

LETTER OF REPRESENTATION

Chiene + Tait LLP
Chartered Accountants and Statutory Auditor

Dear Sirs

SCOTTISH LIBERAL DEMOCRATS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

We confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the following representations to you.

1 General

- (a) We acknowledge as Convenors our responsibility under the Political Parties, Elections and Referendums Act 2000 ("the Act") for preparing financial statements which give a true and fair view and for making accurate representations to you.
- (b) All the accounting records and related financial data have been made available to you for the purpose of your audit, and all the transactions undertaken by the Party have been properly reflected and recorded in the accounting records. Accounting policies appropriate to the company have been adopted and disclosed. All other records and related information, including minutes of all management meetings have been made available to you.
- (c) All transactions with related parties have been disclosed in the financial statements. We have made available to you all relevant information concerning such transactions and are not aware of any other matters which require disclosure in order to comply with the requirements of the act. All information relating to the control of the Party has been properly stated in the financial statements.

2 Laws and regulations

- (a) All events of which the Convenors are aware which involve irregularities (or allegations of irregularities), including fraud, involving management or employees of the Company have been disclosed to you, together with the actual or contingent consequences which may arise therefrom.
- (b) The Convenors are not aware of any breaches or possible breaches of statute, regulations, contracts or agreements or the Party's Constitution which might prejudice the Company's going concern status or that might result in the Company suffering significant penalties or other loss. No allegations of such breaches have come to our notice.

3 Internal Control

- (a) We acknowledge our responsibility for the design and implementation of internal control systems to prevent and detect fraud and error. We acknowledge that the financial statements may be misstated as a result of fraud and have disclosed to you the results of our risk assessment that assesses this risk and the controls that are in place in order to minimise the risk.
- (b) We are not aware of any irregularities (or allegations of irregularities), involving management, employees who have a significant role in internal control or others that could have a material effect on the financial statements.

4 Assets

- (a) No item properly chargeable to revenue is included.
- (b) The Party has satisfactory title to all assets and there are no liens or encumbrances on the Party's assets, except those that are disclosed in the notes to the financial statements.
- (c) All current assets are expected to realise in the ordinary course of business at least the amounts at which they are stated. In particular, adequate provision has been made against debts which are, or may become, irrecoverable.
- (d) The Convenors have reviewed the net book value of assets and are not aware of any event, which would indicate that there had been impairment in value.
- (e) We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

5 Liabilities

- (a) All known liabilities of the Party at the above date are included in the Balance Sheet.
- (b) Adequate provision has been made for all known contingencies where the probable loss can be assessed with reasonable accuracy. We specifically confirm that all claims in connection with litigation that have been, or are expected to be, received have been adequately disclosed to you and accrued for in the financial statements.
- (c) All commitments of the Party of a material amount, whether of a capital or revenue nature, have been disclosed to you and adequate provision has been made for any loss expected to result therefrom.
- (d) We are not aware of any breaches of covenants or terms on any bank or loan facilities.
- (e) The Party has not had or entered into at any time during the year, any arrangement, transaction or agreement to provide credit facilities (including advances and credits granted by the Party) for Convenors nor to provide guarantees or security of any kind on behalf of the Convenors, other than those disclosed in the financial statements.

6 Accounting Estimates

Significant assumptions used by us in making accounting estimates, including any measured at fair value, are reasonable.

7 Profit and loss account

Except as already disclosed to you, the results for the year were not materially affected by transactions of a nature not usually undertaken by the Party.

8 Shortages or Irregularities

The financial statements are free of material misstatements, including omissions. Any shortage or irregularity of a material amount has been disclosed to you.

9 Unadjusted differences

We have not made adjustments for the differences identified by your audit as listed in the attached summary as they are not considered material.

10 Going concern

We confirm that the Party's financial statements should be prepared on a going concern basis on the grounds that the current and future sources of funding will be adequate for the Party's needs. We have considered a period of twelve months from the date of approval of the financial statements. There is no reason to believe that the Party will have to cease its operations within at least twelve months from the date of approval of the financial statements as a result of inadequate financial resources or any other foreseeable event. We confirm that no further disclosures relating to the Party's ability to continue as a going concern require to be made in the financial statements.

11 Events subsequent to the balance sheet date

Since the balance sheet date no events have occurred or discovery made which has not been disclosed to you which necessitate revision of the figures included in the financial statements or inclusion of a note thereto. Should further material events occur we will advise you accordingly.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware.

Each Convenor has taken all the steps that he ought to have taken as a Convenor in order to make himself aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully

For and on behalf of the Office Bearers of

SCOTTISH LIBERAL DEMOCRATS

.....
Treasurer 

25/3/17
.....
Date

.....
Convenor 

25/3/2017
.....
Date

Scottish Liberal Democrats
Year ended 31 December 2016
Unadjusted Differences Schedule

	DR	CR	Surplus Effect (£)
1 Expenditure	6,777		(6,777)
Donations and appeals		6,777	6,777

Reallocation of expenditure included in donations and appeals of £6,777 to expenditure.

2 Donations payable	9,000		(9,000)
Donations and appeals		9,000	9,000

Reallocation of donations paid by the Scottish Liberal Democrats to other local parties amounting to approximately £9,000 currently recorded against donations.

Total of unadjusted differences **nil**

SCOTTISH LIBERAL DEMOCRATS
ANNUAL REPORT and FINANCIAL STATEMENTS
Year ended 31 December 2016

SCOTTISH LIBERAL DEMOCRATS

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SCOTTISH LIBERAL DEMOCRATS

PARTY INFORMATION

	Party Officers	Tenure
Leader:	Willie Rennie MSP	May 2011 - present
Treasurer:	Caron Lindsay	January 2012 - present
Convenor:	Sheila Thomson	January 2016 - present

Party Headquarters 4 Clifton Terrace
Edinburgh
EH12 5DR

Accountants Scott-Moncrieff


Auditor Chiene + Tait LLP
Chartered Accountants and Statutory Auditor


SCOTTISH LIBERAL DEMOCRATS

REPORTS of the PARTY OFFICERS

Year ended 31 December 2016

Convener's Introduction

2016 was a busy year with the Scottish elections and the European referendum. It has also been a year where world politics has seen strides to and from Liberalism with Trudeau's first year in government in Canada and Trump's win in the USA.

The Scottish elections saw us maintain our total of five MSPs though this was not a stand-still election for us as we increased our number of constituency MSPs to four with Willie Rennie taking North East Fife, Alex Cole-Hamilton taking Edinburgh Western and Liam McArthur and Tavish Scott increasing their majorities in their island seats. We continue to hold a North East Scotland regional seat with Mike Rumbles taking up the baton for the region. Many other candidates across Scotland fought hard battles to promote Liberalism across the country and the Scottish Executive is grateful to all who stood under the party banner.

There was no time to waste after the Scottish Elections with the EU referendum taking place just seven weeks later. The Scottish Liberal Democrats rose to the challenge and were the only party to campaign with vigour. The SNP, for all its claims to be supportive of the EU, spent only as much on its campaign as it did in the Glenrothes by-election in 2008. Scotland, of course, voted overwhelmingly to remain in Europe though the result over the whole of the UK was to leave. We now find ourselves with a Conservative government driving us out of the EU on the most difficult road possible. Since the vote, as parties and people have positioned themselves, we remain the only party committed to the UK, the EU and progressive politics.

We have also had a number of Scottish Council by-elections including a great win for Trish Robertson who took her Highland seat from Labour. Thanks to all who have stood in the by-elections and we look forward to capitalising on these campaigns as we move towards the 2017 council elections.

This year the Scottish Exec held a workshop to look at the role of the exec and the workload going forward. This has led to the setting up of a strategic review group which will bring forward a report to the Executive during this next year and the results will be shared with members.


As with all years we have lost strong members across a number of local parties and tributes have been paid locally to them. Amongst those we have lost was Helen Watt who was not only a stalwart of her local party and Jo Swinson's and Katy Gordon's campaigns but also in the Scottish Party. Helen had been a member of a number of Scottish committees over the years including the Scottish Executive and served as Conference Convener from 2004-8. She will perhaps be best remembered for her strong commitment and years of service to Scottish Liberal Democrat Women.

We have also said farewell to Gurudeo Saluja, who also served on the Scottish Executive for many years. Gurudeo is the only Asian to have been elected as councillor on Aberdeenshire Council and our only Sikh member to have served on any council in Scotland.

It is important that we continue to work on our diversity representation and build on the work of Helen and others as we move forward. The Scottish Executive is actively working towards this goal and I would like to thank Millicent Ragnhild Scott Brooks for the support she offered during her time as our diversity champion. Millicent has now moved to Brussels and we wish her well for the future. We have recently set up a new diversity working group to support the Executive in our aim to increase diversity across the party.

I also thank Dan Farthing-Sykes for his work as Campaigns and Candidates Convener. He stepped down to concentrate on his council campaign and Alan Reid has taken over that role.

The Executive would also like to thank all who have worked for the party during the last year and our small staff team who work really hard to support the organisation and work of the party.


Sheila Thomson
Party Convener

Scottish Liberal Democrats

SCOTTISH LIBERAL DEMOCRATS

REPORTS of the PARTY OFFICERS (Contd.)

Year ended 31 December 2016

Administrative Information

Committees

The following committees operate within the Scottish Liberal Democrats to oversee and manage the organisation's business. Each Committee's terms of reference are contained within the Party's constitution. In 2016 the Conveners of the respective committees were:

		Appointed	Resigned
Party Convener	Sheila Thomson	01/01/16	
Finance and Membership	Caron Lindsay		
Campaigns and Candidates	Alan Reid	10/09/16	
Campaigns and Candidates	Dan Farthing-Sykes	01/01/16	09/09/16
Policy	Isobel Davidson	01/01/16	
Conference	Jenni Lang	01/01/16	

Elected Representatives

There was 1 Scottish Liberal Democrat MP:

Alistair Carmichael

There were 5 Scottish Liberal Democrat MSPs:

Alex Cole-Hamilton	Liam McArthur	Mike Rumbles
Willie Rennie	Tavish Scott	

Staffing

The key permanent members of staff at 31 December 2016 were:

Party Manager	Linda Wilson
Admin Assistant	Colum Bannatyne

Membership

As at 31 December 2016 the membership of the Scottish Liberal Democrats stood at 3,903 members compared with 3,885 at the end of 2015.

Accounting Units

The Scottish Liberal Democrats have 42 accounting units registered with the Electoral Commission through the Federal Party.

SCOTTISH LIBERAL DEMOCRATS

REPORTS of the PARTY OFFICERS (Contd.)

Year ended 31 December 2016

Treasurer's Report 2016

As the electoral cycle reached its climax with the Holyrood elections, we had planned for a significant deficit. However, a successful fundraising effort and better than expected membership subscriptions with a mini-surge of new members at the end of the year led to a small surplus.

The Scottish Party was able to invest significantly in the Holyrood election campaign which enabled us to perform much better than most commentators expected. Few would have predicted that we would gain constituency seats from the SNP.

We were delighted to welcome more new members. Our membership at year end was 3,903. It has been so good to see so many of those who have joined us in the last two years speaking at Conference, taking office in local parties and standing for election at both parliamentary and council level.

We are continuing with the new incentive scheme which gives local parties a significant proportion of members' subscriptions provided their membership grows. We are pleased that the Federal Party has hastened its payment of these rebates. We will continue to prioritise recruitment and retention of members as they are so important to the party, not just for their subscription income, but for their tireless work on councils, in parliaments, knocking on doors, campaigning, making policy and fundraising.

Our budget this year projects another moderate deficit to enable us to give the local election campaign as much support as we can. We believe that we have struck the right balance between investment and future sustainability.

My thanks this year are particularly heartfelt as staff and fellow office bearers had to step into the breach during my extended absence at the end of the year due to family illness.

Linda Wilson, our indefatigable party manager, has, as ever, provided wise counsel, prudent management of resources and persistent advocacy on behalf of the Scottish Party. Colum Bannatyne, our Admin Assistant, never fails to respond to my persistent requests for information. Our campaign staff, Adam Stachura and Paul Moat make creative use of our campaigns resources. This year, we lost the digital expertise of Greg Foster but are delighted that he is performing that role for the Federal Party.

I am grateful to the Finance and Membership Committee for their guidance and wisdom as we set our financial priorities for the year ahead and built a budget to meet them. The Committee meets at key times in the financial year to sign off on the audit, review the accounts, prepare the budget for the next financial year and concentrate on increasing membership.

Scott-Moncrieff our accountants, have provided an excellent service to ensure that our accounting procedures and internal controls are strong and compliant with all relevant legislation. This year their book-keeper Ian Tolmie, left and we thank him for his work over the years.

On behalf of the Executive



Ca
Treasurer

11 March 2017

SCOTTISH LIBERAL DEMOCRATS

STATEMENT of TREASURER'S RESPONSIBILITIES

Year ended 31 December 2016

The 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 the surplus/deficit of the party for that period. In preparing those financial statements the 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;
- 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 the Treasurer to be responsible for keeping adequate accounting records that are sufficient to show and explain the party's transactions disclose with reasonable accuracy at any time the financial position of the party and enable them to ensure that the financial statements comply with the Act. She 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.

SCOTTISH LIBERAL DEMOCRATS

**INDEPENDENT AUDITOR'S REPORT TO THE TREASURER OF
SCOTTISH LIBERAL DEMOCRATS**

We have audited the financial statements of the Scottish Liberal Democrats for the year ended 31 December 2016 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, and the 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).

This report is made solely to the treasurer of the Scottish Liberal Democrats 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 treasurer 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 treasurer, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the treasurer and auditor

As explained more fully in the Statement of Treasurer's Responsibilities set out on page 6, the 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

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Party's affairs as at 31 December 2016 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 accounting policies set on page 10 and the requirements of the Political Parties, Elections and Referendums Act 2000.

Opinion on other matters

In our opinion the information given in the reports of the Party officers are consistent with the financial statements.

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CHIENE + TAIT LLP

Chartered Accountants and Statutory Auditor

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31 March 2017

SCOTTISH LIBERAL DEMOCRATS

INCOME AND EXPENDITURE ACCOUNT

Year ended 31 December 2016

	2016	2015
	£	£
Income		
Subscriptions	182,757	155,806
Donations and appeals	147,644	103,783
Conference income	48,856	57,198
Draws and raffles	225	338
Sale of resources	80,754	100,630
Legacy	177,427	60,830
Rental income	1,308	2,380
Notional income	20,016	19,962
Recharges to local parties	33,754	56,524
Interest Received	237	-
Policy development fund grant	25,000	25,000
Grants received	54,006	31,271
	<u>771,984</u>	<u>613,722</u>
Expenditure		
Conference costs	33,109	34,530
Election costs	192,212	160,184
Party costs	14,172	24,127
Membership admin fees	42,546	51,252
Licences	13,517	13,808
Staff costs	181,353	257,209
Pensions	6,266	6,668
Rent and rates	15,000	15,000
Notional expenditure	20,016	19,962
Property maintenance	2,885	3,688
Heat, light and water rates	2,555	2,818
Insurance	639	663
Travel and accommodation	1,351	1,369
Staff development	45	190
Postage and printing	28,719	84,115
Stationery	1,603	7,176
Telephone and email	2,030	3,979
Equipment hire and rental	6,735	5,452
Bank charges and interest	1,311	931
Depreciation	2,189	2,050
Miscellaneous and sundry expenses	320	738
IT support	4,395	4,200
Consultancy fees	-	8,500
Payroll services	2,452	3,188
Professional fees	16,243	15,662
	<u>591,663</u>	<u>727,459</u>
Net surplus/(deficit) for year	<u>180,321</u>	<u>(113,737)</u>

There are no gains or losses recognised during the year other than those realised in the income and expenditure account.

The notes on pages 10 to 14 form part of this annual report.

SCOTTISH LIBERAL DEMOCRATS

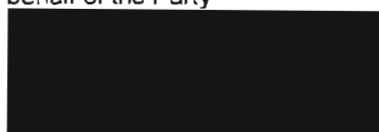
BALANCE SHEET

As at 31 December 2016

	Notes	2016		2015	
		£	£	£	£
Fixed assets					
Tangible	6		3,209		5,398
Current assets					
Trade debtors		11,170		9,209	
Other debtors	7	8,006		13,053	
Cash at bank		366,521		243,214	
		<u>385,697</u>		<u>265,476</u>	
Creditors: amounts falling due within one year	8	<u>(14,844)</u>		<u>(77,133)</u>	
Net current assets			<u>370,853</u>		<u>188,343</u>
Net assets			<u>374,062</u>		<u>193,741</u>
Reserves					
Funds - General	10	196,635		193,741	
Funds - Restricted	10	177,427		-	
Net funds		<u>374,062</u>		<u>193,741</u>	

The financial statements were approved by the Party on *11 March* 2017.

Signed on behalf of the Party



..... Treasurer

The notes on pages 10 to 14 form part of this annual report

SCOTTISH LIBERAL DEMOCRATS

CASH FLOW STATEMENT

Year ended 31 December 2016

	2016	2015
	£	£
Reconciliation of operating profit to net cash Inflow from operating activities		
Operating surplus/(deficit)	180,321	(113,737)
Depreciation of tangible fixed assets	2,189	2,050
Decrease/(Increase) in debtors	3,086	(4,501)
(Decrease)/increase in creditors	(62,289)	44,476
Net cash inflow/(outflow) from operating activities	<u>123,307</u>	<u>(71,712)</u>
Cash flow statement (note 11)		
Net cash inflow/(outflow) from operating activities	123,307	(71,712)
Capital expenditure	-	(3,643)
Increase/(decrease) in cash	<u>123,307</u>	<u>(75,355)</u>
Reconciliation of net cash flow to movement in net funds/(debt) (note 12)		
Increase/(decrease) in cash in the year	123,307	(75,355)
Change in net funds	<u>123,307</u>	<u>(75,355)</u>
Net funds at 1 January 2016	<u>243,214</u>	318,569
Net funds at 31 December 2016	<u>366,521</u>	<u>243,214</u>

The notes on pages 10 to 14 form part of this annual report.

SCOTTISH LIBERAL DEMOCRATS

NOTES to the FINANCIAL STATEMENTS

Year ended 31 December 2016

1 Accounting policies

(a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards, applicable law and the Statement of Accounts Guidance Notes issued by the Electoral Commission.

(b) Going concern

The financial statements have been prepared on a going concern basis. The executive committee has assessed the party's ability to continue as a going concern and have reasonable expectation that the party has adequate resources to continue in operational existence for the foreseeable future and thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

(c) Income

Donations of monetary assets 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 donation received with an expense of the same amount being recognised contemporaneously.

Membership and subscription fees are recognised on a receipt basis.

Revenue grants are recognised in the income and expenditure account in the year they are receivable.

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.

Interest receivable is recognised in the income and expenditure account on an accruals basis.

(d) Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Computer equipment	25% straight line
Office equipment	25% straight line

(e) Finance leases and hire purchase

Assets acquired under finance leases or hire purchase are treated as tangible fixed assets and depreciation is provided accordingly. The present value of future rentals is shown as a liability and the interest element of rental obligations is charged to the income and expenditure account over the period of the lease in proportion to the capital balance outstanding.

(f) Operating leases

Operating lease rentals are charged to the income and expenditure account on a straight line basis over the lease term.

(g) Pensions

The party makes payments to the personal defined contribution pension schemes of key employees and the pension charge represents the amounts payable by the party to these funds for the year.

SCOTTISH LIBERAL DEMOCRATS

NOTES to the FINANCIAL STATEMENTS (Contd.)

Year ended 31 December 2016

2 Income

All income arose within the United Kingdom.

3 Operating surplus/(deficit)

The operating surplus/(deficit) is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	2,189	2,050
Audit fees	3,995	3,650
Operating lease rentals:		
- plant & machinery	2,380	4,289
- property	15,000	15,000
	<u>187,619</u>	<u>263,877</u>

4 Party officers

No party officers (2015 - none) were members of the party pension schemes and no party officers earned greater than £50,000 in the year (2015 - none).

5 Staff costs

Staff costs were as follows:

	2016	2015
	£	£
Wages and salaries	175,317	246,710
Social security costs	6,036	10,499
Other pension costs	6,266	6,668
	<u>187,619</u>	<u>263,877</u>

The average monthly number of employees, including party officers, during the year was:

	No	No
Party officers (as defined by PPERA)	5	8
Finance staff	1	1
Admin staff	1	1
Operations	-	3
Campaigns	4	3
	<u>11</u>	<u>16</u>

SCOTTISH LIBERAL DEMOCRATS

NOTES to the FINANCIAL STATEMENTS (Contd.)

Year ended 31 December 2016

6 Tangible fixed assets

	Computer equipment £	Office equipment £	Total £
Cost			
At 1 January 2016 and 31 December 2016	<u>17,383</u>	<u>11,525</u>	<u>28,908</u>
Depreciation			
At 1 January 2016	14,962	8,548	23,510
Charge for year	<u>1,203</u>	<u>986</u>	<u>2,189</u>
At 31 December 2016	<u>16,165</u>	<u>9,534</u>	<u>25,699</u>
Net book value			
At 31 December 2016	<u>1,218</u>	<u>1,991</u>	<u>3,209</u>
At 31 December 2015	<u>2,421</u>	<u>2,977</u>	<u>5,398</u>

7 Debtors

	2016 £	2015 £
Due within one year		
Other debtors	7,589	12,201
Prepayments	<u>417</u>	<u>852</u>
	<u>8,006</u>	<u>13,053</u>

8 Creditors

	2016 £	2015 £
Amounts falling due within one year		
Trade creditors	2,976	7,469
Other taxation and social security	546	4,913
Outstanding pension contributions	2,394	3,445
Other creditors and accrued income	<u>8,928</u>	<u>61,306</u>
	<u>14,844</u>	<u>77,133</u>

SCOTTISH LIBERAL DEMOCRATS

NOTES to the FINANCIAL STATEMENTS (Contd.)

Year ended 31 December 2016

9 Lease commitments

The following operating lease payments are committed to be paid as follows:

	2016	2015
	£	£
Within one year	-	-
Between one and five years	22,770	41,149
In more than five years	-	-
	<u>22,770</u>	<u>41,149</u>

10 Reserves

	£	£	£
	General	Restricted	Total
At 1 January 2016	193,741	-	193,741
Surplus for the year	2,894	177,427	180,321
At 31 December 2016	<u>196,635</u>	<u>177,427</u>	<u>374,062</u>

The restricted fund is to be used in the western district of Edinburgh.

11 Gross cash flows

	2016	2015
	£	£
Capital expenditure		
Payments to acquire tangible fixed assets	<u>-</u>	<u>3,643</u>

12 Analysis of changes in net debt

	At 1 January 2016	Cash flows	At 31 December 2016
	£	£	£
Cash at bank and in hand	243,214	123,307	366,521
Total	<u>243,214</u>	<u>123,307</u>	<u>366,521</u>

13 Transactions with related parties

Other debtors includes £5,519 (2015: £36,262 Creditor) due to the Federal Party. The maximum amount outstanding during the year was £80,233.

Trade debtors includes £9,605 (2015: £9,029) due from local parties. The maximum amount outstanding during the year was £34,911.

David Ogilvie is a member of the party and his firm provides accounting services to the party at a discount price. The total amount of services is £14,700 (2015: £15,200) with a gift in kind of £4,900 (2015: £5,067) declared.

SCOTTISH LIBERAL DEMOCRATS

NOTES to the FINANCIAL STATEMENTS (Contd.)

Year ended 31 December 2016

14 Notional expenditure and Income

The state party was given the use of office premises at a discounted rental value of £1,250 per month. The commercial rent for the premises is £2,918 per month resulting in a saving of £20,016. These are included as notional expenditure and notional income in the Income and expenditure account.

15 Grants

During the year the state party received £25,000 (2015: £25,000) of funding from the Federal Party under the Policy Development Fund for work done on policy development and £54,006 (2015: £31,271) from the Federal Party towards election costs.

16 Donations

During the year the state party received and reported £272,043 (2015: £181,269) of permissible donations greater than £500 to the Electoral Commission under section 54 of the Political Parties, Elections and Referendums Act.