

**SCOTTISH LIBERAL DEMOCRATS**  
**ANNUAL REPORT and FINANCIAL STATEMENTS**  
**Year ended 31 December 2020**

# **SCOTTISH LIBERAL DEMOCRATS**

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# SCOTTISH LIBERAL DEMOCRATS

## PARTY INFORMATION

	<b>Party Officers</b>	<b>Tenure</b>
<b>Leader:</b>	Willie Rennie MSP	May 2011 – Present
<b>Treasurer:</b>	John Woods Stephen Arrundale	January 2020 – June 2020 June 2020 – Present
<b>Convener:</b>	Sheila Ritchie	January 2018 – Present

**Party Headquarters**      4 Clifton Terrace  
Edinburgh  
EH12 5DR

**Auditor**      Chiene + Tait LLP  
Chartered Accountants and Statutory Auditor  
61 Dublin Street  
Edinburgh  
EH3 6NL

# **SCOTTISH LIBERAL DEMOCRATS**

## **REPORTS of the PARTY OFFICERS**

### **Year ended 31 December 2020**

#### **Convener's introduction**

Since last reporting to you, The Scottish Party has been focussed on organisational consolidation and professionalisation.

We also held our second very successful online Conference, and plans are well advanced for our third, in March.

#### **Electing More Liberal Democrats**

Since last summer, we have watched Council by-election after by-election be cancelled due to Covid. We had 11 scheduled and only 8 actually took place- we did not stand in two island seats. These will resume again in March. Fortunately, the last one was in Perth City South, an extra seat, which we narrowly missed in a mirrored by-election 3 years earlier. This time, Liz Barrett, who has never stopped campaigning, won, and won comfortably in what was probably the longest by-election campaign in history. Honourable mention to Elaine Ford, in Edinburgh Leith, who doubled our share of the vote in Craigentinny/Duddingston.

Working with the Federal Party, we now have a matrix of digital training for members and activists across Scotland, as well as a specialist offering to candidates, agents and activists in preparation for the May elections. We are providing support to candidates and agents in a way we never have before.

We continue to be ahead of schedule in seat selections for May; they are now almost complete and we are in a better position than in previous cycles at the same stage. Some limited licensing of candidates will help us to plug the gaps. Our gender diversity in those selections is much improved, too. Additional support to women candidates is being provided through the Scottish diversity fund.

A digital membership recruitment and retention project was started at the end of 2020 and will conclude in February this year. The aim of this project is to increase party membership across Scotland but also reach out beyond the types of people we normally attract, to gain new members from different socioeconomic backgrounds, as well as attracting people from minority ethnic backgrounds.

Our message 'Put Recovery First' has been developed in conjunction with the Federal Party and tested thoroughly through limited but effective polling and focus groups. The manifesto is drafted and will be debated at our spring Conference.

Our "Willie Rennie" survey, which was promoted in literature and online, has received over 25,000 responses. We are using this data to inform our messaging, targeting and infrastructure across Scotland.

Our campaigning and staff team has grown significantly over the last 6 months. Our new Campaign Manager, presently focussed on the Highlands, has been in post since September. In addition, we now have a Digital Officer who is shared part time with the Welsh Party. He has significantly increased our digital campaigning activity. The core team, which is now being coordinated by Paul Moat, as the Head of Campaigns for Scotland, has been supplemented with new organisers in the Highlands and Shetland. In addition, the extra support we are receiving from the federal party on bulk buy deals, artwork support and 2 campaigns staff, 1 day a week for 1-seat support means our campaigning capability has been significantly improved. This will give us the much needed on-the-ground activity, as well as the infrastructure we need for 2022 and beyond. The latest Scottish polling indicates that, despite the challenges of campaigning in a pandemic, we remain on track to grow the number of our MSPs in May, and our councillors in 2022.

#### **Improving Diversity**

In the last six months we have appointed a Diversity Champion, and are slowly implementing the action plan.

With some distance to go, we will shortly have 48 constituency candidates in place, 30 men and 18 women. In these same seats in 2016, we had 35 men and 13 women.

## SCOTTISH LIBERAL DEMOCRATS

### REPORTS of the PARTY OFFICERS (continued)

Year ended 31 December 2020

#### Convener's introduction (continued)

We have 39 candidates selected for Regional lists. There are 22 men and 17 women candidates. The top spots are equally divided between men and women.

Our Diversity Fund will continue to increase and be deployed in support of those with protected characteristics.

#### Improving Party Efficiency and Reform

We have now adopted a communications plan, covering both internal and external communications, integrated with that of the Parliamentary Party.

Most of the direct responsibility for implementation of the Thornhill Review Recommendations lies with the Federal Party, as is appropriate for a Westminster Election.

We have adopted and are implementing the changes identified from the review of the last Scottish elections, and from the Thornhill review.

A complete HR package with training programmes for all staff, both new and embedded, and with a wellbeing focus has been adopted, and we have recommended processes for engaging the staff of Parliamentarians, and diversity and inclusion training for all senior officers and local Party staff. We have a rebuilt election committee, which, again, is functioning ahead of schedule.


#### Responding to Coronavirus

The Party has continued with remote working and member engagement, remote training and recorded webinars.

The staff continue to look after each other, but were, for the most part, disappointed that they could not get back into the office, as planned, in October.

#### Final thoughts - the Scottish Parliamentary Elections

The Scottish Parliamentary elections are proving an even greater challenge than we had expected. Covid has, again, halted door to door delivery, the First Minister continues to have televised daily press conferences, and the SNP's poll rating remain obstinately high, even in the teeth of their obvious mismanagement of our social services and major projects. We have superb candidates, and a great opportunity to move forward electorally, but are desperately short of resource. All offers gratefully received

  
Sheila Ritchie  
Convener  
Scottish Liberal Democrats

10<sup>th</sup> March 2021

## SCOTTISH LIBERAL DEMOCRATS

### REPORTS of the PARTY OFFICERS (continued)

Year ended 31 December 2020

#### 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 2020 the Conveners of the respective committees were:

		Appointed	Resigned
Party Convener	Sheila Ritchie	01/01/18	
Finance and Membership	John Woods	01/01/20	11/07/20
	Stephen Arrundale	11/07/20	
Campaigns and Candidates		10/09/16	
Policy		01/01/20	
Conference		01/01/18	

##### Elected Representatives

There were 4 Scottish Liberal Democrat MPs at the beginning of 2020:

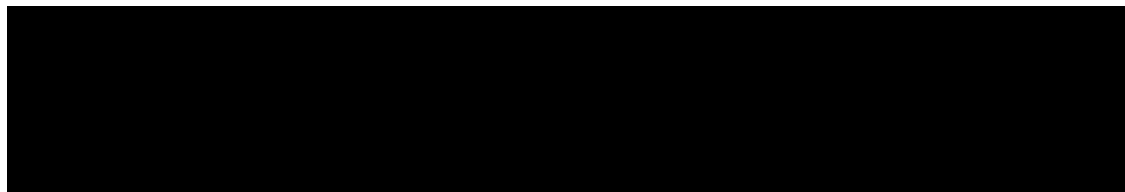
Alistair Carmichael  
Christine Jardine  
Jamie Stone  
Wendy Chamberlain

There were 5 Scottish Liberal Democrat MSPs:

Alex Cole-Hamilton  
Liam McArthur  
Mike Rumbles  
Willie Rennie  
Beatrice Wishart

##### Staffing

The key permanent members of staff for the year to 31 December 2020 were:



##### Membership

As at 31 December 2020 the membership of the Scottish Liberal Democrats stood at 4,185 members compared with 5,260 at the end of 2019.

##### Accounting Units

The Scottish Liberal Democrats have 37 accounting units registered with the Electoral Commission through the Federal Party.

## **SCOTTISH LIBERAL DEMOCRATS**

### **REPORTS of the PARTY OFFICERS (continued)**

#### **Year ended 31 December 2020**

##### **Treasurer's Report 2020**

2020 has been a difficult year for the Scottish Liberal Democrats, just as it has been a difficult period for almost every business, as the impact of the Coronavirus Pandemic swept through the world and forced major changes to the way that businesses function and Political Parties operate.

The year commenced with the party recovering from a disappointing outcome of the General Election in December 2019. Despite a 1.3million (56%) increase in the number of votes received compared to the 2017 General Election, the peculiarities of the First Past the Post system meant that this returned 1 seat less than in the previous Election, including the loss of all 8 of the MPs who defected to the Liberal Democrats throughout the course of 2019. In Scotland, the gain of Wendy Chamberlain in North East Fife was offset by the loss of the Federal Party Leader, Jo Swinson, in East Dunbartonshire.

The impact of this disappointing outcome negatively affected membership levels, with monthly numbers consistently falling slightly short of the forecasts throughout the course of 2020.

The major changes which Coronavirus has imposed on the finances of the Party are mainly around Fundraising, Office Utilisation and the transition from holding conferences in person to running Virtual Conferences.

Alongside this, there were a number of changes to the running of the Party, a Chief Executive was appointed, Rachel Palma-Randle, who brought with her a wealth of experience, and a number of new faces were appointed onto the Party Exec from the Internal Elections held in late 2019. During the course, the Treasurer, John Woods, was unfortunately unable to continue to commit the amount of time required to the role due to Family and Personal Commitments, and stood down. As member of the Exec and the Finance & Membership Committee, I was asked to step in from June, which I was happy to do, and I thank John for his excellent work performed during his time in post, and his detailed handover.

The inability to hold fundraising events in person and to meet potential donors face-to-face have undoubtedly led to a drop in donations received through the early part of the year, however the impact of this was mitigated by some strong Fundraising towards the end of 2020, as the work ramped up ahead of the Holyrood Elections due to be held in May 2021.

With regards to the Campaigning for the May 2021 elections, the decision was taken during 2020 to contribute £40,000 from the Party's reserves to the Election Campaigning costs. A further contribution is to be expected during the early months of 2021, and will be included in the Party Budgets for the year.

All Staff have been forced to work from home and the Clifton Terrace office has been largely unused throughout the year, resulting in slight reductions in operating costs and Utility Bills.

Both the Spring and Autumn Conferences in 2020 were held Virtually using the Hopin Platform, and the feedback was overwhelmingly positive. Plans have already been put in place to run both 2021 conferences in the same way. This resulted in a reduction in outlay for the holding the event, but also a reduction in Conference Income through the cheaper ticket prices. The net effect is that the 2020 Conferences still made a surplus of over £3,000, but this was short of the forecast £6,000 surplus from Physical Conferences.

This resulted in an overall loss for the year of just over £59,000. Taking into account the £40,000 donation to the Campaign, this gives an underlying loss of just over £19,000, which is a slightly improved position than the projected loss of £24,446 based on the original 2020 budgets. There is, however, recognition that there needs to be changes made to return the party to surplus, so that a fighting fund can be built to ensure that future election campaigns can benefit from party funding also. To this end, a review will be held in June, after the May 2021 election outcome is known, to set a 3-year budget for the Party to achieve these goals.

## **SCOTTISH LIBERAL DEMOCRATS**

### **REPORTS of the PARTY OFFICERS (continued)**


**Year ended 31 December 2020**

#### **Treasurer's Report 2020 (continued)**

During these testing times, the amount of work that has been performed by the Party staff has, however, been undiminished. The amount of effort and professionalism shown by the team has been admirable, Megan Wiseman has continued to keep everything running smoothly, despite having to work remotely. The new Chief Exec, Rachel Palma-Randle has wasted no time in getting to grips with the size of the task at hand, and has kicked off a number of major initiatives to change the way we work and introduce greater efficiencies, and Paul Moat, our Campaigns Manager, has continued to run a tight ship in the Campaigning space, ensuring that the best impact is achieved with the funds available. Our resident Accountant, Sheila Muirhead, has continued to maintain the books in good order and prepared the accounts – thanks are also due to Auditors Chiene + Tait for the exemplary services provided in auditing the accounts.

No-one knows how long these restrictions on our daily lives will last, a 12 week period was suggested in this report last year. 52 weeks later, we are still hoping for the restrictions to start being removed within the next 12 weeks, which really emphasises the size of the unknowns. However, with the rollout of the vaccine over the next few months, there is reason to be optimistic, and hopefully next year's report will be heralding a return to normal operations

**Steve Arrundale**  
**Treasurer**

 03 MARCH 2021

**STATEMENT of TREASURER'S RESPONSIBILITIES**

**Year ended 31 December 2020**

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.



### **Opinion**

We have audited the financial statements of the Scottish Liberal Democrats (the "Party") for the year ended 31 December 2020 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 2020, 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.



### **Responsibilities of the Treasurer**

As explained more fully in the Treasurer's responsibilities statement set out on page 6, the Treasurer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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**

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. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to the Political Parties, Elections and Referendums Act 2000.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the company's financial statements.

Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of the treasurer and the party officers ;
- review of minutes of committee meetings throughout the period;
- review of legal correspondence or invoices, and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

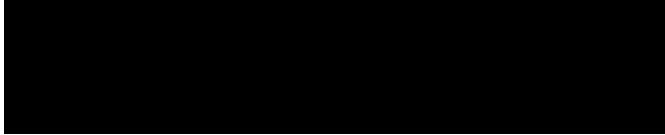
There are inherent limitations in an audit of financial statements and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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](http://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 4 3 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  
61 Dublin Street  
Edinburgh  
EH3 6NL

11 March 2021

**SCOTTISH LIBERAL DEMOCRATS**

**INCOME AND EXPENDITURE ACCOUNT**

**Year ended 31 December 2020**

	<b>2020</b>	2019
	£	£
<b>Income</b>		
Subscriptions	<b>180,292</b>	212,989
Donations and appeals	<b>41,804</b>	119,492
Conference income	<b>13,089</b>	22,972
Rental income	<b>5,250</b>	5,484
Notional income	<b>21,003</b>	20,813
Recharges to local parties	<b>23,669</b>	20,142
Interest Received	<b>97</b>	281
Policy development fund grant	<b>30,000</b>	30,000
General development fund grant	<b>130,000</b>	130,000
Campaign grant	<b>50,000</b>	-
Grants received	<b>3,250</b>	38,346
	<b>498,454</b>	600,519
<b>Expenditure</b>		
Conference costs	<b>9,758</b>	20,310
Election costs	<b>101,617</b>	206,643
Diversity Campaign Fund	<b>11,386</b>	6,389
Party costs	<b>8,026</b>	10,067
Membership admin fees	<b>137,545</b>	149,363
Licences	<b>1,595</b>	1,487
Staff costs	<b>165,851</b>	138,388
Pensions	<b>5,482</b>	5,676
Rent and rates	<b>15,000</b>	15,000
Notional expenditure	<b>21,003</b>	20,813
Property maintenance	<b>3,158</b>	3,398
Heat, light and water rates	<b>3,050</b>	3,741
Insurance	<b>635</b>	676
Travel and accommodation	<b>292</b>	39
Staff development	<b>2,486</b>	1,541
Postage and printing	<b>3,354</b>	15,124
Stationery	<b>2,040</b>	3,980
Telephone and email	<b>4,867</b>	3,199
Equipment hire and rental	<b>4,614</b>	4,301
Credit card processing charges	<b>1,758</b>	2,784
Depreciation	<b>3,007</b>	2,017
Miscellaneous and sundry expenses	<b>1,415</b>	1,674
Irrecoverable VAT	<b>13,891</b>	8,406
IT support	<b>5,913</b>	3,360
Professional fees	<b>30,051</b>	18,741
	<b>557,794</b>	647,117
<b>Net (deficit)/surplus for year</b>	<b>(59,340)</b>	(46,598)

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

The notes on pages 17 to 17 form part of this annual report.

**SCOTTISH LIBERAL DEMOCRATS**


**BALANCE SHEET**

**As at 31 December 2020**

	Notes	2020 £	2019 £
<b>Fixed assets</b>			
Tangible	6	7,351	7,225
<b>Current assets</b>			
Trade debtors		7,639	17,963
Other debtors	7	53,459	22,569
Cash at bank		<u>222,707</u>	<u>297,529</u>
		<b>283,805</b>	<b>338,061</b>
<b>Creditors: amounts falling due within one year</b>	8	<u>(33,420)</u>	<u>(28,210)</u>
<b>Net current assets</b>		<b>250,385</b>	<b>309,851</b>
<b>Net assets</b>		<b>257,736</b>	<b>317,076</b>
<b>Reserves</b>			
Funds - General	10	197,667	258,273
Funds - Restricted	10	60,069	58,803
<b>Net funds</b>		<b>257,736</b>	<b>317,076</b>

The financial statements were approved by the Party on 3rd March 2021.

Signed on behalf of the Party

  
Stephen Arrundale  
Treasurer

The notes on pages 14 to 17 form part of this annual report.

**SCOTTISH LIBERAL DEMOCRATS**

**CASH FLOW STATEMENT**

**Year ended 31 December 2020**

	<b>2020</b>	2019
	£	£
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>		
Operating (deficit)	<b>(59,340)</b>	(46,598)
Depreciation of tangible fixed assets	<b>3,007</b>	2,017
(Increase)/(decrease in debtors	<b>(20,566)</b>	10,154
Increase in creditors	<b>5,210</b>	14,454
<b>Net cash (outflow) from operating activities</b>	<b><u>(71,689)</u></b>	<u>(19,973)</u>
<b>Cash flow statement</b>		
Net cash (outflow) from operating activities	<b>(71,689)</b>	(19,973)
Capital expenditure	<b>(3,133)</b>	(7,953)
(Decrease)/increase in cash	<b><u>(74,822)</u></b>	<u>(27,926)</u>
<b>Reconciliation of net cash flow to movement in net funds/(debt)</b>		
(Decrease) in cash in the year	<b><u>(74,822)</u></b>	<u>(27,926)</u>
<b>Change in net funds</b>	<b><u>(74,822)</u></b>	<u>(27,926)</u>
<b>Net funds at 1 January 2020</b>	<b><u>297,529</u></b>	325,455
<b>Net funds at 31 December 2020</b>	<b><u>222,707</u></b>	<u>297,529</u>

The notes on pages 14 to 17 form part of this annual report.

NOTES to the FINANCIAL STATEMENTS

Year ended 31 December 2020

**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, even with the impact of COVID19, 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 2020**

**2 Income**

All income arose within the United Kingdom.

**3 Operating surplus/(deficit)**

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

	<b>2020</b>	2019
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	<b>3,007</b>	2,017
Audit fees	<b>4,200</b>	4,200
Operating lease rentals:		
- plant & machinery	<b>3,751</b>	3,536
- property	<b>15,000</b>	15,000

**4 Party officers**

No Party Officers (2019 - none) were members of the Party pension schemes and no Party Officers earned greater than £50,000 in the year (2019 - none).

**5 Staff costs**

Staff costs were as follows:

	<b>2020</b>	2019
	£	£
Wages and salaries	<b>162,649</b>	134,683
Social security costs	<b>3,202</b>	3,705
Other pension costs	<b>5,482</b>	5,676
	<b>171,333</b>	144,064

Included in wages costs are consulting fees of £36,773 (2019 - £26,012).

The average monthly number of employees, including Party Officers, during the year was:

	<b>No</b>	No
Party officers (as defined by PPERA)	<b>3</b>	3
Finance staff	<b>1</b>	1
Admin staff	<b>1</b>	1
Campaigns	<b>6</b>	5
	<b>11</b>	10

**SCOTTISH LIBERAL DEMOCRATS**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**Year ended 31 December 2020**

**6 Tangible fixed assets**

	<b>Computer equipment £</b>	<b>Office equipment £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 January 2020	19,177	17,857	37,034
Additions	2,029	1,104	3,133
At 31 December 2020	<b>21,206</b>	<b>18,961</b>	<b>40,167</b>
<b>Depreciation</b>			
At 1 January 2020	17,098	12,711	29,809
Charge for year	1,151	1,856	3,007
At 31 December 2020	<b>18,249</b>	<b>14,567</b>	<b>32,816</b>
<b>Net book value</b>			
<b>At 31 December 2020</b>	<b>2,957</b>	<b>4,394</b>	<b>7,351</b>
At 31 December 2019	2,079	5,146	7,225

**7 Debtors**

	<b>2020 £</b>	<b>2019 £</b>
<b>Due within one year</b>		
Other debtors	<b>44,021</b>	20,464
Prepayments	<b>9,438</b>	2,105
	<b>53,459</b>	22,569

**8 Creditors**

	<b>2020 £</b>	<b>2019 £</b>
<b>Amounts falling due within one year</b>		
Trade creditors	<b>22,267</b>	10,589
Other taxation and social security	<b>2,005</b>	2,131
Outstanding pension contributions	<b>656</b>	445
Other creditors and accrued income	<b>8,492</b>	15,045
	<b>33,420</b>	28,210

## NOTES to the FINANCIAL STATEMENTS (continued)

Year ended 31 December 2020**9 Lease commitments**

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

	<b>2020</b>	2019
	<b>£</b>	£
Within one year	<b>18,536</b>	18,536
Between one and five years	<b>8,085</b>	6,101
In more than five years	<b>345</b>	-
	<b>26,966</b>	24,637

**10 Reserves**

	<b>£</b>	<b>£</b>	<b>£</b>
	<b>General</b>	<b>Restricted</b>	<b>Total</b>
At 1 January 2020	258,273	58,803	<b>317,076</b>
Surplus/(deficit) for the year	(59,340)	-	(59,340)
Transfer between funds	(1,266)	1,266	-
At 31 December 2020	<b>197,667</b>	<b>60,069</b>	<b>257,736</b>

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

**11 Transactions with related parties**

Other debtors includes £34,729 (2019: £11,134) due from the Federal Party and £nil (2019: £6,500) due from local parties. The maximum amount outstanding during the year was £40,963.

Trade debtors includes £7,519 (2019: £13,866) due from local parties. The maximum amount outstanding during the year was £13,253.

**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 £3,000 per month resulting in a saving of £21,003. These are included as notional expenditure and notional income in the income and expenditure account.

**13 Grants**

During the year the state Party received £160,000 (2019: £160,000) of funding from the Federal Party under the Policy Development Fund for work done on policy development, £50,000 for Scottish campaigning and £3,250 (2019: £38,346) from the Federal Party towards election costs.

**14 Donations**

During the year the state Party received and reported £40,012 (2019: £79,336) of permissible donations greater than £500 to the Electoral Commission under section 54 of the Political Parties, Elections and Referendums Act.

**15 Post balance sheet events**

During the financial year COVID19 has seen a significant impact on the activities of the Party however appropriate steps to manage costs ensure the Party remains as a going concern.