

THE SCOTTISH LABOUR PARTY
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

HARDIE CALDWELL LLP

Chartered Accountants
Citypoint 2
25 Tyndrum Street
Glasgow
G4 0JY

THE SCOTTISH LABOUR PARTY

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

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THE SCOTTISH LABOUR PARTY

PARTY OFFICERS AND ADVISORS

Party Officers:

		Tenure
Cathy Peattie	Chairperson	Resigned 11 May 2019
Cara Hilton	Chairperson	Appointed 11 May 2019
Cara Hilton	Vice Chairperson	Resigned 11 May 2019
Ian Miller	Vice Chairperson	Appointed 11 May 2019
Brian Roy	Scottish General Secretary	
	Registered Treasurer	Resigned 9 August 2019
Michael Sharpe	Scottish General Secretary	
	Registered Treasurer	Appointed 21 October 2019

Party Headquarters:

290 Bath Street
Glasgow
G2 4RE

Auditors:

Hardie Caldwell LLP
Chartered Accountants
Citypoint 2
25 Tyndrum Street
Glasgow
G4 0JY

Bankers:



THE SCOTTISH LABOUR PARTY

REPORT OF PARTY OFFICERS

YEAR ENDED 31 DECEMBER 2019

ADMINISTRATIVE INFORMATION

The Scottish Labour Party is a body established under the National rules of the Labour Party.

Committees

The following committees operate within the party to oversee and manage the organisation's business. The Terms of Reference for each committee are contained within the party's constitution.

Scottish Executive Committee
Local Government Committee
Scottish Policy Forum
Women's Committee
Organisation Sub Committee
Equality and Diversity Committee

Staffing

The key permanent member of staff is Michael Sharpe who is the newly appointed Scottish General Secretary and the Registered Treasurer.

Conferences

The party held a three day conference in March. The Local Government and Women's conference was postponed due to the UK General Election.

Policy Development

The party's Scottish Policy Forum continues its policy development and engagement programme, which will be key to the party's manifesto in the 2021 Scottish Parliament elections.

Elections

During the year we co-ordinated a number of campaigns in Scotland, including a UK General Election, European Election, Scottish Parliament by-election and various Local Government by-elections.

Financial Review

Total income for the year was £339,722
Total expenditure was £413,384

THE SCOTTISH LABOUR PARTY

STATEMENT OF REGISTERED TREASURER'S RESPONSIBILITIES

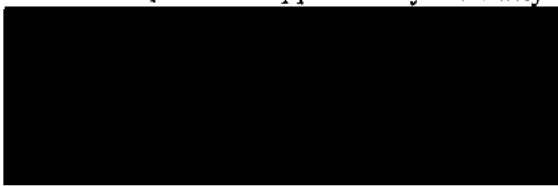
The Registered Treasurer is responsible for preparing the Party Officers' Annual Report and the financial statements in accordance with applicable law and regulations.

The Political Parties, Elections and Referendums Act 2000 requires the Registered Treasurer to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the party as at the end of the year and of its financial activities during the year in accordance with United Kingdom Generally Accepted Accounting Practice (Financial Reporting Standard 102). In preparing these financial statements, the Registered Treasurer is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- follow applicable UK Accounting Standards, disclosing and explaining any departures in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the party will continue to operate.

The Registered Treasurer is responsible for ensuring that proper accounting records are maintained that are sufficient to show and explain the party's transactions and disclose with reasonable accuracy at any time the financial position of the party and enable him to ensure that the financial statements comply with the Political Parties, Elections and Referendums Act 2000. He also has delegated responsibility from the National Executive Committee for safeguarding the assets of the party and ensuring their proper application in accordance with legislation, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Party Officers on 18 March 2020.



Michael Sharpe
Registered Treasurer

THE SCOTTISH LABOUR PARTY

Independent Auditor's Report to the Registered Treasurer of the Scottish Labour Party

Opinion

We have audited the financial statements of The Scottish Labour Party for the year ended 31 December 2019 which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the 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, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the party's affairs as at 31 December 2019 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Political Parties, Elections and Referendums Act 2000.

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

THE SCOTTISH LABOUR PARTY

Independent Auditor's Report to the Registered Treasurer of The Scottish Labour Party continued

Other information

The Registered 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 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 Registered Treasurer

As explained more fully in the Registered Treasurer's responsibilities statement, set out on page 3, the Registered 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 Registered 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 Registered 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 Registered 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 as auditor 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.

THE SCOTTISH LABOUR PARTY

Independent Auditor's Report to the Registered Treasurer of The Scottish Labour Party continued

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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 party's Registered 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 Registered Treasurer those matters we are required to state to him 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 party and the Registered Treasurer for our audit work, for this report, or for the opinions we have formed.



Hardie Caldwell LLP
Statutory Auditor
Glasgow

Dated: 18 March 2020

Hardie Caldwell LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

THE SCOTTISH LABOUR PARTY
INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Income			
Donation income		114,906	35,555
Membership and subscription fees	3	97,652	105,948
Fundraising	6	250	1,405
Conferences		75,980	99,135
Investment income	7	-	-
Notional income	8	15,833	-
Campaign income		35,101	17,382
Total income		339,722	259,425
Expenditure			
Cost of fundraising		-	1,594
Campaign expenditure		159,952	73,355
Staff costs	4	87,869	44,556
Management and administration costs		63,094	77,949
Notional expenditure		15,833	-
Conferences		86,636	94,423
Total expenditure		413,384	291,877
(Deficit) before taxation		(73,662)	(32,452)
Taxation	2	-	-
(Deficit) for the year	11	(73,662)	(32,452)

The party has no recognised gains or losses other than the results for the year as set out above.

All activities are classed as continuing.

THE SCOTTISH LABOUR PARTY

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	2018 £
Current assets			
Debtors	9	48,728	29,369
Cash at bank and in hand		202,060	176,072
		<hr/>	<hr/>
		250,788	205,441
Less:-			
Current liabilities			
Creditors: Amount falling due within one year	10	(173,182)	(54,173)
		<hr/>	<hr/>
Total assets less current liabilities		77,606	151,268
		<hr/> <hr/>	<hr/> <hr/>
Reserves			
General fund	11	77,606	151,268
		<hr/> <hr/>	<hr/> <hr/>

The financial statements were approved by the Party Officers on 18 March 2020.



..... Registered Treasurer
Michael Sharpe

THE SCOTTISH LABOUR PARTY

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
Cash flows from operating activities		
(Deficit) before tax	(73,662)	(32,452)
Adjustment for; Bank interest	-	-
	<hr/>	<hr/>
	(73,662)	(32,452)
Movements in working capital		
(Decrease)/Increase in trade and other receivables	(19,359)	4,408
(Decrease)/Increase in trade and other payables	119,009	(12,606)
Net cash generated by operating activities	<u>25,988</u>	<u>(40,650)</u>
Cash flows from financing activities		
Bank interest	-	-
	<hr/>	<hr/>
Net cash generated by financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	25,988	(40,650)
Cash and cash equivalents at the beginning of the year	<u>176,072</u>	<u>216,722</u>
Cash and cash equivalents at the end of the year	<u>202,060</u>	<u>176,072</u>
Cash and bank balances	<u>202,060</u>	<u>176,072</u>

THE SCOTTISH LABOUR PARTY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention in accordance with the accounting policies set out below and reflect the principles contained in the Statement of Accounts Guidance Notes issued by the Electoral Commission and in existence as at 31 December 2019.

These financial statements have been prepared in accordance with FRS102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The following principal accounting policies have been applied:

Income recognition

Turnover is measured at the fair value of the consideration received or receivable.

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

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

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

- Donations, including legacies, 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 for an accounting period are recognised in the income and expenditure account of that period, as received up to the date of approval of the financial statements.
- All other income including affiliation fees is recognised on an accruals basis.

Leased assets

All the party's leases are treated as operating leases. Their annual rentals are charged to the income and expenditure account on a straight-line basis over the term of the lease.

THE SCOTTISH LABOUR PARTY

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES (CONTD.)

Liquid resources

For the purposes of the cash flow statement, liquid resources are defined as current asset investments and short-term deposits.

Trade and Other Debtors

Trade Debtors are stated at cost less impairment for bad and doubtful debts.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand.

Management and administration costs

Certain costs within this expense category are met from National Labour Party's budget.

Going Concern

In consideration of the available reserves as at 31 December 2019 and the budgeted results for the subsequent accounting period The Labour Party has confirmed that it will provide financial assistance to The Scottish Labour Party as required to allow The Scottish Labour Party to meet its liabilities as they fall due, for a period of at least twelve months from the date of signing of the financial statements.

Based upon the undertaking of financial support outlined above the Treasurer has a reasonable expectation that the party has adequate resources to continue its activities for the foreseeable future. Accordingly, the Treasurer has adopted the going concern basis in preparing the financial statements.

2. BASIS OF TAXATION

The party is treated as an unincorporated association for tax purposes and is therefore liable to corporation tax on its investment income. It also bears tax on any investment transactions that give rise to capital gains. No deferred tax is recognised in the party's individual accounts as any investment income is taxed on the same basis as it is recognised in the income and expenditure account.

All income and expenditure is consolidated into the annual financial statements of the Labour Party. A corporation tax computation and return is filed based on the consolidated financial statements and any liability is paid by the Labour Party.

THE SCOTTISH LABOUR PARTY

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

YEAR ENDED 31 DECEMBER 2019

3. MEMBERSHIP AND AFFILIATION FEES

Included within the fees for 2019 is a contribution from the affiliated and party organisations in Scotland.

4. PARTICULARS OF EMPLOYEES

	2019 £	2018 £
Gross Salaries	74,198	38,122
National Insurance Costs	5,628	3,233
Pension Costs	6,145	2,164
Staff Expenses	<u>1,898</u>	<u>1,037</u>
	<u>87,869</u>	<u>44,556</u>

In 2019 the Scottish Labour Party made a contribution to five employees' salary costs (2018: 2 employees), all other staff costs were paid by the National Labour Party.

£Nil of the total costs detailed above have been included within the Campaign expenditure as shown in the Income & Expenditure Account on page 7, (2018: Nil).

Pension Costs included in the above contributions to salary costs are in respect of contributions to The Labour Party Superannuation Society, a funded society of the defined type. As all contracts of employment are between employees and the National Labour Party, no account is made in these financial statements of any pension asset or liability in respect of this scheme.

5. (DEFICIT)/SURPLUS BEFORE TAX

	2019 £	2018 £
This has been arrived after charging :-		
Auditors' remuneration – audit services	-	-
Operating lease charges – equipment	<u>1,026</u>	<u>3,499</u>

Note: Annual auditors' remuneration is paid from National Labour Party's budget.

THE SCOTTISH LABOUR PARTY

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

YEAR ENDED 31 DECEMBER 2019

6. FUNDRAISING ACTIVITIES

2019	2018
£	£

Fundraising and Business Events	250	1,405
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7. INVESTMENT INCOME

2019	2018
£	£

Interest receivable	-	-
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8. NOTIONAL INCOME

2019	2018
£	£

Relating to Elections :-

Local Elections

National Elections

Unrelated to Elections

-	-
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15,833	-
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15,833	-
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9. DEBTORS

2019	2018
£	£

Trade Debtors	29,550	25,186
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Other Debtors	19,178	4,183
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48,728	29,369
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THE SCOTTISH LABOUR PARTY

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

YEAR ENDED 31 DECEMBER 2019

10. CREDITORS: Amounts falling due within one year

	2019 £	2018 £
Trade Creditors	23,599	9,645
Other Creditors	145,727	35,857
Accruals	3,856	8,671
	<u>173,182</u>	<u>54,173</u>

11. RESERVES

	General Fund £
As at 1st January	151,268
Transfer Income and Expenditure Account	(73,662)
As at 31 December	<u>77,606</u>

12. COMMITMENTS UNDER OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases are payable as follows:-

	2019 £	2018 £
Within one year	1,368	1,080
After one year but within five years	4,446	-
	<u>5,814</u>	<u>1,080</u>

THE SCOTTISH LABOUR PARTY

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

YEAR ENDED 31 DECEMBER 2019

13. CAPITAL MANAGEMENT

Capital comprises reserves as stated on the Balance Sheet. The party manages capital by regularly monitoring its current and expected liquidity requirements. No changes were made in the objectives during the year.

14. GENERAL INFORMATION

The Scottish Labour Party is a political party established under the National rules of the Labour party.

The Party Headquarters is shown on Page 1 of the financial statements.

The financial statements are presented in Sterling which is also the functional currency of the Party.