



The Liberal Democrats in England
Reports and Financial Statements

Year Ended

31 December 2012

Liberal Democrats in England

Financial Statements for the year ended 31 December 2012

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Party Officers and Registered Officers under PPERA:

Chair:	Peter Ellis
Registered Treasurer:	Steve Jarvis

Party Headquarters

2nd floor, 8-10 Great George Street, London, SW1P 3AE

Auditor

Mazars LLP, Tower Bridge House, St Katharine's Way, London, E1W 1DD

Liberal Democrats in England

Report of the Party Officers for the year ended 31 December 2012

1. *Administrative information*

The Liberal Democrats in England ("the English State Party", "the Party") is part of the federal structure of the Liberal Democrats. It is a federation of the regional parties in England. Each regional party comprises a number of local parties. The Liberal Democrats in England is one of the accounting units of the Liberal Democrats in accordance with the financial scheme established under section 26 of the Political Parties, Elections and Referendums Act 2000. Each regional and local party is also an accounting unit. Each accounting unit prepares its statement of accounts separately, and the accounts of the accounting units are not consolidated.

Committees

The following committees operate within the Party to oversee and manage the Party's business. The terms of reference for each committee is contained within the Party's constitution and standing orders. The Chairs of the respective committees are:

English Council – Peter Ellis
English Council Executive – Peter Ellis
Candidates – Margaret Joachim
Finance and Administration – Steve Jarvis
Regional Parties – Mike Wheatley

English Council (EC) is the sovereign body of the Liberal Democrats in England. Its functions are laid out in article 6.1 of the constitution and its membership is defined by article 5.1. EC is responsible for the appointment of the Party's auditor.

Similarly the function of the English Council Executive (ECE) is laid out in article 6.2 of the constitution and its membership in article 5.6.

Article 7.3 of the constitution defines the function of the Candidates Committee and article 7.2 its membership.

The Finance & Administration Committee (EFAC) is chaired by the Registered Treasurer. Its responsibilities are defined by paragraph 5.4 of the ECE standing orders and its membership by paragraph 5.3. EFAC is responsible for ensuring that there are adequate financial controls and systems in place.

Candidates

The English Candidates Office, under the direction of the English Candidates Committee, supports the processes of approving and selecting Parliamentary candidates in England.

The review of the structure of the Candidates Office was completed in early 2012 with the result that Candidates Office staff are now Federal Party employees and the English Party now purchases Candidates Office services from the Federal Party.

Elected representatives

The Party's elected representatives in England are shown at Annex A.

Liberal Democrats in England

Report of the Party Officers for the year ended 31 December 2012

Staffing

The permanent members of staff were:

Head of the English Candidates' Office – Tamsin Hewett (to March 2012)

Candidates Office Assistant – Maddy Pite (to March 2012)

As of April 2012 the Party had no staff.

2. *Review of political activities*

In 2012 the Party continued its programme of regional development, building membership and campaign capacity across the party in England.

3. *Financial Review*

The Party had a deficit of £57,667 for the year, resulting in it having net liabilities of £3,533 at the year end.

Income from membership fees fell by 5% with consequent reductions to Federal Levy, Regional Rebates and Local Party service fees. Grants increased as the Party contributed towards the cost of the Connect campaign management system, a regional fundraiser and providing an HR service to Regions. The net effect was a smaller reduction in expenditure than income resulting in the deficit for the year.

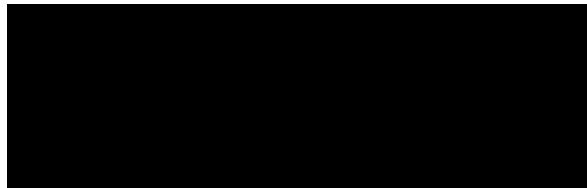
The 2012 figures include the income and expenditure related to the selection ballot for candidates for the European Parliament election taking place in 2014, which was broadly cost neutral.

For 2013 the Party has budgeted a modest surplus that will return it to a net assets position. To the end of April the Party is achieving the 2013 budget.

Steve Jarvis

Registered Treasurer

24 June 2013



Liberal Democrats in England

Statement of Registered Treasurer's responsibilities

The Registered 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 its surplus or deficit for that period. In preparing those financial statements, the Registered 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; 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 Registered 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. He 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.

Section 43 of the Act requires that the Registered Treasurer is responsible for delivery of the statements of accounts to the Electoral Commission by the required deadline.

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

Liberal Democrats in England
Independent Auditor's Report
To the English Council of the Liberal Democrats in England

We have audited the financial statements of the Liberal Democrats in England for the year ended 31 December 2012 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and related notes. 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).

Respective responsibilities of the Registered Treasurer and auditor

As explained more fully in the Statement of Registered Treasurer's Responsibilities set out on page 4, the Registered Treasurer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 (APB's) Ethical Standards for Auditors. This report is made solely to the Council of the Liberal Democrats in England, as a body, 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 Council of the Liberal Democrats in England 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 English Council of the Liberal Democrats in England for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Councils web site at www.frc.org.uk/auditscopeukprivate

Opinion on the financial statements

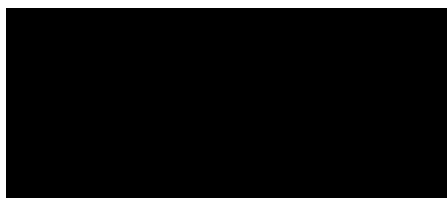
In our opinion the financial statements:

- give a true and fair view of the state of affairs of the Liberal Democrats in England as at 31 December 2012 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.

Liberal Democrats in England
Independent Auditor's Report
To the English Council of the Liberal Democrats in England

Opinion on the other matters

In our opinion the information given in the Report of the Party Officers for the financial year for which the financial statements are prepared is consistent with the financial statements.



William Neale Bussey (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD

24 June 2013

Liberal Democrats in England
Income and Expenditure Account
For the year ended 31 December 2012

	Note	Total 2012 £	Total 2011 £
Income			
Membership & subscription fees		1,798,476	1,898,455
Fundraising	6	33,075	15,000
Recharges to Party bodies	7	3,438	19,100
Investment income	8	189	398
Other income		5,315	4,725
		<u>1,840,493</u>	<u>1,937,678</u>
Expenditure			
Federal Party levy		795,249	835,387
Regional rebates		208,136	216,646
Local Party service fees		86,818	89,178
Liberal Youth grant		14,408	17,638
Federal Party services		437,623	419,588
Services to members	9	60,037	91,475
Running costs		156,021	116,980
Grants paid	10	100,994	59,116
Staff costs	2	38,836	83,509
		<u>1,898,122</u>	<u>1,929,517</u>
(Deficit)/Surplus before taxation		(57,629)	8,161
Taxation	11	(38)	(80)
(Deficit)/Surplus for the year		<u>(57,667)</u>	<u>8,081</u>

The income and expenditure account has been prepared on the basis that all operations are continuing operations.

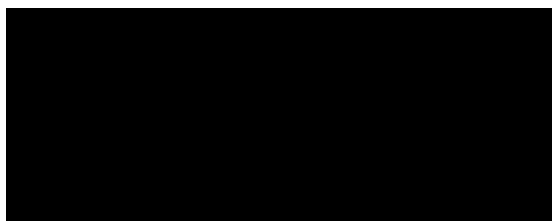
There were no recognised gains or losses other than those included in the income and expenditure account.

The notes on pages 10 to 16 form part of these financial statements

The Liberal Democrats in England
Balance Sheet as at 31 December 2012

	Note	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Tangible assets	12		-		-
Current assets					
Debtors	13	21,208		91,680	
Cash at bank and in hand		<u>47,628</u>		<u>13,845</u>	
		68,836		105,525	
Creditors: amounts falling due within one year	14	<u>(72,369)</u>		<u>(51,391)</u>	
Net current assets			(3,533)		54,134
Net assets			<u>(3,533)</u>		<u>54,134</u>
Reserves					
General Fund	15		(3,533)		54,134
Total funds			<u>(3,533)</u>		<u>54,134</u>

These financial statements were approved by the English Finance and Administration Committee on behalf of the English Council Executive on 24 June 2013



Steve Jarvis
Registered Treasurer

The notes on pages 10 to 16 form part of these financial statements

The Liberal Democrats in England
Cash Flow Statement
For the year ended 31 December 2012

	Note	2012 £	2011 £
Net cash inflow/(outflow) from operating surplus before returns on investments and servicing of finance	16	33,594	(83,765)
Returns on investment and servicing of finance			
Interest received		189	398
UK Tax paid		-	(98)
Increase/(decrease) in cash	17	<u>33,783</u>	<u>(83,465)</u>

The notes on pages 10 to 16 form part of these financial statements

The Liberal Democrats in England
Notes forming part of the Financial Statements
For the year ended 31 December 2012

1 Accounting policies

The Liberal Democrats (The Federal Party) is a federation constituted by the Scottish Liberal Democrats, the Welsh Liberal Democrats and the Liberal Democrats in England (the State Parties). The Liberal Democrats in England is a federation of the Regional Parties in England. The Regional Parties comprise a number of Local Parties.

The Liberal Democrats in England is constituted under section 26 of the Political Parties, Elections and Referendums Act 2000 as an accounting unit of the Liberal Democrats.

These financial statements deal solely with the activities of the Liberal Democrats in England as set out in Article 6 of the Constitution of the Liberal Democrats in England. They do not include the income, expenditure, assets or liabilities of the Federal Party or of Regional, Local Parties or any other bodies.

Basis of preparation

The financial statements have been prepared under the historical cost convention, and are in accordance with applicable accounting standards and the principles set out in the Electoral Commission's 'Statement of Accounts Guidance Notes'.

Going concern

The Liberal Democrats in England share a banking facility with certain other Liberal Democrat entities, including the Liberal Democrats (The Federal Party) and there is a right of set off between bank accounts of those entities. The Registered Treasurer has therefore considered the applicability of the going concern basis of preparation of the financial statements by reference to the aggregated financial position of those entities.

The Liberal Democrats (The Federal Party) relies on the receipt of donation income to meet a significant proportion of their expenditure, and an overdraft facility with the Royal Bank of Scotland to meet working capital requirements. Donation income is inherently unpredictable, but the Registered Treasurer is confident that sufficient donations will be received and facilities will continue to be available to allow the entity to meet its obligations.

The Registered Treasurer has reviewed the aggregated cash flow projections for the entities to the end of 2014. On the basis of these projections the Registered Treasurer is satisfied that the Party will be able to meet its financial obligations as they fall due and, on this basis, considers that it is appropriate to prepare the financial statements on a going concern basis.

The following principal accounting policies have been applied:

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.

The Liberal Democrats in England
Notes forming part of the Financial Statements
For the year ended 31 December 2012

1 Accounting policies (continued)

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

- Membership and subscription fees are recognised on a receipts basis.
- Interest receivable is recognised in the income and expenditure account on an accruals basis.
- Donations of monetary assets and liquid investments are recognised in the income and expenditure account on receipt.

Expenditure

The Federal Party meets the majority of the overheads incurred by the English State Party. The Federal Party recovers these costs through recharges.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Computer software	-	5 years
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Pension costs

Contributions to the Party's defined contribution pension scheme are charged to the income and expenditure account in the year in which they become payable.

Tax

As a voluntary society, tax is only charged on investment income.

2 Employees

	2012 £	2011 £
Staff costs consist of:		
Wages and salaries	13,375	68,228
Social security costs	1,358	6,923
Other pension costs	1,090	5,545
Other staff costs	23,013	2,813
	<u>38,836</u>	<u>83,509</u>

Other staff costs include redundancy, recruitment, training and travel costs.

The Liberal Democrats in England
Notes forming part of the Financial Statements
For the year ended 31 December 2012

The average number of employees during the year was as follows:

	2012 Number	2011 Number
Administrative staff	0.50	2.30

As of April 2012 the Party had no staff

3 Registered Party Officers

None of the Registered Officers under PPERA or Committee Chairs received any remuneration in that capacity in 2012 (2011 - £nil).

4 Membership

As at 31 December 2012 there were 37,805 members of the Party.

5 (Deficit)/Surplus before tax

	2012 £	2011 £
This has been arrived at after charging:		
Auditor's remuneration - audit services	6,694	5,500
Depreciation	-	8,234

6 Fundraising activities

	2012 £	2011 £
Regional draw	-	15,000
Euro selection appeal	33,075	-
	33,075	15,000

7 Recharges to Party bodies

	2012 £	2011 £
Candidates Office services to Federal Party	3,150	12,600
Candidates Office services to other state parties	-	6,500
Finance charge to Federal Party	288	-
	3,438	19,100

The Liberal Democrats in England
Notes forming part of the Financial Statements
For the year ended 31 December 2012

8 Investment income

	2012 £	2011 £
Interest receivable	189	398
	<u>189</u>	<u>398</u>

9 Services to members

Services to members consist of the cost of sending out membership renewal reminders, membership cards and new members packs. In addition it includes constitutional and compliance support.

10 Grants paid

The Party makes a contribution towards the cost of the G8 programme of support for local elections, which is managed by the Association of Liberal Democrat Councillors. In addition it has given grants to regional parties and Liberal Youth for developmental work.

11 Taxation on (deficit)/surplus from ordinary activities

	2012 £	2011 £
Taxation on Party's investment income	38	80
	<u>38</u>	<u>80</u>

The Liberal Democrats in England
Notes forming part of the Financial Statements
For the year ended 31 December 2012

12 Tangible assets

	Computer Software £
<i>Cost</i>	
At 1 January 2012 and 31 December 2012	31,229
<i>Depreciation</i>	
At 1 January 2012 and 31 December 2012	31,229
<i>Net book value</i>	
At 1 January 2012 and 31 December 2012	<u><u>-</u></u>

13 Debtors

	2012 £	2011 £
Amounts owed by Liberal Democrat related entities	17,731	85,949
Prepayments and accrued income	3,477	5,731
	<u>21,208</u>	<u>91,680</u>

14 Creditors: amounts falling due within one year

	2012 £	2011 £
Trade creditors	192	-
Accruals and deferred income	72,059	51,311
Corporation tax	118	80
	<u>72,369</u>	<u>51,391</u>

15 General and total funds

	2012 £	2011 £
At 1 January 2012	54,134	46,053
(Deficit)/surplus for the year	(57,667)	8,081
As at 31 December 2012	<u>(3,533)</u>	<u>54,134</u>

The Liberal Democrats in England
Notes forming part of the Financial Statements
For the year ended 31 December 2012

16 Net cash inflow/(outflow) from operating (deficit)/surplus before tax, returns on investment and servicing of finance

	2012 £	2011 £
Operating (deficit)/surplus before taxation	(57,629)	8,161
Depreciation	-	8,234
Decrease/(increase) in debtors	70,472	(47,161)
Increase/(decrease) in creditors	20,940	(52,601)
Net cash inflow/(outflow) from operating (deficit)/surplus before tax	33,783	(83,367)
Investment income	(189)	(398)
Net cash inflow/(outflow) from operating surplus before tax, returns on investment and servicing of finance	33,594	(83,765)

17 Reconciliation of net cash Inflow/(outflow) to movement in net funds

	2012 £	2011 £
Increase/(decrease) in cash in the year	33,783	(83,465)
Movement in net funds	33,783	(83,465)
Opening net funds	13,845	97,310
Closing net funds	47,628	13,845

18 Analysis of net funds

	At 1 January 2012 £	Cash flow £	At 31 December 2012 £
Cash	13,845	33,783	47,628

The Liberal Democrats in England
Notes forming part of the Financial Statements
For the year ended 31 December 2012

19 Related entity transactions

The Liberal Democrats in England is related to other bodies within the Liberal Democrats. During the year The Liberal Democrats in England paid a proportion of the membership income received in the form of levies (to the Liberal Democrats (The Federal Party)), rebates (to Regional Parties), service fees (to Local Parties) and a grant (to Liberal Youth) in total amounting to £1,104,611 (2011 – £1,158,849). In addition the Liberal Democrats in England sub-contracted its membership, finance and other headquarter functions to the Liberal Democrats (The Federal Party). The cost of these services in 2012 was £603,182 (2011 – £506,552). Income includes an amount cross charged to other party bodies for the services of the Candidates Office of £3,150 (2011 – £19,100).

The amounts owed to and by related parties at 31 December 2012 was £nil (2011 – £nil) and £17,731 (2011 – £85,949) respectively.

The amounts owed by related entities are as follows:

The Liberal Democrats (The Federal Party) - £17,731 (2011: £85,949)

Elected representatives

Annex A

As of June 2013 the Party had the following elected representatives

Westminster Parliament	
Norman Baker	Greg Mulholland
Alan Beith	Tessa Munt
Gordon Birtwistle	John Pugh
Tom Brake	Dan Rogerson
Annette Brooke	Bob Russell
Jeremy Browne	Adrian Sanders
Paul Burstow	Andrew Stunell
Lorely Burt	Ian Swales
Vincent Cable	Sarah Teather
Nick Clegg	Mike Thornton
Edward Davey	David Ward
Tim Farron	Steve Webb
Lynne Featherstone	Stephen Williams
Don Foster	Simon Wright
Andrew George	
Stephen Gilbert	European Parliament
Duncan Hames	Catherine Bearder
Nick Harvey	Phil Bennion
David Heath	Sharon Bowles
John Hemming	Chris Davies
Martin Horwood	Andrew Duff
Simon Hughes	Bill Newton Dunn
Mark Hunter	Fiona Hall
Julian Huppert	Sarah Ludford
Norman Lamb	Edward McMillan-Scott
David Laws	Rebecca Taylor
John Leech	Graham Watson
Stephen Lloyd	