial Review

Statement of accounts 2016

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Party Officers

Registered officers under the Political Parties, Elections and Referendums Act 2000: -

Leader	Nicola Sturgeon
Nominating Officer	Peter Murrell
Treasurer	Colin Beattie
Campaigns Officer	Peter Murrell

Party Headquarters

Gordon Lamb House, 3 Jackson's Entry, Edinburgh EH8 8PJ.

Auditors

Johnston Carmichael LLP, [REDACTED]

Bankers

[REDACTED]

Legal Advisers

Kennedys Scotland, Baird House, [REDACTED]

Financial Advisers

JLT Employee Benefits, [REDACTED]

1. Administrative Information

About the SNP

The Scottish National Party, committed to restoring Scottish independence, was founded in 1934. Gaining its first parliamentary seat in 1945, the SNP has been the driving force for constitutional change in Scotland for 80 years.

In May 2016, the SNP won an historic third term in the Scottish Parliament with 63 MSPs, over a million votes, and the highest share of the constituency vote ever achieved. The Party now forms a minority Scottish Government.

The SNP is the largest party in Scottish local government, holds 35 of 59 Scottish seats in the UK Parliament – making it the third largest party in the Commons – and two of six Scottish seats in the European Parliament.

The Party is funded from voluntary contributions, with the active support of a network of over 100,000 members and supported by many others. The Party is hugely dependent on the activities of the members in nearly 300 local branches.

With the help of our supporters, members, donors, volunteers and staff, we are in a strong position to continue shaping our nation's future success and progressing towards an independent Scotland.

Membership

Membership of the SNP surged dramatically in the wake of the 2014 referendum vote. This brought with it a dramatic improvement in the gender balance of members, and the proportion of young people also increased markedly. By the end of 2016, women made up 44 per cent of members and 20 per cent of members were under 30 years of age. Total membership at 31 December 2016 was 118,959 (31 December 2015 - 115,102).

Accounting Units

The Scottish National Party has 298 accounting units separate from its central organisation to provide for each constituent organisation to be responsible for its own financial affairs.

(i) Branches

Local branches form the organisational building block of the Scottish National Party. Each branch has its own constitution and office bearers who are elected at the annual general meeting. Branches receive a 25 per cent dividend of subscriptions paid by each of their members. Branches are entitled to delegates to constituency associations, liaison committees, National Council and National Conference. The number of delegates is dependent on the number of members each branch has.

Table 1 – Branch membership dividend by electoral region 2016.

Central Scotland	£71,129
Glasgow	£79,535
Highlands and Islands	£76,540
Lothian	£89,035
Mid Scotland and Fife	£85,330
North East Scotland	£84,449
South Scotland	£75,737
West Scotland	£84,702

(ii) Constituencies

The Party is organised around the Scottish Parliament constituency boundaries with an SNP constituency association or branch in each parliamentary seat. Constituency associations tend to exist in larger geographical areas where there is more than one branch within the boundary. The Constituency Association may levy the branches within it to cover the costs of its operations. Where there is only one branch within the boundary, it is known as a constituency branch. Constituency associations have delegate entitlement to National Council and National Conference. Constituency branches are additionally entitled to delegates to local or regional liaison committees.

(iii) Liaison Committees

A number of liaison committees are responsible for the strategic direction and operational co-ordination of branches in respect of election campaigning for either or both of local government and parliamentary elections, other than for election to Scottish Parliament constituencies. These are: -

(a) Westminster Liaison Committees

Westminster liaison committees exist only in the run up to and duration of a Westminster election. The number of delegates from each is dependent on how much of a branch area comes within the boundary. The committees elect the same office bearers as branches but are not entitled to delegate entitlement to other bodies.

(b) Regional Liaison Committees

Regional liaison committees cover a Scottish Parliament electoral region of which there are eight. The role of the liaison committee is to co-ordinate the regional campaign for the regional list vote. MSPs are accountable to the regional liaison committees which are made up of delegates from each branch within the region. Each regional liaison committee has its own constitution and can decide to levy member branches and constituency associations.

(c) Council Liaison Committees

Council liaison committees act as a forum for local government matters within a Scottish local authority area, of which there are 32. The liaison committee is responsible for co-ordinating the Party's electoral activities for the council elections in their area and producing an election manifesto.

(iv) Affiliated organisations

These are autonomous groups representing particular interests. Each group has representation at National Executive Committee (NEC) level and has delegate status at National Conference and National Council. Affiliate organisations receive a 2.5 per cent dividend of subscriptions paid by each of their members.

The affiliated organisations are: -

(a) Association of Nationalist Councillors (ANC)

Every SNP member who is a member of the SNP group of a Scottish local authority is a member of the Association of Nationalist Councillors. The aim of the ANC is to act as a forum for SNP councillors to exchange best practice across council groups; put forward a collective view on council issues to SNP national bodies; and coordinate the work of SNP councillors in achieving the Party's aims. The ANC has one representative on the NEC.

(b) The Trade Union Group (TUG)

The Trade Union Group has a dual role - to promote the role of trade unions within the SNP and to promote the aims and objectives of the SNP within the wider trade union movement. The TUG has one representative on the NEC.

(c) Young Scots for Independence (YSI)

The YSI is the official youth wing of the Scottish National Party. It started in the 1980s and membership is open to all between the ages of 14 years and 29 years, and focuses its activity on issues affecting young people. The YSI has one representative on the NEC.

(d) The Federation of Student Nationalists (FSN)

The FSN is the student wing of the SNP, which is active in most colleges and universities throughout Scotland. The FSN is open to anyone in full-time or part-time education. The FSN has one representative on the NEC.

National Assembly

National Assembly is the forum for the development of policy within the Party. Policy is debated and discussed before being presented to the Party for approval at National Council

or National Conference. National Assembly also provides the opportunity to invite speakers from out with the Party to address members on important issues of special interest. Any member of the Party is entitled to attend National Assembly which is held as and when required.

National Council

National Council is the governing body of the Party between conferences and meets at least twice a year. In addition to hearing reports from national office bearers, council also has the power to make policy. National Council is made up of delegates from branches, constituency associations, national executive committee, representatives of parliamentary groups and affiliated organisations, and fifteen members elected by National Conference.

National Conference

National Conference is the supreme ruling body of the SNP and, as well as making policy, elects the Party's national office bearers and national executive committee, appeals committee and disciplinary committee. Conference is attended by around 5,000 delegates, observers, diplomats, and media along with the SNP parliamentarians and councillors. Conference is a delegate body, comprising representatives from local organisations, as well as affiliated organisations, elected members and elected representatives. Any member of the Party may attend conference but only delegates can speak and vote.

National Executive Committee (NEC)

The SNP's leadership is invested in its national executive committee which is made up of the Party's elected office bearers, elected members and representatives of affiliated organisations. The NEC meets monthly and is charged with devising the SNP's national political strategy to help to deliver the Party's aims, as well as overseeing the organisation and administration of the Party. NEC members report to National Council and Annual National Conference, and are open to question by delegates. Members of NEC are elected by Annual National Conference. The members of the national executive committee are listed on the SNP website.

The election committee and election committee appeals body, which deal with approval of Parliamentary candidates, are appointed by the NEC.

The NEC also appoints from within its ranks, four members of the standing orders and agenda committee, which is chaired by the national secretary and is responsible for the agenda for National Conference and National Council.

SNP staff

The Scottish National Party is served by 22 staff (20 full-time equivalent) based at its Headquarters in Edinburgh. Staff are split into four interdependent teams (see Table 2).

Table 2 – Headquarters team structure.

Operations	Mobilisation	Engagement	Corporate
Member care	Campaigns	Research	Governance
Fundraising	Digital	Policy development	Finance
Events	Communications	Consultation	IT and facilities
		Contact interaction	HR
			Audit
			Legal

Elected representatives

The Scottish National Party fields candidates in elections to Scottish local authorities, the Scottish Parliament, the House of Commons, and the European Parliament.

As at 9 June 2017, the SNP representation at each is as follows: -

- 63 Members of the Scottish Parliament
- 35 Members of Parliament
- 2 Members of the European Parliament
- 429 councillors in 31 of the 32 Scottish councils

The full list of elected representatives is available on the SNP website.

2. Review of Political Activities

The year has been dominated by preparations for Scotland's council elections in May 2017. The SNP won the election on May 5 nationally, with the largest number of councillors and the highest vote share of any party.

431 SNP councillors were elected, compared to 425 in 2012. And the SNP is now the largest group in 16 of 32 councils.

The SNP ended almost 40 years of Labour control in Glasgow, becoming the largest party in the city for the first time. The SNP are now the largest party in Scotland's four largest cities: Glasgow, Edinburgh, Aberdeen and Dundee.

In mid-April, Theresa May called a snap general election. Seven weeks later, her party had lost its majority and are now headed for an extended period of infighting as Brexit negotiations get underway.

The SNP won 35 seats in the general election, but lost many excellent parliamentarians including Angus Roberson and Alex Salmond. The Party did however win more seats than all the other parties combined, and won the largest number of votes in Scotland.

As the third largest party at Westminster, the SNP will now seek to deliver key commitments: an end to austerity; increased investment in public services, including the NHS; fair pensions for older people by maintaining the triple lock; and making sure work pays with a rise in the Minimum Wage. SNP MPs will also fight to avoid the calamity of a job-destroying extreme Brexit.

3. Governance

National Executive Committee

The National Executive Committee (NEC) meets monthly and is the body which has responsibility for the strategic management and political direction of the Party; ensuring the decisions of National Conference and National Council are implemented; oversight and interpretation of policy between meetings of National Conference and National Council; coordinating and monitoring the work of all national office bearers elected by National Conference; organising and directing national campaigns; employment and direction of staff; ownership of the Party's assets and management of the Party's financial affairs; any other matters expressly delegated to it by National Council or National Conference.

The NEC has full control over all monies, funds, property, investments, borrowing and securities of whatever kind and description belonging to the Party.

The Party's financial scheme sets out how the Party will regulate its financial affairs for compliance with current legislation. The financial affairs of all bodies mentioned in the Party's constitution must comply with the financial scheme.

No body within the Party shall enter commercial borrowing unless prior agreement has been reached with the national treasurer. If a body within the Party goes out of existence or is dissolved, all assets, at the option of the National Treasurer, shall become property of the Party.

Members of NEC are elected by Annual National Conference.

Finance & Audit Committee

Supports the NEC in the effective identification and management of systems of financial management and control to assure financial probity and transparency, and effective financial stewardship and management within the SNP.

Members of the Finance & Audit Committee are appointed by the National Treasurer.

Control environment and control activities

The Party is committed to ensuring that a proper control environment is maintained. Above all, there is a commitment to competence and integrity, together with the communication of clear objectives to all accounting units. These are underpinned by a human resources policy that develops equality with integrity.

The organisational structure of the Party has been developed to delegate authority with accountability to ensure that control and consistency is maintained, having regard to an acceptable level of risk. The National Treasurer and Party officers report on the control environment on a regular basis to the NEC.

Legislation

Electoral law is complex, voluminous and fragmented. More than 17 statutes, some 30 pieces of secondary legislation, and over 200 regulations govern the area of electoral law and thereby the political and campaigning activities of the Scottish National Party. Headquarters staff continuously review the adequacy of the internal control system in meeting the Party's requirements under current legislation.

Environmental and social responsibility

The Scottish National Party is committed to preserving and enhancing the environment of Scotland as sustainable, biologically diverse and non-polluting.

The SNP Government is striving to ensure that Scotland will become a world leader in securing a sustainable environment and quality of life for all, recognising that local action can have global impact and that environmental problems do not respect national boundaries.

To that end the SNP ensures that its Headquarters takes such local action. Our employees are encouraged to take steps to reduce waste, reduce energy consumed, increase the amount of waste recycled, and purchase goods and services less environmentally damaging.

No motor vehicles are operated by the SNP. Employees are encouraged to use public transport. No parking spaces are provided for staff. Cycle parking loops are provided at Headquarters.

4. Financial Review

The total SNP income for the year ended 31 December 2016 was £4,873,386. With 77 per cent of total income coming from members and supporters last year, we remain dedicated to ongoing efficiency and financial control. For every £1 of income in 2016, the SNP spent: -

38p of every £1 spent is used to help local candidates and organisations win more seats and provide campaign support services like activate.snp.org

15p goes on the permanent paid staff at SNP Headquarters

12p goes on hiring venues and running conferences

11p is returned to local branches and affiliate organisations as a dividend of membership subscriptions

14p is paid in tax, finance charges, legal and audit fees

6p is used by the SNP to cover operating costs

4p goes on increasing income from membership subscriptions, fundraising and merchandise

The SNP would like to thank all our members and supporters who made every achievement in this review possible. Whether you sold raffle tickets to friends and family or donated to the appeals which made possible our elections victories, we thank you.

All gifts in Wills, regardless of their size, are recognised in our Book of Remembrance.

The efficiency of campaign expenditure is analysed on an ongoing basis through the Party's spending per vote won in national elections (see Table 2) between 2007 and 2016. In seven of eight national elections in this period, the SNP secured more votes than any other party.

Table 3 – SNP campaign expenditure per vote in Scotland 2007-2016.

2007	
Spend	£1,383,462
Votes	633,401
Spend per Vote	£2.18
2009	
Spend	£126,710
Votes	321,007
Spend per Vote	£0.39
2010	
Spend	£315,776
Votes	491,386
Spend per Vote	£0.64
2011	
Spend	£1,141,662
Votes	902,915
Spend per Vote	£1.26
2014	
Spend	£267,372
Votes	389,503
Spend per Vote	£0.69
2015	
Spend	£1,475,478
Votes	1,454,436
Spend per Vote	£1.01
2016	
Spend	£1,465,542
Votes	1,059,897
Spend per Vote	£1.38

SCOTTISH NATIONAL PARTY STATEMENT OF NATIONAL TREASURER'S RESPONSIBILITIES

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

- select suitable accounting policies and then apply them consistently;
- make reasonable and prudent judgements and estimates;
- state whether applicable accounting standards have been followed;
- provide details and explanations of any departures 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 National 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 National Treasurer is responsible for delivery of the statement of accounts to The Electoral Commission by the required deadline.

SCOTTISH NATIONAL PARTY REPORT OF THE INDEPENDENT AUDITORS

To the National Treasurer of the Scottish National Party

We have audited the financial statements of the Scottish National Party for the year ended 31 December 2016 which comprise the income and expenditure account, the balance sheet, the statement of cash flows 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the National Treasurer of the Scottish National Party in accordance with the Party's rules and section 43 of the Political Parties, Elections and Referendums Act 2000. Our audit work has been undertaken so that we might state to the National Treasurer those matters we are required to state to him in an auditors' 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 National Treasurer, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of National Treasurer and auditors

As explained more fully in the statement of National Treasurer's responsibilities set out on page 13, the National 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.

Scope of the audit of the financial statements

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. This includes an assessment of: whether the accounting policies are appropriate to the Party's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the National Treasurer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Review to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the Scottish National Party as at 31 December 2016 and of its deficit 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.

**SCOTTISH NATIONAL PARTY
REPORT OF THE INDEPENDENT AUDITORS (continued)**

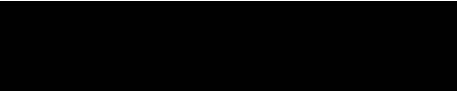
Opinion on other matters

In our opinion the information given in the Annual Review for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters which we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of information specified by law are not made; or
- we have not received all the information and explanations we require for our audit.


Johnston Carmichael LLP
Chartered Accountants
Statutory Auditors



29 June 2017

**SCOTTISH NATIONAL PARTY
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 £	2015 £
Income			
Membership	2	2,586,914	2,743,413
Donations	3	402,502	1,533,291
Fundraising income	4	244,522	302,449
Investment income	5	5,644	6,990
Conference income		922,191	758,037
Commercial income		17,172	13,223
Grant income	6	157,608	175,066
Miscellaneous	7	536,833	477,533
Total income		4,873,386	6,010,002
Expenditure			
Premises costs	8	(79,945)	(76,150)
Office costs	9	(313,657)	(315,420)
Staff costs	10	(918,041)	(937,690)
Transfers out	11	(689,620)	(719,915)
Campaigning costs		(2,366,803)	(1,857,100)
Fundraising costs	12	(204,202)	(206,086)
Conference expenditure	13	(709,907)	(664,722)
Financing/interest charges	14	(126,506)	(76,389)
Depreciation/Amortisation	17 & 18	(110,064)	(44,052)
Membership expenses	15	(47,347)	(20,218)
Irrecoverable VAT	15	(524,980)	(452,631)
Miscellaneous	15	(81,297)	(84,134)
Total expenditure		(6,172,369)	(5,454,507)
(Deficit)/surplus before tax		(1,298,983)	555,495
Taxation	16	(2,024)	-
(Deficit)/surplus for the year		(1,301,007)	555,495

**SCOTTISH NATIONAL PARTY
BALANCE SHEET
AS AT 31 DECEMBER 2016**

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	17	624,576	498,789
Tangible assets			
- Furniture, fixtures and fittings	18	59,941	11,475
- Office/computer equipment	18	80,807	99,658
Investments	19	479	479
Total fixed assets		765,803	610,401
Current assets			
Debtors and prepayments	20	217,651	421,582
Cash in hand and at bank		52,856	402,564
Total current assets		270,507	824,146
Liabilities			
Creditors and accruals		(1,748,070)	(1,337,174)
Loans outstanding	22	(518,504)	(26,630)
Total liabilities	21	(2,266,574)	(1,363,804)
Total net (liabilities)/assets		(1,230,264)	70,743
Reserves			
Accumulated fund at start of year		70,743	(484,752)
Deficit/(surplus)		(1,301,007)	555,495
Accumulated fund at end of year	23	(1,230,264)	70,743

The financial statements were approved by the Party Officers on

29/6/17

Colin Beattie
National Treasurer

**SCOTTISH NATIONAL PARTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
Cash flow from operating activities	26	(657,188)	472,871
Income taxes paid		(895)	-
Net cash flow from operating activities		(658,083)	472,871
Cash flow from investing activities			
Purchase of tangible assets		(36,006)	(74,624)
Interest received		492	703
Investment income		5,152	6,287
Net cash from investing activities		(30,362)	(67,634)
Cash flow from financing activities			
Interest paid		(39,622)	(4,171)
Repayment of hire purchase and finance leases		(113,515)	(22,810)
Receipts from new loans		1,000,000	1,003,250
Repayment of loans		(508,126)	(1,009,408)
Net cash flow from financing activities		338,737	(33,139)
Net (decrease)/increase in cash and cash equivalents		(349,708)	372,098
Cash and cash equivalents at the beginning of the year		402,564	30,466
Cash and cash equivalents at the end of the year		52,856	402,564

SCOTTISH NATIONAL PARTY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting Policies

General information and basis of preparation

The Scottish National Party is not incorporated in law and thus not bound by the Companies Act 2006. The Party is a Political Party and is required to prepare financial statements in accordance with the Political Parties, Elections and Referendum Act 2000 ('PPERA'). The address of the registered office of the Party is Gordon Lamb House, 3 Jackson's Entry, Edinburgh, EH8 8PJ.

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102). The financial statements have been prepared on a going concern basis under the historical cost convention. The financial statements are in accordance with the guidance issued by the Electoral Commission. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required by the guidance issued by the Electoral Commission or is required to show a true and fair view.

The financial statements are presented in sterling which is the functional currency of the Party and rounded to the nearest £.

As stated in the Annual Report, the Party has 298 registered accounting units. Details of these units are available from Party headquarters. These accounts are unconsolidated and present the accounts of the central Party only.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Going concern

The National Treasurer has reviewed the expenditure budgets and cash flow projections for the Party for the period to 30 June 2018 and is satisfied that the Party will have sufficient funds for it to meet its financial obligations. On this basis, the National Treasurer is satisfied that it is appropriate to prepare the accounts on the going concern basis.

Income Recognition

Income is measured at the fair value of the consideration received or receivable net of VAT and trade discounts.

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 at market value in the income and expenditure account on receipt.
- Grants are recognised in the income and expenditure account when the conditions for receipt have been met.
- Membership and subscription fees are recognised in the income and expenditure account when received.

**SCOTTISH NATIONAL PARTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. Accounting Policies (continued)

- Legacies from benefactors who died prior to the year-end are only recognised if, prior to finalising the accounts, the personal representatives of the deceased have notified the Party of the legacy, there are no significant matters outstanding and the amount due has been confirmed.
- Interest receivable is recognised in the income and expenditure account on an accruals basis.
- Dividend income is recognised as the Party's right to receive payment is established.

Tangible fixed assets

Tangible fixed assets are included at cost. Depreciation is provided on tangible fixed assets at the following annual rates.

Computer Equipment, Fixtures, Fittings and Equipment	-	33.33 % reducing balance
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Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Software Development

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use;
- The intention to complete the software and use it;
- How the software will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use the software;
- The ability to measure reliably the expenditure attributable to the software during its development.

Software licence fee

Software licence fees are recognised as intangible assets when it is probable the software will be used to generate future economic benefits.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful lives:

Software development costs	-	9 years
Software licence fee	-	4 years

SCOTTISH NATIONAL PARTY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting Policies (continued)

Fixed asset investments

Fixed asset investments are stated at fair value as assessed by the Party's officers at the year end. Where assets have been donated or bequeathed to the Party, market value at the point of acquisition is taken as deemed cost at that time.

Leased assets

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible or intangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the income and expenditure account on a straight line basis.

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

Pension costs

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.

Impairment of fixed assets

The need for any fixed asset impairment write down is assessed by comparison of the carrying value of the asset against the higher of its realisable value and value in use.

Value added tax (including irrecoverable VAT)

The Party agreed a partial exemption formula with HM Revenue & Customs and recovers VAT on this basis.

Provisions

Provisions are recognised when the Party has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

Tax

Current tax represents the amount of tax payable or receivable in respect of the taxable profit (or loss) for the current or past reporting periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income and expenditure account.

**SCOTTISH NATIONAL PARTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. Accounting Policies (continued)

Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

Judgements and key sources of estimation uncertainty

The National Treasurer has considered if there are any key sources of estimation uncertainty or significant judgements that have been made in the process of applying the above accounting policies to prepare these financial statements. The National Treasurer considers that there are not any key judgements or sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial statements.

2. Membership subscriptions

	2016 £	2015 £
Membership fees received directly by the Party	<u>2,586,914</u>	<u>2,743,413</u>

Membership subscriptions from our members are received by the central party and a proportion of these subscriptions are allocated to our local branches (see note 11).

3a. Donations

	2016 £	2015 £
Cash donations received reportable to the Electoral Commission	60,000	1,065,000
Cash donations received below the reporting threshold to the Electoral Commission	322,085	456,832
Notional donations below the reporting threshold to the Electoral Commission	<u>20,417</u>	<u>11,459</u>
Total	<u><u>402,502</u></u>	<u><u>1,533,291</u></u>

Total value of donations reported to the Electoral Commission during 2016 was £296,800 (2015 - £1,299,808)

Donations reported to the Electoral Commission are recorded under different categories in the accounts due to the nature and circumstances by which they were received.

**SCOTTISH NATIONAL PARTY
NOTES TO THE FINANCIAL STATEMENTS
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3b. Donation reconciliation note

	2016 £	2015 £
Donations reported to the Electoral Commission:	296,800	1,299,808
Recorded in the accounts as:		
Donation income	60,000	1,065,000
Legacy Income	73,247	75,000
Grant Income	163,553	159,808
	296,800	1,299,808

4. Fundraising

	2016 £	2015 £
Independence Magazine	129,074	143,615
Raffles	115,448	157,114
Great Weather Lottery	-	869
Independence Covenant	-	851
Total	244,522	302,449

5. Investment income

	2016 £	2015 £
Interest receivable	492	703
Investment income	5,152	6,287
Total	5,644	6,990

6. Grant income

	2016 £	2015 £
Policy development grant	157,608	175,066
Total	157,608	175,066

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NOTES TO THE FINANCIAL STATEMENTS
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7. Miscellaneous

	2016	2015
	£	£
Levy on accounting units	79,290	-
Legacies	76,435	138,112
Parliamentary levy	342,750	294,500
Campaign services	38,358	44,921
	<u>536,833</u>	<u>477,533</u>
Total	536,833	477,533

Levy on accounting units represents levies on accounting units to fund by-election campaigns.

Legacies include amounts bequeathed to the Party during the year.

The parliamentary levy is a levy imposed on all SNP MPs, MSPs and MEPs.

Campaign services income is generated from the commission of call centre activity.

8. Premises Costs

	2016	2015
	£	£
Rent and Rates	79,945	76,150
	<u>79,945</u>	<u>76,150</u>
Total	79,945	76,150

9. Office Costs

	2016	2015
	£	£
ICT	144,796	149,460
Office costs	20,858	23,676
Insurance	8,652	8,933
Telephone	16,956	17,629
Postage	119,399	114,291
Leasing	2,996	1,431
	<u>313,657</u>	<u>315,420</u>
Total	313,657	315,420

ICT costs are those incurred in operating the Party's computer systems; servers; IT support; programming and development; and website.

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10. Staff costs

	2016	2015
	£	£
Salaries	732,051	737,311
Social security	74,797	80,880
Other costs, including pensions	111,193	119,499
	<u>918,041</u>	<u>937,690</u>

Average number of staff employed during the year:

	2016	2015
	No.	No.
Employees	<u>21</u>	<u>18</u>

11. Transfers out

	2016	2015
	£	£
Membership income due to branches	646,728	685,853
Affiliate dividend	42,892	34,062
Total	<u>689,620</u>	<u>719,915</u>

The Party head office collects membership fees from all Party members. 25% of these membership fees are then payable to the branch of the Party in which each member resides.

The Party paid out a dividend to affiliated organisations during the year based on 2.5% of 2015 membership income of members who are members of these affiliate organisations.

12. Cost of fundraising events

	2016	2015
	£	£
Fundraising	95,100	107,938
Independence Magazine	109,102	98,148
Total	<u>204,202</u>	<u>206,086</u>

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13. Conference costs

	2016	2015
	£	£
Venue hire and catering	302,527	280,020
Audio visual	245,143	230,105
Security	31,974	29,293
Printed materials	38,239	39,737
Information technology	42,634	42,755
Other conference costs	29,887	30,392
Other national events	19,503	12,420
Total	709,907	664,722

Other national events represent the costs paid for National Council and other non-conference events.

14. Interest costs

	2016	2015
	£	£
Bank charges	66,467	60,759
Notional interest	20,417	11,459
Hire purchase/finance lease interest	39,622	4,171
Total	126,506	76,389

Loans from individual members in note 21 represent loans made to the Party by its members. The SNP is required by law to calculate as a non-cash donation the difference between a commercial interest rate for loans and the zero rate at which the individual member is lending the Party this money. The value of these non-cash donations generated from these loans has been recorded within donations income in note 3 and the interest cost recorded as notional interest above.

**SCOTTISH NATIONAL PARTY
NOTES TO THE FINANCIAL STATEMENTS
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15. Miscellaneous

	2016 £	2015 £
Membership expenses	<u>47,347</u>	<u>20,218</u>

Membership expenses are those incurred to produce recruitment materials and provide information materials to Party members.

	2016 £	2015 £
Irrecoverable VAT	<u>524,980</u>	<u>452,631</u>

An explanation of irrecoverable VAT is included within the value added tax section of note 1.

	2016 £	2015 £
Professional fees	21,900	3,175
Legal fees	16,552	9,844
Bad debt provision	3,761	29,392
Audit fee	23,205	23,845
Loss on disposal of fixed assets	4,281	2,977
Sundries	<u>11,598</u>	<u>14,901</u>
Total	<u><u>81,297</u></u>	<u><u>84,134</u></u>

16. Taxation

	2016 £	2015 £
Corporation tax charge – current year	1,129	-
Adjustment for prior year	<u>895</u>	<u>-</u>
Total	<u><u>2,024</u></u>	<u><u>-</u></u>

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17. Intangible assets

	Software licence £	Software development £	Total £
Cost			
At 1 January 2016	346,293	152,496	498,789
Additions	-	187,990	187,990
At 31 December 2016	<u>346,293</u>	<u>340,486</u>	<u>686,779</u>
Amortisation			
At 1 January 2016	-	-	-
Charged in year	43,287	18,916	62,203
At 31 December 2016	<u>43,287</u>	<u>18,916</u>	<u>62,203</u>
Net Book Value at 31 December 2016	<u>303,006</u>	<u>321,570</u>	<u>624,576</u>
Net Book Value at 31 December 2015	<u>346,293</u>	<u>152,496</u>	<u>498,789</u>

All intangible assets above are held under hire purchase. The intangible assets represent the cost of the new membership system which went live in July 2016.

18. Tangible fixed assets

	Furniture, fixtures and fittings £	Office/computer equipment £	Total £
Cost			
At 1 January 2016	58,450	177,043	235,493
Additions	57,139	28,653	85,792
Disposals	(1,087)	(21,994)	(23,081)
At 31 December 2016	<u>114,502</u>	<u>183,702</u>	<u>298,204</u>
Depreciation			
At 1 January 2016	46,975	77,385	124,360
Charged in year	8,570	39,291	47,861
On disposals	(984)	(13,781)	(14,765)
At 31 December 2016	<u>54,561</u>	<u>102,895</u>	<u>157,456</u>
Net Book Value at 31 December 2016	<u>59,941</u>	<u>80,807</u>	<u>140,748</u>
Net Book Value at 31 December 2015	<u>11,475</u>	<u>99,658</u>	<u>111,133</u>

**SCOTTISH NATIONAL PARTY
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18. Tangible fixed assets (continued)

Included above are assets held under finance leases or hire purchase contracts as follows:

	Office/computer equipment £
Net book values	
At 31 December 2016	<u>-</u>
At 31 December 2015	<u>9,951</u>
Depreciation charged for period	
Year ended 31 December 2016	<u>-</u>
Year ended 31 December 2015	<u>2,488</u>

The asset held within tangible assets under hire purchases was disposed of during the year.

19. Fixed asset investments

	Unlisted investments £
At 31 December 2015 and 31 December 2016	<u><u>479</u></u>

20. Debtors

	2016 £	2015 £
Due within one year		
Trade debtors	90,720	86,455
Other debtors	81,435	90,828
Prepayments and accrued income	45,496	244,299
Total	<u><u>217,651</u></u>	<u>421,582</u>

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21. Creditors

	2016 £	2015 £
Amounts falling due within one year		
Trade creditors	332,498	103,451
Accrual and deferred income	149,416	183,958
Social security and other taxation	65,751	36,564
Amounts owed to accounting units	626,430	514,534
Loans from accounting units	18,504	26,630
Other creditors	12,848	7,980
Loans from individual members	500,000	-
Hire purchase/finance lease creditor	129,972	93,594
Total falling due within one year	1,835,419	966,711

	2016 £	2015 £
Amounts falling due after more than one year		
Hire purchase/finance lease creditor	431,155	397,093
Total falling due after more than one year	431,155	397,093
Total liabilities	2,266,574	1,363,804

22. Loans

	2016 £	2015 £
Amounts outstanding on loans taken out in prior years	18,504	23,380
Amounts outstanding on loans taken out in current year	500,000	3,250
Total	518,504	26,630

Loans outstanding are made up of loans from accounting units and loans from individual members.

**SCOTTISH NATIONAL PARTY
NOTES TO THE FINANCIAL STATEMENTS
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23. Reserves

	Total £
At 1 January 2016	70,743
Surplus/(Deficit) for the year	<u>(1,301,007)</u>
At 31 December 2016	<u>(1,230,264)</u>

24. Leasing Commitments

The Party's future minimum operating lease payments are as follows:

	2016 £	2015 £
Within one year	39,640	39,640
Between one and five years	<u>56,157</u>	<u>95,797</u>

25. Related party transactions

The Party has entered into the following transactions with its (non-consolidated) accounting units and members:

a) Loans from accounting units	£
Loans payable at 1 st January 2016	26,630
Movement (net) in year	<u>(8,126)</u>
Loans payable at 31 st December 2016	<u>18,504</u>
b) Loans from individual members	
Loans payable at 1 st January 2016	-
Movement (net) in year	<u>500,000</u>
Loans payable at 31 st December 2016	<u>500,000</u>
c) Branch dividend amounts due to branches	
Due at 1 st January 2016	514,534
Movement (net) in year	<u>111,896</u>
Due at 31 st December 2016	<u>626,430</u>

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26. Reconciliation of (deficit)/surplus to cash flow from operating activities

	2016 £	2015 £
(Deficit)/surplus for the year	(1,301,007)	555,495
Corporation tax charge	2,024	-
Income from fixed asset investments	(5,152)	(6,287)
Interest receivable	(492)	(703)
Interest payable	39,622	4,171
Depreciation of tangible assets	47,861	44,052
Amortisation of intangible assets	62,203	-
Loss on disposal of fixed assets	4,281	2,977
Conversion of loans to donations	-	(22,360)
Decrease in stock	-	11,984
Decrease/(increase) in debtors	203,931	(163,753)
Increase/(decrease) in creditors	289,541	47,295
	<hr/>	<hr/>
Cash flow from operating activities	(657,188)	472,871