

# Annual Review 2013/14

---

Administrative Information

Review of political activities

Corporate Governance

Financial Review

Statement of accounts 2013

## Contents

|   |                                |    |
|---|--------------------------------|----|
| 1 | Administrative Information     | 4  |
| 2 | Review of Political Activities | 9  |
| 3 | Corporate Governance           | 11 |
| 4 | Financial Review               | 13 |
| 5 | Statements of accounts 2013    | 16 |

## Party Officers

Registered officers under the Political Parties, Elections and Referendums Act 2000: -

|                          |                   |
|--------------------------|-------------------|
| Leader                   | Alex Salmond MSP  |
| Nominating Officer       | Peter Murrell     |
| Treasurer                | Colin Beattie MSP |
| Campaigns Officer        | Peter Murrell     |
| Deputy Campaigns Officer | Ian McCann        |
| Deputy Campaigns Officer | Andrew Rosie      |

## Party Headquarters

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

## Auditors

Johnston Carmichael LLP, [REDACTED]

## Bankers

## Legal Advisers

Frances Gill & Co [REDACTED]

## Financial Advisers

Close Brothers Asset Management Limited, [REDACTED]  
[REDACTED]

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 80 years.

Following the Scottish elections in May 2011, the Party now holds a majority of seats in the Scots Parliament, and SNP leader Alex Salmond heads a popular Scottish Government.

The Party also holds two of six Scottish seats in the European Parliament, and six of 59 Scottish seats in the UK Parliament.

The SNP is the largest party in local government and SNP councillors lead the administration of eight of the 32 Scottish councils and share coalition administrations in three more.

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 Independence.

To all those people whose year's work for the Party can't be individually recognised here – whether you delivered leaflets in your local area or took part in the social activities of one of our 200 local branches, whether you sold raffle tickets to friends and family or donated to the appeals which made possible our elections victories, whether you helped us take the SNP message to the heart of local communities by making calls to our target voters or are one of the members who attend conference – every achievement in this review was made possible by your efforts.

# Thank you

# 1. Administrative Information

## Membership

Membership income increased 5 per cent to £585,691. The branch dividend – 25 per cent of income returned to local branches as a dividend of membership subscriptions – rose to £146,423 for the year.

Table 1 – SNP membership as at 31 December, 2003-2013.

|                     | 2013   | 2012   | 2011   | 2010   | 2009   | 2008   | 2007   | 2006   | 2005   | 2004   | 2003  |
|---------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|
| Members             | 25,245 | 24,732 | 20,139 | 16,232 | 15,644 | 15,097 | 13,944 | 12,571 | 10,995 | 10,854 | 9,450 |
| Average age         | 53     | 54     | 52     | 53     | 53     | 55     | 52     | 52     | 52     | 55     | -     |
| Female members      | 33%    | 33%    | 33%    | 31%    | 28%    | 30%    | 29%    | -      | -      | -      | -     |
| Members under 30    | 10%    | 10%    | 8%     | 7%     | 6%     | 6%     | 7%     | 9%     | 9%     | 8%     | -     |
| Members over 65     | 25%    | 25%    | 26%    | 26%    | 27%    | 26%    | 25%    | 25%    | 26%    | 27%    | -     |
| Joiners online      | 81%    | 82%    | 76%    | 71%    | 64%    | 65%    | 47%    | 46%    | -      | -      | -     |
| Pay by Direct Debit | 75%    | 74%    | 71%    | 65%    | 61%    | 60%    | 60%    | 58%    | -      | -      | -     |
| Pay £12 rate        | 12%    | 12%    | 15%    | 15%    | 16%    | 18%    | 15%    | 34%    | -      | -      | -     |
| Pay £5 rate         | 17%    | 18%    | 19%    | 19%    | 21%    | 22%    | 19%    | 24%    | 29%    | 31%    | -     |

## Accounting Units

The Scottish National Party has 259 accounting units separate from its central organisation in order to provide for each constituent organisation to be responsible for its own financial affairs.

The Scottish National Party constitution also provides for the establishment of Members' Associations. The following such bodies have been established to date: -

- i. SNP members of the Scottish Parliament
- ii. SNP members of the United Kingdom Parliament
- iii. SNP members of the European Parliament
- iv. SNP Women's Forum

- v. Business for Independence
- vi. Scots Asians for Independence

**(i) Branches**

Local branches form the organisational building block of the Scottish National Party. Each branch has its own constitution and office bearers who are elected at the annual general meeting. Branches receive a 25% dividend of subscriptions paid by each of their members. Branches are entitled to delegates to constituency associations, liaison committees, National Council and National Conference. The number of delegates is dependent on the number of members each branch has.

**(ii) Constituencies**

The Party is organised around the Scottish Parliament constituency boundaries with an SNP constituency association or branch in each parliamentary seat. Constituency associations tend to exist in larger geographical areas where there is more than one branch within the boundary. The Constituency Association may levy the branches within it in order to cover the costs of its operations. Where there is only one branch within the boundary, it is known as a constituency branch. Constituency associations have delegate entitlement to National Council and National Conference. Constituency branches are additionally entitled to delegates to local or regional liaison committees.

**(iii) Liaison Committees**

A number of liaison committees are responsible for the strategic direction and operational co-ordination of branches in respect of election campaigning for either or both of local government and parliamentary elections, other than for election to Scottish Parliament constituencies. These are: -

**(a) Westminster Liaison Committees**

Westminster liaison committees exist only in the run up to and duration of a Westminster election. The number of delegates from each is dependent on how much of a branch area comes within the boundary. The committees elect the same office bearers as branches but are not entitled to delegate entitlement to other bodies.

**(b) Regional Liaison Committees**

Regional liaison committees cover a Scottish Parliament electoral region of which there are eight. The role of the liaison committee is to co-ordinate the regional campaign for the regional list vote. MSPs are accountable to the regional liaison committees which are made up of delegates from each branch within the region. Each regional liaison committee has its own constitution and can decide to levy member branches and constituency associations.

**(c) Council Liaison Committees**

Council liaison committees act as a forum for local government matters within a Scottish local authority area, of which there are 32. The liaison committee is responsible for establishing a candidate assessment committee; ensuring that respective rules on candidate selection procedures are adhered to at all times; co-ordinating the Party's electoral activities for the council elections in their area; and producing an election manifesto.

#### **(iv) Affiliated organisations**

These are autonomous groups representing particular interests. Each group has representation at National Executive Committee (NEC) level and has delegate status at National Conference and National Council. Affiliate organisations receive a 2.5% dividend of subscriptions paid by each of their members.

The affiliated organisations are: -

##### **(a) Association of Nationalist Councillors (ANC)**

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

##### **(b) The Trade Union Group (TUG)**

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. They have, for example, campaigned against the political levy (to the Labour Party) on trade union members. The TUG has one representative on the NEC.

##### **(c) Young Scots for Independence (YSI)**

The YSI is the official youth wing of the Scottish National Party. It started in the 1980s and membership is open to all between the ages of 14 years and 29 years, and focuses its activity on issues affecting young people. The YSI has one representative on the NEC.

##### **(d) The Federation of Student Nationalists (FSN)**

The FSN is 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. The FSN has one representative on the NEC.

#### **National Assembly**

National Assembly is the forum for the development of policy within the Party. Policy is debated and discussed before being presented to the Party for approval at National Council or National Conference. National Assembly also provides the opportunity to invite speakers from out with the Party to address members on important issues of special interest. Any member of the Party is entitled to attend National Assembly which is held as and when required.

#### **National Council**

National Council is the governing body of the Party between conferences and meets at least twice a year. In addition to hearing reports from national office bearers, council also has the power to make policy. National Council is made up of delegates from branches, constituency associations, national

executive committee, representatives of parliamentary groups and affiliated organisations, and fifteen members elected by National Conference.

### **National Conference**

National Conference is the supreme ruling body of the SNP and, as well as making policy, elects the Party's national office bearers and national executive committee. Conference is attended by more than 1,200 delegates, observers, diplomats, and media along with the SNP Members of the Scottish Parliament, European Parliament, Westminster Parliament and councillors. Conference is a delegate body, comprising representatives from local organisations, as well as affiliated organisations, elected members and elected representatives. Delegates to conference decide the SNP's policy and direction, hold the leadership to account and elect the leadership and membership of a number of committees, including the NEC, appeals committee and disciplinary committee. Any member of the Party may attend conference but only delegates can speak and vote.

### **National Executive Committee (NEC)**

The SNP's leadership is invested in its national executive committee which is made up of the Party's elected office bearers, elected members and representatives of affiliated organisations. 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 Council and Annual National Conference, and are open to question by delegates. Members of NEC are elected by Annual National Conference.

The members of the national executive committee are listed on the SNP website.

The election committee and election committee appeals body, which deal with approval of Parliamentary candidates, are appointed by the NEC.

The NEC also appoints from within its ranks, four members of the standing orders and agenda committee, which is chaired by the national secretary and is responsible for the agenda for National Conference and National Council.

### **Elected representatives**

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

As at 1 June 2014, the SNP representation at each is as follows: -

- 65 Members of the Scottish Parliament
- 6 Members of Parliament
- 2 Members of the European Parliament
- 402 councillors in 30 of the 32 Scottish councils

The full list of elected representatives is available on the SNP website.

SNP councillors lead the administration of Dundee City Council; Angus Council; East Ayrshire Council; Midlothian Council; Highland Council; North Ayrshire Council; and Clackmannanshire Council. They also form a minority administration in Perth & Kinross Council; and share coalition administrations in City of Edinburgh Council; Scottish Borders Council; and East Renfrewshire Council.

## **SNP staff**

The Scottish National Party is served by 14 staff (12.9 full-time equivalent) based at its Headquarters in Edinburgh. The Party chief executive, Peter Murrell, is accountable to the national executive committee and is responsible for the day to day running of SNP activities and projects.

Staff are split into three interdependent teams reporting to the chief executive: -

- 6.6 full-time equivalent being responsible for financial and legislative compliance, committee and leadership support, the conduct of internal elections, personnel management, information systems and general administration in the Corporate Team;
- 3.3 full-time equivalent supporting the Party's core income activities of fundraising, membership and events in the Operations Team;
- 3.0 full-time equivalent providing campaign services to local organisations and campaigns in the Campaigns Team.



## 2. Review of Political Activities

We are in the most exciting and important year in the history of the Scottish National Party. In just a few weeks, the referendum on independence will take place.

We are well placed for victory and are confident that when voting takes place on September 18, we'll secure the Yes vote we need to build a new and prosperous country. Morale among activists is high and there will be a strong emphasis on targeting the undecideds in the last few weeks before the vote.

Our detailed vision of independence was laid out in the Scottish Government's prospectus, *Scotland's Future*, which was launched in front of the world's media in November.

This 670-page, 170,000 word document is the most comprehensive blueprint for an independent country ever published. It reveals that following a Yes vote, Independence Day will be 24 March 2016.

In his preface the First Minister, Alex Salmond, said: "I believe in independence because I believe it will be better for all of us if decisions about Scotland are taken by the people who care most about Scotland - the people who live and work here.

"It is my absolute conviction that Scotland's future should be in Scotland's hands."

The Yes campaign is successfully countering the barrage of scaremongering claims from UK ministers and No campaign leaders about Scotland's future under independence and stressing the huge opportunities offered by a Yes vote.

We also continue to press for a debate between the First Minister and David Cameron on the issue: Downing Street has so far consistently refused to participate.

In May, we scored a significant victory in the elections to the European Parliament, seeing our incumbent Euro MPs Ian Hudghton and Alyn Smith returned for a further five years. We won a bigger share of the vote - 28.9 per cent - than any other party not just in Scotland, but across the UK.

Our total vote went up by 68,496 on 2009 - a remarkable vote of confidence in our hard-working and popular team in Europe and in our record in government. We will work to provide a strong and distinctive Scottish voice in Europe and to defend and advance our national interests at every opportunity.

Opinion polls continue to show that the SNP remains the most popular party in Scotland, both in terms of Holyrood and Westminster voting intentions. According to figures, if there was an election tomorrow, we would obtain much the same kind of landslide victory in elections to the Scottish Parliament we enjoyed in 2011.

The SNP held two hugely successful party gatherings during the year with plenty of stimulating debates and discussion. At our Annual Conference in Perth in October, the First Minister delivered a powerful and motivational speech in which he compared the "can-do optimism" of the Yes campaign with the "can't do dirge" of No opponents.

He told delegates: "If not us - then who? If not now - then when? We are Scotland's independence generation, and our time is now."

In her keynote address, Deputy First Minister Nicola Sturgeon announced that with independence, an SNP government would directly fund energy saving measures and a warm home discount, cutting consumer bills by about £70 a year.

April's Spring Conference in Aberdeen also saw the party in excellent heart and ready for the final months of the referendum campaign. The First Minister announced the promotion of Shona Robison and Angela Constance to the Scottish Cabinet, meaning women now make up 40 per cent of its membership.

During the year we fought spirited and positive Scottish Parliament by-election campaigns in Dunfermline and Cowdenbeath. Our two candidates - Shirley-Anne Somerville in Dunfermline and Natalie McGarry in Cowdenbeath - worked extremely hard and did the party proud.

Sadly, we also said goodbye to a number of colleagues who passed away. They included veteran party organiser and Glasgow councillor Allison Hunter; Kay Matheson, a long-time nationalist who helped retrieve the Stone of Destiny in 1950; former MPs Hamish Watt and Dick Douglas; and the unique and irreplaceable Margo MacDonald. We owe them a huge debt and we will hold them in our thoughts as we move towards and beyond independence.

Thanks are also due to the many members and supporters who have donated time and money to the party and the referendum campaign. Their help is both vital and appreciated.

All in all, we're in excellent heart with first class politicians and staff, widespread public support, an active, enthusiastic and committed membership, and an exciting and positive vision of Scotland's future.

We could not be in a better place as we move towards the independence we have long dreamed of and worked for. Let us seize the day - and then get on with the task of building a better and brighter nation.

### **3. Corporate Governance**

#### **National Executive Committee**

The National Executive Committee (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 and National Council are implemented; oversight and interpretation of policy between meetings of National Conference and National Council; coordinating and monitoring the work of all national office bearers elected by National Conference; 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 Council or 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 the purpose of compliance with current legislation. The financial affairs of all bodies mentioned in the Party's constitution must comply with the financial scheme.

No body within the Party shall enter into 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.

Members of NEC are elected by Annual National Conference.

#### **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.

From 2004, the performance of each accounting unit has been reviewed regularly to comply with organisational performance and development rules.

#### **Legislation**

There are over twenty primary Acts and Regulations governing the political and campaigning activities of the Scottish National Party. The SNP has a compliance team incorporating five staff who review the adequacy of the internal control system in meeting the Party's requirements under current legislation. The compliance team report to the chief executive.

## **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. 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.

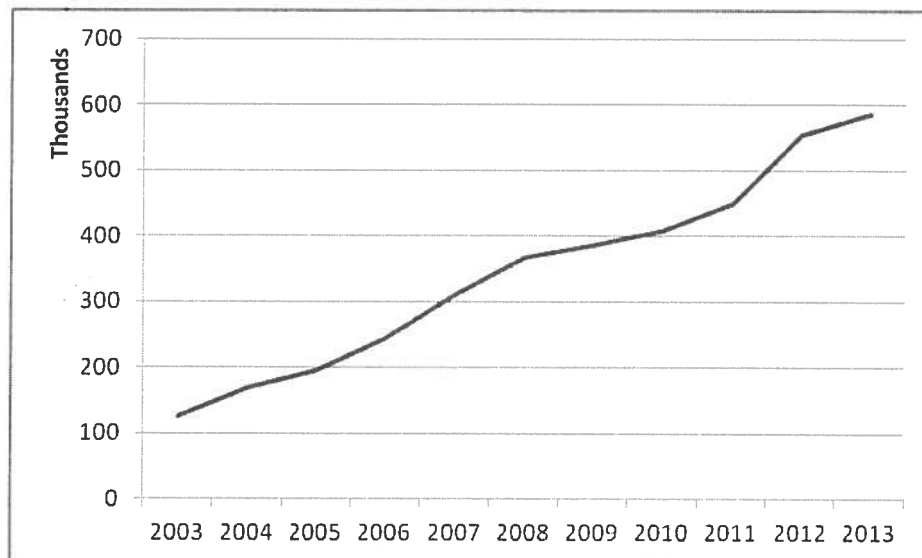
No motor vehicles are operated by the SNP. Employees are encouraged to use public transport. No parking spaces are provided for staff. Cycle parking loops are provided at Headquarters.

## 4. Financial Review

### INCOME

The SNP's total income for the year ended 31 December 2013 was £2,038,245 of which 74 per cent came from members and supporters.

Table 2 – Membership Income 2003-2013.



### Fundraising

Beyond one-off appeals for specific events, the SNP operates five core fundraising schemes: -

- i. Challenge for Independence is the SNP's regular giving scheme whereby members may donate monthly by direct debit, standing order or cash. All money raised is ring-fenced for campaigning.
- ii. The St Andrew's Appeal is sent to all members in the run up to Scotland's national day on 30 November.
- iii. The President's Club seeks donations of at least £20 per month and directs funds towards providing staffing resources and Headquarters facilities.
- iv. The Independence Covenant works like a national 50/50 club in that half the profit from it goes to the Party and half goes to the prize fund.
- v. The Great Weather Lottery is a daily lottery based on temperatures in six cities and is operated by Lottery Service Providers Ltd.

The Party conducted three prize raffles in 2013, the annual Spring Draw and St Andrew's Draw plus a 'win a new car' prize draw. Branches could retain 50% of the Spring and St Andrew's raffles.

### Legacies

We acknowledge the bequests from Alison Cowey and Gordon Soutar, along with numerous smaller bequests which fell below the declaration threshold.

## EXPENDITURE

Total expenditure for the year ended 31 December 2013 was £2,776,898.

Nearly three quarters of the SNP's income in 2013 came from party members and supporters. So we made sure every penny raised was used as effectively as it could be. Here's the breakdown of the SNP pound in 2013: -

### Where the money comes from

**30p** in every £1 is donated by individual members and supporters who care about Scotland

**29p** comes from membership subscriptions

**16p** is sales of exhibition space, sponsorship and registration fees at SNP conference

**10p** comes from MSPs, MPs and MEPs to be invested in national campaigning

**8p** is a grant from the Electoral Commission to assist the Party with its policy development

**5p** comes from Independence Magazine subscriptions and events

**2p** comes from our members and supporters who remember us in their wills

### Where the money goes

**33p** of every £1 spent is used to help local candidates and organisations win more seats and provide campaign support services like [activate.snp.org](http://activate.snp.org)

**23p** goes on the permanent paid staff at SNP Headquarters

**14p** is used by the SNP to cover operating costs

**12p** is paid in tax, finance charges, legal and audit fees

**7p** goes on hiring venues and running conferences

**6p** is returned to local branches and affiliate organisations as a dividend of membership subscriptions

**5p** goes on increasing income from membership subscriptions, fundraising and merchandise

The efficiency of campaign expenditure is analysed on an ongoing basis through the Party's spending per vote won in national elections (see Table 3) between 2007 and 2014. In five of these six elections, the SNP won more votes than any of the other parties. The reporting requirements of local elections in Scotland do not make it possible to compare party spending.

Table 3 – Campaign expenditure per vote in Scotland 2007-2014.

|                | Con        | Lab        | LibDem   | SNP        |
|----------------|------------|------------|----------|------------|
| <b>2007</b>    |            |            |          |            |
| Spend          | £601,983   | £1,102,866 | £303,740 | £1,383,462 |
| Votes          | 284,005    | 595,415    | 230,671  | 633,401    |
| Spend per Vote | £2.12      | £1.85      | £1.32    | £2.18      |
| <b>2009</b>    |            |            |          |            |
| Spend          | £156,634   | £228,703   | £105,419 | £126,710   |
| Votes          | 185,794    | 229,853    | 127,038  | 321,007    |
| Spend per Vote | £0.84      | £0.99      | £0.83    | £0.39      |
| <b>2010</b>    |            |            |          |            |
| Spend          | £1,207,514 | £ 880,260  | £464,346 | £315,776   |
| Votes          | 412,855    | 1,035,528  | 465,471  | 491,386    |
| Spend per Vote | £2.92      | £0.85      | £1.00    | £0.64      |
| <b>2011</b>    |            |            |          |            |
| Spend          | £273,462   | 816,889    | £176,300 | £1,141,662 |
| Votes          | 276,652    | 630,437    | 157,714  | 902,915    |
| Spend per Vote | £0.99      | £1.29      | £1.12    | £1.26      |
| <b>2012</b>    |            |            |          |            |
| Spend          | -          | -          | -        | -          |
| Votes          | 206,599    | 488,703    | 103,087  | 503,233    |
| Spend per Vote | -          | -          | -        | -          |
| <b>2014</b>    |            |            |          |            |
| Spend          | tbc        | tbc        | tbc      | tbc        |
| Votes          | 231,330    | 348,219    | 95,319   | 389,503    |
| Spend per Vote | tbc        | tbc        | tbc      | tbc        |

## **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;
- providing 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 business.

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**

We have audited the financial statements of the Scottish National Party for the year ended 31 December 2013 which comprise the income and expenditure account, the balance sheet, the cash flow statement and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 22 to 23.

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 treasurer, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of National Treasurer and auditors**

The responsibilities of the National Treasurer for preparing the annual report and the financial statements in accordance with applicable law and recognised accounting standards are set out in the statement of National Treasurer's responsibilities.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of: whether the accounting policies are appropriate to the Party's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the National Treasurer; and the overall presentation of the financial statements.

In addition, we read all the information in the Annual Review to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Opinion**

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 2013 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.

**SCOTTISH NATIONAL PARTY  
REPORT OF THE INDEPENDENT AUDITORS (continued)**

---

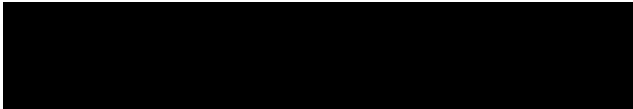
**Opinion on other matters**

In our opinion the information given in the Annual Review for the financial year for which the financial statements are prepared is consistent with the financial statements.


**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters which we are required to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- certain disclosures of information specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Johnston Carmichael LLP  
Chartered Accountants  
Registered Auditors



26 June 2014

**SCOTTISH NATIONAL PARTY  
INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

|                             | Notes | 2013<br>£          | 2012<br>£          |
|-----------------------------|-------|--------------------|--------------------|
| <b>Income</b>               |       |                    |                    |
| Membership                  | 2     | 585,691            | 555,205            |
| Donations                   | 3     | 441,312            | 389,066            |
| Fundraising income          | 4     | 165,622            | 165,568            |
| Investment income           | 5     | 21,398             | 30,772             |
| Property and rental income  | 6     | 20,700             | 13,800             |
| Conference income           |       | 320,657            | 330,430            |
| Commercial income           |       | 1,349              | 47,170             |
| Grant income                | 7     | 158,480            | 171,337            |
| Miscellaneous               | 8     | 323,036            | 597,111            |
| <b>Total income</b>         |       | <b>2,038,245</b>   | <b>2,300,459</b>   |
| <b>Expenditure</b>          |       |                    |                    |
| Premises costs              | 9     | (74,608)           | (67,810)           |
| Office costs                | 10    | (296,057)          | (336,482)          |
| Staff costs                 | 11    | (652,240)          | (550,390)          |
| Transfers out               | 12    | (174,183)          | (138,801)          |
| Campaigning costs           |       | (911,037)          | (722,419)          |
| Fundraising costs           | 13    | (112,782)          | (112,232)          |
| Conference expenditure      | 14    | (192,417)          | (195,296)          |
| Commercial expenditure      |       | (1,623)            | (10,288)           |
| Financing/interest charges  | 15    | (21,171)           | (27,127)           |
| Depreciation                | 18    | (27,772)           | (25,861)           |
| Membership expenses         | 16    | (32,425)           | (142,872)          |
| Irrecoverable VAT           | 16    | (223,172)          | (236,554)          |
| Miscellaneous               | 16    | (57,411)           | (89,927)           |
| <b>Total expenditure</b>    |       | <b>(2,776,898)</b> | <b>(2,656,059)</b> |
| <b>Deficit before tax</b>   |       | <b>(738,653)</b>   | <b>(355,600)</b>   |
| Taxation                    | 17    | -                  | -                  |
| <b>Deficit for the year</b> |       | <b>(738,653)</b>   | <b>(355,600)</b>   |

**SCOTTISH NATIONAL PARTY  
BALANCE SHEET AT 31 DECEMBER 2013**

|  | Note | 2013<br>£        | 2012<br>£        |
|--|------|------------------|------------------|
| <b>Fixed assets</b>                    |      |                  |                  |
| Furniture, fixtures and fittings       | 18   | 17,177           | 17,368           |
| Office/computer equipment              | 18   | 58,928           | 37,757           |
| Investments                            | 19   | 479              | 479              |
| Total fixed assets                     |      | <u>76,584</u>    | <u>55,604</u>    |
| <b>Current assets</b>                  |      |                  |                  |
| Stock                                  | 20   | 18,908           | 18,908           |
| Debtors and prepayments                | 21   | 158,149          | 179,222          |
| Investments                            | 22   | -                | 500,000          |
| Cash in hand and at bank               |      | 46,459           | 133,685          |
| Total current assets                   |      | <u>223,516</u>   | <u>831,815</u>   |
| <b>Liabilities</b>                     |      |                  |                  |
| Creditors and accruals                 |      | (441,804)        | (270,922)        |
| Loans outstanding                      | 24   | (93,553)         | (113,101)        |
| Total liabilities                      | 23   | <u>(535,357)</u> | <u>(384,023)</u> |
| <b>Total net (liabilities)/ assets</b> |      | <u>(235,257)</u> | <u>503,396</u>   |
| <b>Reserves</b>                        | 25   |                  |                  |
| Accumulated fund at start of year      |      | 503,396          | 858,996          |
| Deficit                                |      | (738,653)        | (355,600)        |
| Accumulated fund at end of year        |      | <u>(235,257)</u> | <u>503,396</u>   |

The financial statements were approved by the Party Officers on 26 June 2014.

Colin Beattie  
National Treasurer

**SCOTTISH NATIONAL PARTY  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

|  |       | 2013     |                  | 2012      |                  |
|--|-------|----------|------------------|-----------|------------------|
|  | Notes | £        | £                | £         | £                |
| <b>Net cash outflow from operating activities</b>                          | 26    |          | <b>(573,874)</b> |           | <b>(184,334)</b> |
| <b>Returns on investment and servicing of finance</b>                      |       |          |                  |           |                  |
| Interest paid  |       | (1,986)  |                  | (1,148)   |                  |
| Interest received  |       | 30,383   |                  | 11,946    |                  |
| Investment income  |       | 11,600   |                  | -         |                  |
| <b>Net cash inflow for returns on investments and servicing of finance</b> |       |          | <b>39,997</b>    |           | <b>10,798</b>    |
| <b>Taxation</b>  |       |          | -                |           | -                |
| <b>Capital expenditure and financial investment</b>                        |       |          |                  |           |                  |
| Payments to acquire tangible fixed assets                                  |       | (30,567) |                  | (5,277)   |                  |
| Receipts from disposal of tangible fixed assets                            |       | 1,875    |                  | -         |                  |
| <b>Net cash outflow for capital expenditure and financial investment</b>   |       |          | <b>(28,692)</b>  |           | <b>(5,277)</b>   |
| <b>Management of liquid resources</b>                                      |       |          |                  |           |                  |
| Proceeds from sale of current asset investments                            |       | -        |                  | -         |                  |
| Maturity of term deposit accounts  |       | 500,000  |                  | 500,000   |                  |
| Investment in term deposit accounts  |       | -        |                  | -         |                  |
| <b>Net cash inflow from management of liquid resources</b>                 |       |          | <b>500,000</b>   |           | <b>500,000</b>   |
| <b>Financing</b>   |       |          |                  |           |                  |
| Repayment of finance leases  |       | (4,034)  |                  | -         |                  |
| Decrease in other loans  |       | (20,623) |                  | (219,277) |                  |
| <b>Net cash outflow from financing</b>                                     |       |          | <b>(24,657)</b>  |           | <b>(219,277)</b> |
| <b>(Decrease)/increase in cash</b>   |       |          | <b>(87,226)</b>  |           | <b>101,910</b>   |

# **SCOTTISH NATIONAL PARTY**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2013**

---

#### **1. Accounting Policies**

##### **Basis of preparation**

The Scottish National Party is not incorporated in law and thus not bound by the Companies Act 2006. The Party is required to prepare financial statements in accordance with the Political Parties, Elections and Referendum Act 2000 ('PPERA')

The financial statements have been prepared under the historical cost convention, and are in accordance with applicable accounting standards and the guidance issued by the Electoral Commission.

As stated in the Annual Report, the Party has 259 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.

##### **Going concern**

The National Treasurer has reviewed the expenditure budgets and cash flow projections for the Party for the year to 31 December 2014 and is satisfied that the Party will have sufficient funds for it to meet its financial obligations. On this basis, and in light of the post year end donations received highlighted in note 32, the National Treasurer is satisfied that it is appropriate to prepare the accounts on the going concern basis.

##### **Income Recognition**

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 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.
- 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 and rental income are recognised in the income and expenditure account on an accruals basis.

##### **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 |
|--|---|--------------------------|

**SCOTTISH NATIONAL PARTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

---

**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.

**Current asset investments**

Current asset investments are valued at the lower of cost and net realisable value.

**Stocks**

Stocks are valued at the lower of cost and net realisable value.

**Leased assets**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible 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 profit and loss 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 profit and loss 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.

**Liquid resources**

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

**SCOTTISH NATIONAL PARTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**2. Membership subscriptions**

|  | 2013<br>£      | 2012<br>£      |
|--|----------------|----------------|
| Membership fees received directly by the Party | <u>585,691</u> | <u>555,205</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 12).

**3a. Donations**

|   | 2013<br>£             | 2012<br>£             |
|---|-----------------------|-----------------------|
| Cash donations received reportable to the Electoral Commission                    | 10,000                | 18,000                |
| Cash donations received below the reporting threshold to the Electoral Commission | 430,295               | 364,589               |
| Notional donations below the reporting threshold to the Electoral Commission      | <u>1,017</u>          | <u>6,477</u>          |
| <b>Total</b>  | <u><b>441,312</b></u> | <u><b>389,066</b></u> |

Total value of donations reported to the Electoral Commission during 2013 was £191,459 (2012-£694,399)

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**

|   | 2013<br>£             | 2012<br>£             |
|---|-----------------------|-----------------------|
| Donations reported to the Electoral Commission: | <u>191,459</u>        | <u>694,399</u>        |
| <b>Recorded in the accounts as:</b>             |                       |                       |
| Donation income                                 | -                     | 18,000                |
| Legacy Income                                   | 20,000                | 507,724               |
| Grant Income                                    | <u>171,459</u>        | <u>168,675</u>        |
|   | <u><b>191,459</b></u> | <u><b>694,399</b></u> |



**SCOTTISH NATIONAL PARTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**4. Fundraising**

|                       | 2013<br>£      | 2012<br>£      |
|-----------------------|----------------|----------------|
| Independence Magazine | 98,600         | 96,542         |
| Raffles               | 61,611         | 63,301         |
| Great Weather Lottery | 1,747          | 1,785          |
| Independence Covenant | 3,664          | 3,940          |
| <b>Total</b>          | <b>165,622</b> | <b>165,568</b> |

**5. Investment income**

|                     | 2013<br>£     | 2012<br>£     |
|---------------------|---------------|---------------|
| Interest receivable | 13,783        | 24,775        |
| Investment income   | 7,615         | 5,997         |
| <b>Total</b>        | <b>21,398</b> | <b>30,772</b> |

**6. Property and rental income**

|                                      | 2013<br>£     | 2012<br>£     |
|--------------------------------------|---------------|---------------|
| Rental of office space to Alyn Smith | 20,700        | 13,800        |
| <b>Total</b>                         | <b>20,700</b> | <b>13,800</b> |

**7. Grant income**

|                          | 2013<br>£      | 2012<br>£      |
|--------------------------|----------------|----------------|
| Policy development grant | 158,480        | 171,337        |
| <b>Total</b>             | <b>158,480</b> | <b>171,337</b> |

**SCOTTISH NATIONAL PARTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**8. Miscellaneous**

|                          | 2013           | 2012           |
|--------------------------|----------------|----------------|
|                          | £              | £              |
| Levy on accounting units | 76,202         | -              |
| Legacies                 | 37,364         | 362,729        |
| Parliamentary levy       | 208,000        | 214,750        |
| Campaign services        | 1,470          | 19,632         |
| <b>Total</b>             | <b>323,036</b> | <b>597,111</b> |

Levy on accounting units represents levies on accounting units to fund by-election campaigns.

Legacies include amounts bequeathed to the Party during the year.

The Parliamentary levy is a levy imposed on all SNP MPs, MSPs and MEPs.

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

**9. Premises Costs**

|                | 2013          | 2012          |
|----------------|---------------|---------------|
|                | £             | £             |
| Rent and Rates | 74,608        | 67,810        |
| <b>Total</b>   | <b>74,608</b> | <b>67,810</b> |

**10. Office Costs**

|              | 2013           | 2012           |
|--------------|----------------|----------------|
|              | £              | £              |
| ICT          | 114,301        | 144,125        |
| Office costs | 19,888         | 30,655         |
| Insurance    | 7,937          | 7,134          |
| Telephone    | 9,250          | 11,775         |
| Postage      | 93,179         | 61,113         |
| Leasing      | 51,502         | 81,680         |
| <b>Total</b> | <b>296,057</b> | <b>336,482</b> |

ICT costs are those incurred in operating the Party's computer systems; servers; IT support; programming and development; and website.

**SCOTTISH NATIONAL PARTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**11. Staff costs**

|                                 | 2013<br>£      | 2012<br>£      |
|---------------------------------|----------------|----------------|
| Salaries                        | 498,140        | 451,841        |
| Social security                 | 57,906         | 49,325         |
| Other costs, including pensions | 96,194         | 49,224         |
| <b>Total</b>                    | <b>652,240</b> | <b>550,390</b> |

Average number of staff employed during the year:

|                      | 2013<br>No. | 2012<br>No. |
|----------------------|-------------|-------------|
| Officers             | 9           | 10          |
| Administrative staff | 3           | 3           |
| <b>Total</b>         | <b>12</b>   | <b>13</b>   |

**12. Transfers out**

|                                   | 2013<br>£      | 2012<br>£      |
|-----------------------------------|----------------|----------------|
| Membership income due to branches | 146,423        | 138,801        |
| Affiliate dividend                | 27,760         | -              |
| <b>Total</b>                      | <b>174,183</b> | <b>138,801</b> |

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 paid out a dividend to affiliated organisations during the year based on 2.5% of 2012 membership income. For the first year a booster grant was also paid which doubled the dividend paid over.

**13. Cost of fundraising events**

|                       | 2013<br>£      | 2012<br>£      |
|-----------------------|----------------|----------------|
| Donations             | 1,644          | 1,351          |
| Fundraising           | 34,196         | 29,350         |
| Independence Magazine | 76,942         | 81,531         |
| <b>Total</b>          | <b>112,782</b> | <b>112,232</b> |

**SCOTTISH NATIONAL PARTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**14. Conference costs**

|                         | 2013           | 2012           |
|-------------------------|----------------|----------------|
|                         | £              | £              |
| Venue hire and catering | 86,223         | 85,706         |
| Audio visual            | 42,974         | 45,705         |
| Security                | 14,663         | 13,477         |
| Printed materials       | 20,303         | 20,402         |
| Information technology  | 14,874         | 12,370         |
| Other conference costs  | 7,025          | 10,418         |
| Other national events   | 6,355          | 7,218          |
| <b>Total</b>            | <b>192,417</b> | <b>195,296</b> |

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

**15. Interest costs**

|                        | 2013          | 2012          |
|------------------------|---------------|---------------|
|                        | £             | £             |
| Bank interest          | -             | 1,148         |
| Other interest         | 1,075         | 890           |
| Bank charges           | 17,093        | 18,612        |
| Notional interest      | 1,017         | 6,477         |
| Finance lease interest | 1,986         | -             |
| <b>Total</b>           | <b>21,171</b> | <b>27,127</b> |

Loans from individual members in note 23 represent loans made to the Party by its members. The SNP is required by law to calculate as a non-cash donation the difference between a commercial interest rate for loans and the zero rate at which the individual member is lending the Party this money. The value of these non-cash donations generated from these loans has been recorded within donations income in note 3 and the interest cost recorded as notional interest above.

**SCOTTISH NATIONAL PARTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**16. Miscellaneous**

|                     | 2013<br>£     | 2012<br>£      |
|---------------------|---------------|----------------|
| Membership expenses | <u>32,425</u> | <u>142,872</u> |

Membership expenses are those incurred to produce recruitment materials and provide information materials to Party members. A new range of recruitments materials was developed in 2012 including the introduction of a Member Handbook.

|                   | 2013<br>£      | 2012<br>£      |
|-------------------|----------------|----------------|
| Irrecoverable VAT | <u>223,172</u> | <u>236,554</u> |

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

|                   | 2013<br>£            | 2012<br>£            |
|-------------------|----------------------|----------------------|
| Professional fees | 8,355                | 18,401               |
| Legal fees        | 10,445               | 46,681               |
| Bad debt          | 14,078               | (425)                |
| Audit fee         | 20,000               | 20,000               |
| Sundries          | <u>4,533</u>         | <u>5,270</u>         |
| <b>Total</b>      | <u><b>57,411</b></u> | <u><b>89,927</b></u> |

**17. Taxation**

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2013 due to the availability of tax losses.

**SCOTTISH NATIONAL PARTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**18. Tangible fixed assets**

|                                    | <b>Furniture, fixtures<br/>and fittings<br/>£</b> | <b>Office/computer<br/>equipment<br/>£</b> | <b>Total<br/>£</b> |
|------------------------------------|---|--|--------------------|
| <b>Cost</b>                        |   |  |                    |
| At 1 January 2013                  | 51,134  | 187,050                                    | 238,184            |
| Additions                          | 6,651   | 44,087                                     | 50,738             |
| Disposals                          | -   | (8,934)                                    | (8,934)            |
| At 31 December 2013                | <b>57,785</b>                                     | <b>222,203</b>                             | <b>279,988</b>     |
| <b>Depreciation</b>                |   |  |                    |
| At 1 January 2013                  | 33,766  | 149,293                                    | 183,059            |
| Charged in year                    | 6,842   | 20,930                                     | 27,772             |
| On disposals                       | -   | (6,948)                                    | (6,948)            |
| At 31 December 2013                | <b>40,608</b>                                     | <b>163,275</b>                             | <b>203,883</b>     |
| Net Book Value at 31 December 2013 | <b>17,177</b>                                     | <b>58,928</b>                              | <b>76,105</b>      |
| Net Book Value at 31 December 2012 | 17,368  | 37,757                                     | 55,125             |

**19. Fixed asset investments**

|                     | <b>Unlisted<br/>investments<br/>£</b> |
|---------------------|---------------------------------------|
| At 1 January 2013   | 479                                   |
| Additions           | -                                     |
| At 31 December 2013 | <b>479</b>                            |

**20. Stock**

|                       | <b>2013<br/>£</b> | <b>2012<br/>£</b> |
|-----------------------|-------------------|-------------------|
| Promotional materials | 18,908            | 18,908            |
| <b>Total</b>          | <b>18,908</b>     | <b>18,908</b>     |

**21. Debtors**

|                                | <b>2013<br/>£</b> | <b>2012<br/>£</b> |
|--------------------------------|-------------------|-------------------|
| <b>Due within one year</b>     |                   |                   |
| Trade debtors                  | 36,588            | 44,136            |
| Tax and social security        | 1,847             | -                 |
| Other debtors                  | 39,855            | 53,942            |
| Prepayments and accrued income | 79,859            | 81,144            |
| <b>Total</b>                   | <b>158,149</b>    | <b>179,222</b>    |

**SCOTTISH NATIONAL PARTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**22. Current asset investments**

|                            | <b>Cash<br/>investments<br/>£</b> |
|----------------------------|-----------------------------------|
| At 1 January 2013          | 500,000                           |
| Disposals on maturity      | <u>(500,000)</u>                  |
| <b>At 31 December 2013</b> | <b><u>-</u></b>                   |

**23. Creditors**

|   | <b>2013<br/>£</b>     | <b>2012<br/>£</b>     |
|---|-----------------------|-----------------------|
| <b>Amounts falling due within one year</b>          |                       |                       |
| Trade creditors                                     | 109,066               | 27,312                |
| Accrual and deferred income                         | 99,232                | 80,647                |
| Social security and other taxation                  | 20,039                | 13,343                |
| Amounts owed to accounting units                    | 193,695               | 143,468               |
| Loans from accounting units                         | 71,193                | 90,241                |
| Other creditors                                     | 3,635                 | 6,152                 |
| Loans from individual members                       | 22,360                | 22,860                |
| Finance lease creditor                              | 4,034                 | -                     |
| <b>Total falling due within one year</b>            | <b><u>523,254</u></b> | <b><u>384,023</u></b> |
|   | <b>2013<br/>£</b>     | <b>2012<br/>£</b>     |
| <b>Amounts falling due after more than one year</b> |                       |                       |
| Finance lease creditor                              | 12,103                | -                     |
| <b>Total falling due after more than one year</b>   | <b><u>12,103</u></b>  | <b><u>-</u></b>       |
| <b>Total liabilities</b>                            | <b><u>535,357</u></b> | <b><u>384,023</u></b> |

**24. Loans**

|  | <b>2013<br/>£</b>    | <b>2012<br/>£</b>     |
|--|----------------------|-----------------------|
| Amounts outstanding on loans taken out in prior years  | 79,405               | 79,767                |
| Amounts outstanding on loans taken out in current year | 14,148               | 33,334                |
| <b>Total</b>   | <b><u>93,553</u></b> | <b><u>113,101</u></b> |

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 2013**

**25. Reserves**

|   | Unrestricted<br>fund<br>£ | Restricted<br>fund<br>£ | Total<br>£       |
|---|---------------------------|-------------------------|------------------|
| <b>At 1 January 2013</b>                        | 409,314                   | 94,082                  | <b>503,396</b>   |
| Transfer from income and<br>expenditure account | (355,734)                 | (382,919)               | <b>(738,653)</b> |
| Transfer between funds                          | (288,837)                 | 288,837                 | -                |
| <b>At 31 December 2013</b>                      | <b>(235,257)</b>          | -                       | <b>(235,257)</b> |

Restricted funds represent income received by the Party to fund specific activities.

**26. Net cash outflow from operating activities before tax, returns on investment and servicing of finance**

|   | 2013<br>£        | 2012<br>£ |
|---|------------------|-----------|
| Operating deficit before interest, investment income and taxation | <b>(756,990)</b> | (384,334) |
| Depreciation  | <b>27,772</b>    | 25,861    |
| Increase in stocks  | -                | (7,635)   |
| Decrease in debtors   | <b>488</b>       | 179,778   |
| Increase in creditors   | <b>154,745</b>   | 6,625     |
| Other non-cash changes  | <b>111</b>       | (4,629)   |
| Net cash outflow from operating activities                        | <b>(573,874)</b> | (184,334) |

**27. Reconciliation of net cash inflow to movement in net (debt)/funds**

|  | 2013<br>£        | 2012<br>£ |
|--|------------------|-----------|
| (Decrease)/increase in cash in the year              | <b>(87,226)</b>  | 101,910   |
| Cash outflow from decrease in loans                  | <b>20,623</b>    | 219,277   |
| Cash outflow from finance leases                     | <b>4,034</b>     | -         |
| Cash inflow from increase in liquid resources        | <b>(500,000)</b> | (500,000) |
| Change in net (debt)/funds resulting from cash flows | <b>(562,569)</b> | (178,813) |
| Interest on loans                                    | <b>(1,075)</b>   | -         |
| New finance leases                                   | <b>(20,171)</b>  | -         |
| Conversion of loans to donations                     | -                | 3,260     |
| Movement in net (debt)/funds in the year             | <b>(583,815)</b> | (175,553) |
| Opening net funds                                    | <b>520,584</b>   | 696,137   |
| Closing net (debt)/funds                             | <b>(63,231)</b>  | 520,584   |



**SCOTTISH NATIONAL PARTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**28. Analysis of net funds/(debt)**

|                               | At 1 January<br>2013 | Cash<br>flow     | Other non-<br>cash<br>changes | At 31<br>December<br>2013 |
|-------------------------------|----------------------|------------------|-------------------------------|---------------------------|
|                               | £                    | £                | £                             | £                         |
| Cash                          | 133,685              | (87,226)         | -                             | 46,459                    |
|                               | 133,685              | (87,226)         | -                             | 46,459                    |
| Loans from accounting units   | (90,241)             | 20,123           | (1,075)                       | (71,193)                  |
| Loans from individual members | (22,860)             | 500              | -                             | (22,360)                  |
| Finance leases                | -                    | 4,034            | (20,171)                      | (16,137)                  |
| Current asset investments     | 500,000              | (500,000)        | -                             | -                         |
|                               | 386,899              | (475,343)        | (21,246)                      | (109,690)                 |
| <b>Total</b>                  | <b>520,584</b>       | <b>(562,569)</b> | <b>(21,246)</b>               | <b>(63,231)</b>           |

**29. Commitments under operating leases**

As at 31 December 2013, the Party had annual commitments under non-cancellable operating leases as set out below:

|                            | 2013<br>£     | 2012<br>£     |
|----------------------------|---------------|---------------|
| Land and buildings:        |               |               |
| Expiry during years 2 to 5 | 19,166        | 19,166        |
| Expiry within 5 years      | 39,640        | 39,640        |
| <b>Total</b>               | <b>58,806</b> | <b>58,806</b> |
| Other:                     |               |               |
| Expiry within 1 year       | 15,431        | 4,190         |
| Expiry during years 2 to 5 | -             | 29,296        |
| <b>Total</b>               | <b>15,431</b> | <b>33,486</b> |

**SCOTTISH NATIONAL PARTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

---

**30. Contingent liability**

The Party is currently in the process of defending an ongoing legal case. It is not known when the legal case is likely to be concluded but if unsuccessful, the Party's liability is estimated to be in the sum of £125,000.

**31. Related party transactions**

The Party has entered into the following transactions with its (non consolidated) accounting units and members:

|   |                       |
|---|-----------------------|
| <b>a) Loans from accounting units</b>             | £                     |
| Loans payable at 1 <sup>st</sup> January 2013     | 90,241                |
| Movement (net) in year                            | (19,048)              |
| Loans payable at 31 <sup>st</sup> December 2013   | <u><u>71,193</u></u>  |
| <b>b) Loans from individual members</b>           |                       |
| Loans payable at 1 <sup>st</sup> January 2013     | 22,860                |
| Movement (net) in year                            | (500)                 |
| Loans payable at 31 <sup>st</sup> December 2013   | <u><u>22,360</u></u>  |
| <b>c) Branch dividend amounts due to branches</b> |                       |
| Due at 1 <sup>st</sup> January 2013               | 143,468               |
| Movement (net) in year                            | 50,227                |
| Due at 31 <sup>st</sup> December 2013             | <u><u>193,695</u></u> |

**32. Post balance sheet events**

In February 2014 the Party received a donation of £1m, and in May 2014 received a pledge for up to another £1m from another donor.