



Review 2018/19

Administrative Information

Organisational structures

Review of political activities

Corporate Governance

Financial Review

Statement of accounts 2018

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Party Officers

Registered officers under the Political Parties,
Elections and Referendums Act 2000 ("PPERA"):

Leader	Nicola Sturgeon
Nominating Officer	Peter Murrell
Treasurer	Colin Beattie

Party Headquarters

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

Auditors

Johnston Carmichael LLP, [REDACTED]

Bankers

[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 85 years.

The aims of the Party are:

- a) Independence for Scotland; that is the restoration of Scottish national sovereignty by restoration of full powers to the Scottish Parliament, so that its authority is limited only by the sovereign power of the people of Scotland to bind it with a written constitution and by such agreements as it may freely enter into with other nations or states or international organisations for the purpose of furthering international cooperation, world peace and the protection of the environment.
- b) the furtherance of all Scottish interests.

The SNP forms a minority Scottish Government, with 62 of 129 seats in the Scottish Parliament. We are the largest party in Scottish local government and hold most Scottish seats in the UK Parliament (35 out of 59) – making our party the third largest party in the House of Commons. We also hold three 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 organisations.

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

In August 2018 the SNP became the second largest in the UK by membership, after it overtook the Tories for the first time. Data from the House of Commons Library showed just under 125,500 registered members of the SNP, compared to 124,000 for the Conservatives.

Membership of the SNP had risen by around 7,000 in the second quarter of 2018, after its MPs walked out of the House of Commons en masse as part of a protest over the lack of time given to debate devolution issues connected to Brexit. By 31 December, SNP membership stood at 125,534.

SNP membership represents 3.2 per cent of the Scottish electorate. Combined membership of the Conservative, Labour and Liberal Democrat parties is around 1.6 per cent of the total UK electorate.

2. Organisational Structures

The Scottish National Party adopted a revised constitution in October 2018 to reform structures to accommodate the needs of a much larger membership and better reflect the diversity of the people of Scotland.

COMMUNITY ORGANISATIONS

The SNP organises at a local level around Scottish Parliament constituency boundaries. Each constituency has either a Constituency Association and a network of Branches or is formed into a single Constituency Branch. Constituency Associations tend to exist in larger geographical areas where there is a need for more than one branch within the boundary.

22 of the 73 Scottish Parliament constituencies presently operate as Constituency Branches. All Constituency Associations, Branches and Constituency Branches are registered as accounting units of the party under PPERA and have financial autonomy.

Branches and Constituency Branches

Branches form the organisational building block of the Scottish National Party. Each branch has office bearers who are elected at the Annual General Meeting. Branches are entitled to 25 per cent of membership subscriptions. This sum is known as the "branch dividend".

Branches are entitled to send delegates to National Conferences, Westminster Campaign Committees and Council Campaign Committees. The number of delegates is dependent on the number of members in the Branch.

Constituency Associations

In areas where there is a Constituency Association, this operates to co-ordinate campaigning and other organisational tasks across the Scottish Parliament constituency. Branches within the constituency may be levied to cover the costs of its operation.

Constituency Associations have delegate entitlement to National Conference in addition to the entitlement of the Branches in the area.

CAMPAIGN ORGANISATIONS

Regional Steering Committees

These were created under the revised constitution and will begin meeting in the second half of 2019.

Regional Steering Committees will cover one of the eight Scottish Parliament electoral regions. The role of the Regional Steering Committees will include co-ordinating campaigns on a cross-region and cross-constituency basis and sharing best practice.

Each Constituency Association and Constituency Branch in the region will be entitled to send two delegates to the Regional Steering Committees. A range of members can attend Regional Steering Committee meetings as of right, but not vote, and other members may be invited along.

The Steering Committees will be able to decide whether to divert a portion of the local branch dividend to employ a paid Regional Co-Ordinator in their area, employed and part financially supported by SNP Headquarters.

Westminster Campaign Committees

Westminster Campaign Committees are active when a Westminster election is anticipated. The number of delegates from each is dependent on how much of a Branch or Constituency Branch area comes within the boundary.

Council Campaign Committees

Council campaign committees are responsible for co-ordinating the Party's electoral activities for the council elections in their area and producing an election manifesto.

NATIONAL GOVERNANCE

National Office Bearers

The Leader and Depute Leader are elected by all SNP members when a vacancy arises.

The Business Convener is nominated by the Leader, with the nomination being approved annually by the NEC, and is responsible for overseeing the operation of the Party as well as chairing National Conference.

National Officer Bearers elected by delegates at National Conference include:

- **President**
Held by a member in recognition by the Party of distinguished service to the Party.
- **National Treasurer**
Ensures the sound management of the Party's finances reports to the NEC and National Conference on finances, provides guidance and directions to other Treasurers in the Party and is responsible under PPERA as Registered Treasurer.
- **National Secretary**
Acts as guardian of the Constitution of the Party and is currently responsible for reporting cases to the Member Conduct Committee.
- **Organisation Convener**
Works with the Business Convener in improving the Party's organisational activity, developing training activity and ensuring organisational preparedness for election campaigns.
- **Local Government Convener**
Supports the work of SNP Council Groups, co-ordinates the role of SNP delegates to COSLA and, with the National Secretary, deals with any disputes within Council Groups.

A Policy Development Convener and Member Support Convener were elected for the first time at Spring Conference 2019.

There will cease to be a Women's and Equalities Convener in Autumn 2019. The new National Office Bearers to be elected to replace the post are: Women's Convener, Equalities Convener (who will convene a new National Equalities Forum), BAME Convener and Disabled Members' Convener.

National Executive Committee

The SNP's leadership is invested in the National Executive Committee (NEC).

The Membership of NEC consists of the National Office Bearers, delegates from the Affiliated Organisations, representatives of the three Parliamentary Groups, and Ordinary Members who are Parliamentarians.

The NEC elected in 2018 also included six Ordinary Members who are not Parliamentarians. Annual National Conference 2019 will see these members replaced by sixteen Members, two from each region, gender balanced.

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 Conference, and members other than Ordinary Members are open to question by delegates.

NEC Committees

The Candidate Assessment Committee is responsible for the approval of parliamentary and local government candidates.

The Candidate Appeals Panel hears appeals from decisions of the Candidate Assessment Committee.

The Readmissions Committee interviews members who have publicly resigned from the party who are seeking to re-join.

A Disputes Committee can also be formed when necessary to make recommendations in relation to internal difficulties.

The Finance and Audit Committee provides advice to the National Treasurer on the Party's finances.

AFFILIATED ORGANISATIONS

These are autonomous groups representing interests. Each group has one representative on the National Executive Committee (NEC) and can send delegates to National Conference. Affiliate organisations have access to grant funding to help develop new projects, campaigns or events during each year.

The affiliated organisations are as follows, with organisations newly affiliated at the Annual Conference in 2018 marked (*):

BAME Members Network*

A network within the SNP for Black and Minority Ethnic members.

Disabled Members Group*

A group to represent disabled members throughout the SNP.

Federation of Student Nationalists (FSN)

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.

Out for Independence*

The LGBTI group within the SNP promoting a fair, equal and independent Scotland.

Scots Asians for Independence*

A group of Scots Asians who promote the cause of an independent Scotland in the Scots Asian community and beyond.

The Trade Union Group

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.

Young Scots for Independence

The youth wing of the Scottish National Party. It started in the 1960s and membership is open to all between the ages of 14 years and 29 years and focuses its activity on issues affecting young people.

NATIONAL POLICY STRUCTURES

National Assembly

National Assembly is a forum for members of the Party to exchange ideas for attaining the aims of the Party and debate policy at an early formation stage. It agrees draft resolutions and policy statement for consideration by the Policy Development Committee. Any member of the Party is entitled to attend National Assembly. National Assembly also provides an opportunity for training.

The Party held three successful National Assemblies in 2018 to discuss the Report on the Sustainable Growth Commission. A substantive resolution was then passed at Spring Conference in 2019.

Under the constitutional review, National Assembly will meet from 2020 at least once in each of the Scottish Parliament regions.

Policy Development Committee

This is a new body co-convened by the Depute Leader and the Policy Development Committee. It has sixteen regional representatives elected by National Conference on a gender-balanced basis and one representative elected by branches out with Scotland.

It is tasked with promoting discussion on Party policy at all levels of the party. It develops policy ideas from National Assembly with a view to having them debated by National Conference. It identified areas where Party policies could be updated.

Conferences Committee

This committee sets the agenda for National Conference and was first elected at Spring Conference 2019 and replaces the previous Standing Orders and Agenda Committee. It is convened by the National Secretary and comprises the Depute Leader, the Policy Development Convener, two members elected by NEC and ten members elected on a gender balanced basis by Annual National Conference.

National Conference

This is the supreme governing and policy-making body of the SNP, which holds the NEC to account. It elects the Party's National Office Bearers and NEC, Member Conduct Committee and the Conduct Appeal Committee. Spring Conference 2019 saw the first elections to the Policy Development Committee and the Conference Committee. Annual Conference 2019 will see new National Officer Bearers elected and a new composition for NEC drawing from the regions.

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.

OTHER ELECTED COMMITTEES

Member Conduct Committee

The Member Conduct Committee (formerly the Disciplinary Committee) consists of nine members elected each year at Conference. It considers complaints of breaches of the Member's Code of Conduct. It has more flexible sanctioning powers following the constitutional review. The committee can censure members, suspend them from the party for a specified period, expel them from the party, restrict the exercise of membership rights, agree appropriate restorative action, require the member to undertake training or impose other proportionate sanctions on the member.

Conduct Appeals Committee

The Conduct Appeals Committee (previously the Appeals Committee) hears appeals from decisions of the Disciplinary Committee. It has seven members elected each year at Conference.

ELECTED MEMBERS

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

Following the European elections in May 2019, the SNP has - for the first time in its history - more elected members at each level of representation than other political parties.

As at 25 June 2019, the SNP position was as follows:

421	Members of Scottish Local Authorities
62	Members of the Scottish Parliament
35	Members of the House of Commons
3	Members of the European Parliament

Information on all our parliamentarians is available on the SNP website.

SNP Members of the Scottish Parliament, UK Parliament and European Parliament meet as Groups. The UK Parliament Group is an accounting unit of the party.

Councillors who are SNP members meet as SNP Groups for each of the local authorities in Scotland where the SNP is represented.

Every SNP member who is a member of the SNP group of a Scottish local authority is also 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.

Since the constitutional review, all publicly elected representatives of the SNP are also delegates to National Conference.

3. Review of Political Activities

Theresa May's failure to get her Brexit deal approved forced the UK to take part in European elections on 23 May 2019.

How did the SNP do?

- The SNP achieved its best result in an EU election at 38 per cent - the highest percentage of the vote of any UK party.
- The SNP has won the highest vote share of any party in Western Europe.
- Both the Tory and Labour vote has collapsed, unable to stand up for Scotland's overwhelming Remain vote.
- The SNP has won in every council area except Orkney and Shetland and was only 846 votes away from winning in every local authority.
- The SNP's lowest result (24 per cent in Orkney) was higher than the Tories' highest result (21 per cent in Dumfries & Galloway).
- The SNP vote rose 9 percentage points since 2014 and has surpassed its previous best European result of 32.6 per cent in 1994.

What does it mean for Scotland's place in Europe?

- Scotland is clearly refusing to be taken out of Europe against its will.
- The increase in the vote share for parties wanting to stop Brexit reflects the fact that Scotland voted overwhelmingly to Remain.
- The SNP clearly leads the anti-Brexit surge in Scotland, 24 per cent ahead of the Lib Dems.
- Voices in Europe have been calling for an independent Scotland to be fast-tracked into the EU.

What does it mean for independence?

- The Tories campaigned on a "No to IndyRef2" ticket and polled one of their worst ever results with 11 per cent of the vote.
- A solid mandate for an independence referendum already exists. The SNP stood yet again for giving Scotland a choice over its future and won a resounding victory.
- Of the nearly 100 polls since the first independence referendum, the overwhelming majority have shown support for independence higher than in 2014.
- Not that long ago, Ruth Davidson said Westminster shouldn't block a second independence referendum. She's changed her tune, but the Scottish Tories are now in a much weaker position.

What happened to the opposition?

- Despite the Brexit Party making gains elsewhere in the UK, it polled just 15 per cent of the Scottish vote, 23 per cent behind the SNP.
- Scotland was the only nation in Britain where the Brexit Party lost the election.
- Ruth Davidson has presided over the worst result in the Scottish Tories' history, slumping to fourth place.
- It was also the worst ever result for Scottish Labour, failing to reach double-digits at 9.3 per cent.

What happens next?

- **For Scotland, the events of recent years pose serious questions about our own future and whether we're content to continue this destructive path.**
- **The SNP will always fight to stop Brexit. And if the UK can't be persuaded to change course then Scotland must have the choice of a better future, the choice of an independent future.**
- **Any bid by the UK government to block the people of Scotland from making a choice will be untenable, undemocratic, and totally unsustainable. All of us in Scotland have the right to make that choice. We will not allow the Tories to block it. And we will not allow the Tories to reduce democracy to a mockery in which neither popular nor parliamentary sovereignty apply.**

4. Corporate Governance

National Executive Committee

The 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 are implemented; oversight and interpretation of policy between meetings of National Conference; agreeing detailed job descriptions for the National Officer Bearers and any specific workstreams to be undertaken by them; co-ordinating and monitoring the work of the National Office Bearers; 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 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 SNP bodies 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.

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.

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.

Regulatory Compliance

The laws on Party and Election financing and election law more generally are complex, voluminous and fragmented. The General Data Protection Regulation (GDPR), the Data Protection Act 2018 and scandals involving the use of personal data in campaigning has resulted in an increased focus on the handling of data and information rights. Headquarters staff continuously review the adequacy of our internal control systems in meeting the Party's legal and other requirements.

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. Single-use plastics have been eliminated from promotional merchandise and campaign materials. 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.

SNP staff

The Scottish National Party is served by 21 staff (18 full-time equivalent) based at its Headquarters in Edinburgh.

Staff are split into four interdependent teams:

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

5. Financial Review

The total SNP income for the year ended 31 December 2018 was £4,748,450. With over 80 per cent of total income coming from members and supporters last year, we remain dedicated to ongoing prudence and financial control.

The efficiency of campaign expenditure is analysed on an ongoing basis through the Party's spending per vote won in national elections. In ten of the eleven national elections between 2007 and 2019, the SNP secured more seats than any other party. In nine of these eleven national elections, the SNP also secured more votes than any other party.

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.

The SNP is very grateful for every legacy we receive. All gifts in Wills, regardless of their size, are recognised in our Book of Remembrance. All unrestricted legacy values are ring-fenced for national campaign purposes and the amounts held for future election or referendum purposes to provide vital investment in the future.

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 operation.

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

Opinion

We have audited the financial statements of the Scottish National Party for the year ended 31 December 2018 which comprise the Income and Expenditure account, the Balance Sheet, the Statement of Cash Flows, 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 Republic of Ireland".

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 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 National Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the National 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.

SCOTTISH NATIONAL PARTY REPORT OF THE INDEPENDENT AUDITORS

Other information

The National Treasurer is responsible for the other information. The other information comprises the information included in the Annual Review, 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.

Responsibilities of the National Treasurer

As explained more fully in the National Treasurer's responsibilities statement set out on page 14, the National 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 National Treasurer determines 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 National 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 National Treasurer either intends to liquidate the Party or to cease operations, or has no realistic alternative but to do so.

SCOTTISH NATIONAL PARTY REPORT OF THE INDEPENDENT AUDITORS

Auditor's responsibilities for the audit of the financial statements

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Party's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the National Treasurer.
- Conclude on the appropriateness of the National Treasurer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Party's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Party to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

SCOTTISH NATIONAL PARTY REPORT OF THE INDEPENDENT AUDITORS

Use of our report

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.


Johnston Carmichael LLP
Chartered Accountants
Statutory Auditor



.....27 June 2019

**SCOTTISH NATIONAL PARTY
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 £	2017 £
Income			
Membership	2	2,246,070	2,364,906
Donations	3	323,936	1,423,667
Fundraising income	4	281,439	261,204
Investment income	5	10,511	3,353
Conference income		683,833	747,467
Commercial income		9,109	10,362
Grant income	6	213,913	176,627
Miscellaneous	7	979,639	812,785
Total income		4,748,450	5,800,371
Expenditure			
Premises costs	8	(77,106)	(75,349)
Office costs	9	(413,211)	(401,387)
Staff costs	10	(960,840)	(952,000)
Transfers out	11	(475,688)	(623,545)
Campaigning costs		(287,056)	(1,538,464)
Fundraising costs	12	(166,556)	(167,916)
Conference expenditure	13	(695,424)	(598,831)
Financing/interest charges	14	(76,315)	(101,577)
Depreciation/Amortisation	17 & 18	(202,297)	(196,067)
Membership expenses	15	(31,985)	(31,021)
Irrecoverable VAT	15	(130,419)	(332,847)
Miscellaneous	15	(110,274)	(78,710)
Total expenditure		(3,627,171)	(5,097,714)
Surplus before tax		1,121,279	702,657
Taxation	16	(1,926)	(669)
Surplus for the year		1,119,353	701,988

**SCOTTISH NATIONAL PARTY
BALANCE SHEET
AS AT 31 DECEMBER 2018**

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	17	394,696	522,183
Tangible assets			
- Furniture, fixtures and fittings	18	103,612	66,978
- Office/computer equipment	18	44,983	59,852
Investments	19	479	479
Total fixed assets		543,780	649,492
Current assets			
Debtors and prepayments	20	880,054	378,402
Cash in hand and at bank		411,042	7,906
Total current assets		1,291,096	386,308
Current liabilities			
Creditors and accruals	21	(1,085,051)	(1,448,878)
Loans outstanding	22	(12,503)	(115,198)
Total current liabilities		(1,097,554)	(1,564,076)
Non-current liabilities			
Creditors and accruals	21	(146,245)	(292,854)
Total net assets/(liabilities)		591,077	(528,276)
Reserves			
Accumulated fund at start of year		(528,276)	(1,230,264)
Surplus		1,119,353	701,988
Accumulated fund at end of year	23	591,077	(528,276)

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27th JUNE 2019

**SCOTTISH NATIONAL PARTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Cash flow from operating activities	26	<u>768,652</u>	<u>595,590</u>
Net cash flow from operating activities		768,652	595,590
Cash flow from investing activities			
Purchase of tangible assets		(112,984)	(55,101)
Purchase of intangible assets		-	(24,655)
Interest received		374	-
Investment income		10,137	3,353
Income taxes paid		(645)	(1,129)
Net cash from investing activities		<u>(103,118)</u>	<u>(77,532)</u>
Cash flow from financing activities			
Interest paid		(21,409)	(29,723)
Repayment of hire purchase and finance leases		(138,294)	(129,979)
Receipts from new loans		-	100,000
Repayment of loans		(102,695)	(503,306)
Net cash flow from financing activities		<u>(262,398)</u>	<u>(563,008)</u>
Net increase/(decrease) in cash and cash equivalents		403,136	(44,950)
Cash and cash equivalents at the beginning of the year		7,906	52,856
Cash and cash equivalents at the end of the year		<u>411,042</u>	<u>7,906</u>

SCOTTISH NATIONAL PARTY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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 Review, the Party has 292 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 2020 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;
- It is probable 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 2018**

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
Leasehold improvements	-	Over the term of the lease

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 2018**

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. In addition, conference income has been deemed a taxable supply. VAT is charged on conference income and costs.

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.

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.

**SCOTTISH NATIONAL PARTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Membership subscriptions

	2018 £	2017 £
Membership fees received directly by the Party	<u>2,246,070</u>	<u>2,364,906</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

	2018 £	2017 £
Cash donations received reportable to the Electoral Commission	-	510,000
Cash donations received below the reporting threshold to the Electoral Commission	323,936	900,723
Notional donations below the reporting threshold to the Electoral Commission	-	12,944
Total	<u>323,936</u>	<u>1,423,667</u>

Total value of donations reported to the Electoral Commission during 2018 was £407,521 (2017 - £1,000,722)

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.

3b. Donation reconciliation note

	2018 £	2017 £
Donations reported to the Electoral Commission:	<u>407,521</u>	<u>1,000,722</u>
Recorded in the accounts as:		
Donation income	-	510,000
Legacy Income	214,898	324,772
Grant Income	192,623	165,950
	<u>407,521</u>	<u>1,000,722</u>

4. Fundraising

	2018 £	2017 £
Independence Magazine	145,347	139,647
Raffles	136,092	121,557
Total	<u>281,439</u>	<u>261,204</u>

**SCOTTISH NATIONAL PARTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

5. Investment income

	2018	2017
	£	£
Investment income	10,137	3,353
Interest income	374	-
Total	10,511	3,353

6. Grant Income

	2018	2017
	£	£
Policy development grant	213,913	176,627
Total	213,913	176,627

7. Miscellaneous

	2018	2017
	£	£
Legacies	700,292	490,984
Parliamentary levy	276,750	308,750
Campaign services	2,597	13,051
Total	979,639	812,785

Legacies include amounts bequeathed to the Party during the year.

The parliamentary levy is an annual charge imposed on all SNP MSPs, MPs and MEPs, where all proceeds are ring-fenced for national campaign purposes.

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

8. Premises Costs

	2018	2017
	£	£
Rent and Rates	77,106	75,349
Total	77,106	75,349

**SCOTTISH NATIONAL PARTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

9. Office Costs

	2018	2017
	£	£
ICT	290,717	233,469
Office costs	25,078	15,463
Insurance	17,517	17,696
Telephone	12,382	17,295
Postage	63,202	111,724
Leasing	4,315	5,740
	<hr/>	<hr/>
Total	413,211	401,387
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ICT costs are those incurred in operating the Party's computer systems; servers; IT support; programming and development; and website. The importance of defending ICT systems from malicious attacks and protecting personal data from unauthorised access and misuse is fully recognised by the SNP. In response to the increasing risk in this area, significant investment is being made in a programme of work to upgrade SNP computer systems and extend the use by staff and volunteers of new and more powerful software primarily using the Salesforce CRM platform.

10. Staff costs

	2018	2017
	£	£
Salaries	767,305	766,105
Social security	74,066	78,813
Other costs, including pensions	119,469	107,082
	<hr/>	<hr/>
	960,840	952,000
	<hr/>	<hr/>

Average number of staff employed during the year:

	2018	2017
	No.	No.
Employees	20	21
	<hr/>	<hr/>

**SCOTTISH NATIONAL PARTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11. Transfers out

	2018	2017
	£	£
Membership income due to branches	561,726	591,227
Affiliate dividend	28,038	32,318
Affiliate grant release	(114,076)	-
Total	475,688	623,545

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 makes available grant funding to help affiliated organisations develop new projects, campaigns or events during the year. The affiliate dividend – 2.5% of membership income of members who are also members of affiliate organisations – provided the source of income to the grant fund.

During the year it was decided by the party that the affiliate grant dividend was to be available only in the year it was generated, therefore the accrual of historic unpaid dividends has been released in the year, giving rise to a credit to the income and expenditure account.

12. Cost of fundraising events

	2018	2017
	£	£
Fundraising	40,944	73,076
Independence Magazine	125,612	94,840
Total	166,556	167,916

13. Conference costs

	2018	2017
	£	£
Venue hire and catering	298,774	253,124
Audio visual	285,656	248,590
Security	32,731	30,117
Printed materials	23,776	22,472
Information technology	19,076	23,332
Other conference costs	16,228	21,196
Other national events	39,183	-
Total	695,424	598,831

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

**SCOTTISH NATIONAL PARTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

14. Interest costs

	2018	2017
	£	£
Bank charges	54,736	58,910
Notional interest	-	12,944
Hire purchase/finance lease interest	21,409	29,723
Bank and other interest	170	-
Total	76,315	101,577

15. Miscellaneous

	2018	2017
	£	£
Membership expenses	31,985	31,021

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

	2018	2017
	£	£
Irrecoverable VAT	130,419	332,847

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

	2018	2017
	£	£
Professional fees	23,615	34,199
Legal fees	38,676	12,837
Bad debt expense	2,758	-
Audit fee	18,940	22,000
Loss on disposal of fixed assets	16,399	-
Sundries	9,886	9,674
Total	110,274	78,710

**SCOTTISH NATIONAL PARTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

16. Taxation

	2018 £	2017 £
Corporation tax charge – current year	1,926	645
Adjustment for prior year	-	24
Total	1,926	669

17. Intangible assets

	Software licence £	Software development £	Total £
Cost			
At 1 January 2018	346,293	365,141	711,434
Additions	-	-	-
At 31 December 2018	346,293	365,141	711,434
Amortisation			
At 1 January 2018	129,860	59,391	189,251
Charged in year	86,573	40,914	127,487
At 31 December 2018	216,433	100,305	316,738
Net Book Value at 31 December 2018	129,860	264,836	394,696
Net Book Value at 31 December 2017	216,433	305,750	522,183

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.

**SCOTTISH NATIONAL PARTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

18. Tangible fixed assets

	Furniture, fixtures and fittings £	Office/computer equipment £	Total £
Cost			
At 1 January 2018	160,272	192,434	352,706
Additions	83,594	29,390	112,984
Disposals	(6,679)	(95,779)	(102,458)
At 31 December 2018	<u>237,187</u>	<u>126,045</u>	<u>363,232</u>
Depreciation			
At 1 January 2018	93,294	132,582	225,876
Charged in year	46,960	27,850	74,810
On disposals	(6,679)	(79,380)	(86,059)
At 31 December 2018	<u>133,575</u>	<u>81,052</u>	<u>214,627</u>
Net Book Value at 31 December 2018	<u>103,612</u>	<u>44,993</u>	<u>148,605</u>
Net Book Value at 31 December 2017	<u>66,978</u>	<u>59,852</u>	<u>126,830</u>

19. Fixed asset investments

	Unlisted investments £
At 31 December 2017 and 31 December 2018	<u>479</u>

20. Debtors

	2018 £	2017 £
Due within one year		
Trade debtors	25,469	12,909
Other debtors	48,968	74,853
Prepayments and accrued income	<u>805,597</u>	<u>290,640</u>
Total	<u>880,054</u>	<u>378,402</u>

**SCOTTISH NATIONAL PARTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

21. Creditors

	2018 £	2017 £
Amounts falling due within one year		
Trade creditors	28,094	251,009
Accrual and deferred income	96,248	122,343
Social security and other taxation	25,009	30,232
Amounts owed to accounting units	758,336	506,235
Affiliate grant fund	-	91,186
Loans from accounting units (note 22)	12,503	15,198
Other creditors	30,755	16,725
Loans from individual members	-	100,000
Hire purchase/finance lease creditor	146,609	138,294
Total falling due within one year	1,097,554	1,271,222

	2018 £	2017 £
Amounts falling due after more than one year		
Hire purchase/finance lease creditor	146,245	292,854
Total falling due after more than one year	146,245	292,854
Total liabilities	1,243,799	1,564,076

22. Loans

	2018 £	2017 £
Amounts outstanding on loans taken out in prior years	12,503	15,198
Amounts outstanding on loans taken out in current year	-	100,000
Total	12,503	115,198

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

**SCOTTISH NATIONAL PARTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

23. Reserves

	Total £
At 1 January 2018	(528,276)
Surplus for the year	<u>1,119,353</u>
At 31 December 2018	<u>591,077</u>

24. Leasing Commitments

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

	2018 £	2017 £
Within one year	16,517	39,640
Between one and five years	-	<u>16,517</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 2018	15,198
Movement (net) in year	<u>(2,695)</u>
Loans payable at 31 st December 2018 (note 21)	<u><u>12,503</u></u>
b) Loans from individual members	
Loans payable at 1 st January 2018	100,000
Movement (net) in year	<u>(100,000)</u>
Loans payable at 31 st December 2018 (note 21)	<u><u>-</u></u>
c) Branch dividend amounts due to branches	
Due at 1 st January 2018	506,235
Movement (net) in year	<u>252,101</u>
Due at 31 st December 2018 (note 21)	<u><u>758,336</u></u>
d) Affiliate fund	
Due at 1 st January 2018	91,186
Dividend in year	22,890
Grant fund release	<u>(114,076)</u>
Due at 31 st December 2018 (note 21)	<u><u>-</u></u>

**SCOTTISH NATIONAL PARTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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

	2018 £	2017 £
Surplus/(deficit) for the year	1,119,353	701,988
Corporation tax charge	1,926	-
Income from fixed asset investments	(10,137)	(3,353)
Interest receivable	(374)	-
Interest payable	21,409	29,723
Depreciation of tangible assets	74,810	69,019
Amortisation of intangible assets	127,487	127,048
Loss on disposal of fixed assets	16,399	-
(Increase)/decrease in debtors	(501,652)	(160,751)
(Decrease)/increase in creditors	(80,569)	(168,084)
	<hr/>	<hr/>
Cash flow from operating activities	768,652	595,590