

SCOTTISH LIBERAL DEMOCRATS
ANNUAL REPORT and FINANCIAL STATEMENTS
Year ended 31 December 2018

SCOTTISH LIBERAL DEMOCRATS

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SCOTTISH LIBERAL DEMOCRATS

PARTY INFORMATION

	Party Officers	Tenure
Leader:	Willie Rennie MSP	May 2011 – Present
Treasurer:	Sanne Dijkstra-Downie	January 2018 – Present
Convenor:	Sheila Ritchie	January 2018 – Present

Party Headquarters

4 Clifton Terrace
Edinburgh
EH12 5DR

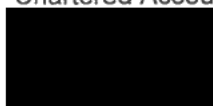
Accountants

Scott-Moncrieff



Auditor

Chiene + Tait LLP
Chartered Accountants and Statutory Auditor



SCOTTISH LIBERAL DEMOCRATS

REPORTS of the PARTY OFFICERS

Year ended 31 December 2018

Convener's introduction

2018 was a consolidating year for the Scottish Liberal Democrats, after 4 years' of inexorable election/referendum campaigning. You could practically hear the universal sigh of relief.

The focus in this job has been on administration and organisation. We have started and completed a suite of activities. Created, with great thanks to Cllr Carolyn Caddick, a full pack of HR documentation, introduced management systems to ensure the wheel does not have to be reinvented annually, employed an admin assistant (whose part time post has since been extended to fulltime to ensure adequate support for fundraising activities), adoption of a work plan for the Scottish Executive, setting two year strategies for all Standing Committees areas, launching a diversity campaign and helping local parties fight the odd council by-election. We negotiated a new and better financial deal with London, and were involved in introducing the new Federal Disciplinary system.

We've been lucky enough to welcome Megan Wiseman to the admin role, Paul Moat was promoted to Head of Campaigns for Scotland, and Cllr James Calder then joined the Clifton Terrace team as Campaign Officer. With help from ALDC we've since rejigged his role a bit, with help from the Trust for Scottish Democracy, we are currently advertising for a Digital Campaigner.

Massive thanks are due to all the by election candidates, whether those who sacrificed weeks of their lives in immense efforts, win or lose (and especially, Denis Rixson, our winner in Caol and Mallaig), or those who ventured into areas slightly less populated with Liberal Democrats, and flew the flag.

We had two Scottish Conferences, successful both politically and financially, a good sized Scots contingent at Federal Conference in Brighton, with lots of Scottish participants in debates, punching well above our weight.

Politically, the whole year has been about Brexit. We have spent a fair amount of energy trying to be ready in case a General Election is called. We still need candidates in some places. Please come forward. We are trying to be ready for a People's Vote campaign.

I would like to thank all the Officebearers, the exec, the staff, the volunteers and you, the member, without whom nothing would happen.

Sheila Ritchie
Convener

Scottish Liberal Democrats

Date: 24/06 / 2019

SCOTTISH LIBERAL DEMOCRATS

REPORTS of the PARTY OFFICERS (continued)

Year ended 31 December 2018

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 2018 the Conveners of the respective committees were:

		Appointed	Resigned
Party Convener	Sheila Ritchie	01/01/18	
Finance and Membership	Sanne Dijkstra-Downie	01/01/18	
Campaigns and Candidates	Alan Reid	10/09/16	
Policy	Isobel Davidson	01/01/16	
Conference	Paul McGarry	01/01/18	

Elected Representatives

There were 4 Scottish Liberal Democrat MPs at the beginning of 2018:

Alistair Carmichael, Christine Jardine, Jamie Stone and Jo Swinson

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 for the year to 31 December 2018 were:

		Appointed	Resigned
Party Manager	Jenny Wilson	18/09/17	
Admin Assistant	Megan Wiseman	25/06/18	
Campaigns Organiser	James Calder	31/05/18	

Membership

As at 31 December 2018 the membership of the Scottish Liberal Democrats stood at 4,085 members compared with 4,152 at the end of 2017.

Accounting Units

The Scottish Liberal Democrats have 40 accounting units registered with the Electoral Commission through the Federal Party.

SCOTTISH LIBERAL DEMOCRATS

REPORTS of the PARTY OFFICERS (continued)

Year ended 31 December 2018

Treasurer's Report 2018

The year 2018 was a year with no elections (with the exception of a small number of council by-elections) or referendums. The accounts reflect this with both lower fundraising and other election-related income and lower expenditure across a range of election-related budget lines. Thanks to prudent financial management by the team at Clifton Terrace, we have ended the year with a healthy surplus. Part of these funds will be re-invested in much-needed new RISO equipment in 2019.

The accounts show a decrease in membership income. This is in part the result of a Federal membership software glitch which affected membership renewal payments. The glitch was spotted and corrected at the end of the year, and the majority of outstanding renewals are being recovered, but this came too late for the 2018 accounts and some of the funds will come in with the 2019 subscriptions.

During 2018, we negotiated a change in our financial relationship with the Federal Party. In recognition of the additional costs associated with running a state party HQ and the need to develop separate Scottish policy, the Federal Party has agreed to pay to the Scottish Party (as well as the Welsh party) an annual Additional Costs Grant. In return, the Scottish party signed up to the Federal Levy on membership income. This new arrangement results in a significant net positive outcome for the Scottish Party, and will take effect in 2019.

I would like to give special thanks to Jenny Wilson, our Party Manager. She has been a tremendous source of help, advice and good humour during my first year as Party Treasurer. In particular, I appreciated her careful preparation for the budget round, which resulted in a very smooth process.

The Finance and Membership Committee have once again provided their guidance and wisdom to the Treasurer. I am grateful both to those members who agreed to continue to serve on the Committee this year, and those who joined as new members. Their experience across a wide range of areas from campaigning to membership development has been invaluable. As in previous years, the Committee met 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 and diversifying our party's membership. I look forward to working with them again in the year to come.

I would also like to thank our accountants, Scott-Moncrieff, and in particular Sheila Muirhead who prepared the accounts, and whose services throughout the year have been of enormous benefit to the Party. Thanks also to our auditors, Chiene + Tait who have provided an efficient service.

On behalf of the Executive



Sannie Dijkstra-Downie
Treasurer

19/06/2019

SCOTTISH LIBERAL DEMOCRATS

STATEMENT of TREASURER'S RESPONSIBILITIES

Year ended 31 December 2018

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.

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

The 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 Treasurer has taken all steps she ought to have taken to make herself 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 Treasurer is not aware of any relevant information of which the auditor is unaware.

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



Opinion

We have audited the financial statements of the Scottish Liberal Democrats (the "Party") for the year ended 31 December 2018 which comprise the Income and Expenditure Account, the Balance Sheet, the Cashflow Statement and notes to the financial statements, including a summary of significant accounting policies. 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 Northern Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the Party's affairs as at 31 December 2018, 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Party in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Treasurer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Party's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Treasurer is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE TREASURER OF
SCOTTISH LIBERAL DEMOCRATS (continued)



Responsibilities of the Treasurer

As explained more fully in the Treasurer's responsibilities statement [set out on page ...], the Treasurer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Treasurer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the Party's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Treasurer either intends to liquidate the Party or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

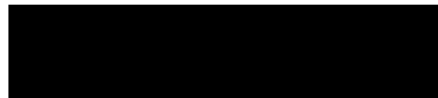
We have been appointed under section 43 of the Political Parties, Elections and Referendums Act 2000 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Treasurer, 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.



CHIENE + TAIT LLP
Chartered Accountants and Statutory Auditor



26 June 2019

SCOTTISH LIBERAL DEMOCRATS

INCOME AND EXPENDITURE ACCOUNT

Year ended 31 December 2018

	2018	2017
	£	£
Income		
Subscriptions	166,473	179,178
Donations and appeals	40,293	78,447
Conference income	31,149	38,505
Sale of resources	434	27,292
Rental income	4,714	2,796
Notional income	20,543	20,206
Recharges to local parties	3,581	3,040
Interest Received	374	304
Policy development fund grant	25,000	25,000
Grants received	-	49,899
	292,561	424,667
Expenditure		
Conference costs	29,338	30,692
Election costs	2,810	121,584
Diversity Campaign Fund	7,457	6,323
Party costs	8,522	15,877
Membership admin fees	31,725	51,257
Licences	13,371	13,760
Staff costs	86,199	108,225
Pensions	4,147	2,549
Rent and rates	15,000	15,000
Notional expenditure	20,543	20,206
Property maintenance	3,061	2,845
Heat, light and water rates	2,829	2,552
Insurance	618	649
Travel and accommodation	3,463	963
Staff development	289	1,269
Postage and printing	4,734	17,637
Stationery	1,292	4,698
Telephone and email	2,318	1,142
Equipment hire and rental	5,155	7,635
Bank charges and interest	1,393	1,464
Depreciation	1,532	1,773
Miscellaneous and sundry expenses	885	170
Bad debts	3,797	-
Irrecoverable VAT	-	7,645
IT support	3,360	4,193
Professional fees	14,035	19,635
	267,873	459,743
Net surplus/(deficit) for year	24,688	(35,076)

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

The notes on pages 11 to 14 form part of this annual report.

SCOTTISH LIBERAL DEMOCRATS

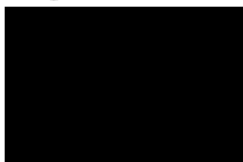
BALANCE SHEET

As at 31 December 2018

	Notes	2018	2017
		£	£
Fixed assets			
Tangible	6	1,289	1,915
Current assets			
Trade debtors		256	5,752
Other debtors	7	50,430	47,834
Cash at bank		325,455	291,787
		<u>376,141</u>	<u>345,373</u>
Creditors: amounts falling due within one year	8	<u>(13,756)</u>	<u>(8,302)</u>
Net current assets		<u>362,385</u>	<u>337,071</u>
Net assets		<u>363,674</u>	<u>338,986</u>
Reserves			
Funds - General	10	232,656	206,756
Funds - Restricted	10	131,018	132,230
Net funds		<u>363,674</u>	<u>338,986</u>

The financial statements were approved by the Party on 19/6/2019.

Signed on behalf of the Party



Sanne Dijkstra-Downie
Treasurer

The notes on pages 11 to 14 form part of this annual report.

SCOTTISH LIBERAL DEMOCRATS

CASH FLOW STATEMENT

Year ended 31 December 2018

	2018 £	2017 £
Reconciliation of operating profit to net cash inflow from operating activities		
Operating surplus/(deficit)	24,688	(35,076)
Depreciation of tangible fixed assets	1,532	1,773
Decrease/increase) in debtors	2,900	(34,410)
Increase/(decrease) in creditors	5,454	(6,542)
Net cash (outflow)/ inflow from operating activities	34,574	(74,255)
Cash flow statement		
Net cash (outflow) inflow from operating activities	34,574	(74,255)
Capital expenditure	(906)	(479)
Increase/(decrease) in cash	33,668	(74,734)
Reconciliation of net cash flow to movement in net funds/(debt)		
Increase/(decrease) in cash in the year	33,668	(74,734)
Change in net funds	33,668	(74,734)
Net funds at 1 January 2018	291,787	366,521
Net funds at 31 December 2018	325,455	291,787

The notes on pages 11 to 14 form part of this annual report.

NOTES to the FINANCIAL STATEMENTS

Year ended 31 December 2018

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 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 (continued)

Year ended 31 December 2018

2 Income

All income arose within the United Kingdom.

3 Operating surplus/(deficit)

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

	2018	2017
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	1,532	1,773
Audit fees	3,900	3,850
Operating lease rentals:		
- plant & machinery	3,536	3,997
- property	15,000	15,000
	<u>15,000</u>	<u>15,000</u>

4 Party officers

No party officers (2017 - none) were members of the party pension schemes and no party officers earned greater than £50,000 in the year (2017 - none).

5 Staff costs

Staff costs were as follows:

	2018	2017
	£	£
Wages and salaries	85,097	107,588
Social security costs	1,102	637
Other pension costs	4,147	2,549
	<u>90,346</u>	<u>110,774</u>

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

	No	No
Party officers (as defined by PPERA)	3	4
Finance staff	1	1
Admin staff	1	1
Campaigns	5	4
	<u>10</u>	<u>10</u>

SCOTTISH LIBERAL DEMOCRATS

NOTES to the FINANCIAL STATEMENTS (continued)

Year ended 31 December 2018

6 Tangible fixed assets

	Computer equipment £	Office equipment £	Total £
Cost			
At 1 January 2018	17,862	11,525	29,387
Disposals	(1,044)	(168)	(1,212)
Additions	906	-	906
At 31 December 2018	<u>17,724</u>	<u>11,357</u>	<u>29,081</u>
Depreciation			
At 1 January 2018	16,954	10,518	27,472
Disposals	(1,044)	(168)	(1,212)
Charge for year	676	856	1,532
At 31 December 2018	<u>16,586</u>	<u>11,206</u>	<u>27,792</u>
Net book value			
At 31 December 2018	<u>1,138</u>	<u>151</u>	<u>1,289</u>
At 31 December 2017	<u>908</u>	<u>1,007</u>	<u>1,915</u>

7 Debtors

	2018 £	2017 £
Due within one year		
Other debtors	50,071	47,475
Prepayments	359	359
	<u>50,430</u>	<u>47,834</u>

8 Creditors

	2018 £	2017 £
Amounts falling due within one year		
Trade creditors	2,108	1,508
Other taxation and social security	1,803	1,158
Outstanding pension contributions	539	811
Other creditors and accrued income	9,306	4,825
	<u>13,756</u>	<u>8,302</u>

SCOTTISH LIBERAL DEMOCRATS

NOTES to the FINANCIAL STATEMENTS (continued)

Year ended 31 December 2018

9 Lease commitments

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

	2018	2017
	£	£
Within one year	18,536	18,536
Between one and five years	9,637	12,634
In more than five years	-	539
	<u>28,173</u>	<u>31,709</u>

10 Reserves

	£	£	£
	General	Restricted	Total
At 1 January 2018	206,756	132,230	338,986
Surplus/(deficit) for the year	25,900	(1,212)	24,688
At 31 December 2018	<u>232,656</u>	<u>131,018</u>	<u>363,674</u>

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

11 Transactions with related parties

Other debtors includes £47,462 (2017: £46,964) due from the Federal Party. The maximum amount outstanding during the year was £91,659.

Trade debtors includes £256 (2017: £4,312) due from local parties. The maximum amount outstanding during the year was £5,841.

██████████ is a member of the party and his firm provided accounting services to the party at a discount price during the year, until April 2018. The total amount of services discounted was £4,900 (2017: £14,700) with a gift in kind of £1,633 (2017: £4,900) declared.

12 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 £2,937 per month resulting in a saving of £20,244. These are included as notional expenditure and notional income in the income and expenditure account.

During the year the party was gifted a second hand printer, valued at £299.

13 Grants

During the year the state party received £25,000 (2017: £25,000) of funding from the Federal Party under the Policy Development Fund for work done on policy development and Enil (2017: £49,899) from the Federal Party towards election costs.

14 Donations

During the year the state party received and reported £50,077 (2017: £70,707) of permissible donations greater than £500 to the Electoral Commission under section 54 of the Political Parties, Elections and Referendums Act.