



The Liberal Democrats (The Federal Party)

Reports and Financial Statements

Year Ended

31 December 2013

"The Liberal Democrats exist to build and safeguard a free, fair and open society, in which we balance the fundamental values of liberty, equality and community and in which no-one shall be enslaved by poverty, ignorance or conformity."

Preamble to the Federal Party constitution.

The Liberal Democrats (The Federal Party)

Report of the Party Officers for the year ended 31 December 2013

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Party Officers

Registered Officers under PPERA

Leader:	Rt Hon. Nick Clegg MP
Registered Treasurer:	Peter Dunphy
Nominating officer:	Sarah Morris
Campaigns officer:	Tim Gordon
Deputy campaigns officer:	Adam Stachura
Deputy campaigns officer:	Richard Thomas

Other Officers

Party President:	Tim Farron MP
Vice President:	Peter Ellis
Vice President:	Craig Harrow
Vice President:	Prof John Last CBE
Treasurer:	Lord Wrigglesworth
Chief Executive:	Tim Gordon

The Party Leader is elected by a postal ballot of all members in accordance with Article 10 of the constitution. The Party President is elected for a 2-year term by a postal ballot of all members of the Party in accordance with Article 12.1 of the constitution.

Party Headquarters

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

Auditor

Mazars LLP

The Liberal Democrats (The Federal Party)

Report of the Party Officers for the year ended 31 December 2013

The Liberal Democrats (The Federal Party) is a federation constituted by the Scottish Liberal Democrats, the Welsh Liberal Democrats (Democratiaid Rhyddfrydol Cymru) 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 (The Federal Party) is constituted under section 26 of the Political Parties, Elections and Referendums Act 2000 as a central organisation with 419 accounting units.

These financial statements deal solely with the activities of the Federal Party as set out in Article 2 of the Constitution of the Federal Party. They do not include the income, expenditure, assets or liabilities of the State, Regional, Local Parties, or any other bodies.

1. *Administrative information*

Committees

The following committees operate within The Liberal Democrats (The Federal Party) ("the Federal Party", "the Party") to oversee and manage the organisation's business. The terms of reference for each committee are contained within the party's constitution. The Chairs of the respective committees are:

Federal Executive – Tim Farron MP
Campaigns & Communications – James Gurling
Federal Policy – Duncan Hames
Federal Finance and Administration – Peter Dunphy
International Relations – Robert Woodthorpe-Browne
Federal Conference – Andrew Wiseman

Conference is the sovereign representative body of the Party with the power to determine its policies. In addition to setting the Party's policies, Conference also receives reports from the federal committees and parliamentary and European parliamentary parties. Membership of Conference is defined by article 6.1 of the constitution.

Conference is organised by the Federal Conference Committee (FCC), membership of which is defined by article 6.10 of the constitution.

Between conferences the Federal Policy Committee (FPC) is responsible for researching, developing and overseeing the policy making process. Membership of the FPC is defined by article 7.2 of the constitution.

The Federal Executive (FE) is responsible for directing, co-ordinating and implementing the work of the Federal Party. Membership of the FE is defined by article 8.1 of the constitution.

The Federal Finance & Administration Committee (FFAC) is a sub-committee of the FE responsible for the planning and administration of the budget and finances of the Federal Party, directing the administration of the Federal Party and ensuring compliance of the Party at all levels with the provisions of the Political Parties, Elections

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Report of the Party Officers for the year ended 31 December 2013

and Referendums Act 2000 as amended by the Electoral Administration Act 2011. The FFAC is also responsible for the appointment of the Federal Party's auditor and ensuring that there are adequate financial controls and systems in place. Membership of the FFAC is defined by article 8.2 of the constitution.

The Campaigns & Communications Committee (CCC) exists to co-ordinate the Party's national campaigns and communications strategy. Membership consists of a Chair elected biannually by the FE, the Party President, Party Leader, Chief Whip and two members directly elected by the FE.

The International Relations Committee (IRC) is responsible for the Party's international liaison. Its membership consists of representatives of the state and parliamentary parties, Liberal Youth, Liberal International British Group, European Liberal Democrats and Reform Group and individuals elected by Conference representatives.

The Directors of The Liberal Democrats Ltd are appointed by the Federal Executive and during the year the following have served:

Duncan Greenland*

Eric Lowry*

Michael Jeans*

Lord Dholakia of Waltham Brooks

Baroness Parminter*

Lord Vallance of Tummel*

(resigned 21 January 2014)

Baroness Kramer*

(resigned 26 November 2013)

Lord Wrigglesworth

(resigned 26 November 2013)

Peter Dunphy

(appointed 16 April 2013)

Lady Vallance*

(appointed 29 April 2014)

Baroness Manzoor*

(appointed 29 April 2014)

Those marked with an asterisk perform the role of an Audit Committee including meeting with the auditor and receiving its reports, and ensuring compliance with the Party's procedures for the acceptance of significant donations including, consideration of the dangers to the Party's reputation, and legal compliance with the Political Parties, Elections and Referendums Act 2000 as amended by the Political Parties and Elections Act 2009.

Elected representatives

The Party's 56 elected members of the Westminster and 1 member of the European Parliaments are shown at Annex A. In addition there are 98 Liberal Democrat members of the House of Lords, five Liberal Democrat members of the Scottish Parliament, five Liberal Democrat members of the Welsh Assembly and two Liberal Democrat members of the Greater London Authority. As of June 2014 there were approximately 2,500 Liberal Democrat Councillors. There are also two directly elected Liberal Democrat Mayors.

The Liberal Democrats (The Federal Party)

Report of the Party Officers for the year ended 31 December 2013

Staffing

The principal permanent members of staff are:

Chief Executive – Tim Gordon
Director of Elections & Field – Hilary Stephenson
Director of Finance & Operations – Nigel Bliss ACA
Director of Political Operations – Tim Snowball
Digital Director – Steve Pitman
Chief Fundraiser – Ibrahim Taguri

Accounting Units

The Party has 419 accounting units registered with the Electoral Commission.

2. *Review of political activities*

During 2013 the public continued to see the impact of Liberal Democrats in government with specific manifesto pledges being implemented in areas such as continuing to increase personal tax allowances.

Conferences

The Party held two conferences during the year:

- Spring
- Autumn

Spring

The 2013 Spring Conference was held in Brighton with debates covering such issues as education, the rural economy and corporate tax avoidance.

Autumn

In the autumn of 2013 Conference was held in Glasgow where debates included racial equality, home care and human rights.

Policy development

Since the move into Government the Party has retained its identity as a radical, progressive party and at the heart of this is its strong policy development function. This strength was in part evidenced by the consultative sessions covering such issues as housing and a zero carbon economy.

Campaigns and elections

The highlight of the year was the Party's successful campaign to win the Eastleigh by-election.

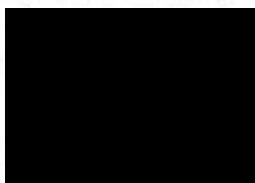
The Liberal Democrats (The Federal Party)
Report of the Party Officers for the year ended 31 December 2013

3. *Financial Review*

2013 was a very successful year for the Party with a substantial financial surplus and a growing membership.

The Federal Party recorded a surplus for the year of £439,030 with the result that net liabilities at the year-end reduced to £712,859. Of this surplus £227,703 related to the General Fund and £211,327 to the Legacy Fund that was launched during the year. Since the year end the Legacy Fund has increased to £400,000 and it is expected that it will be at least £750,000 by the end of 2014.

Unusually for a party in government the Party increased its membership by almost 1,000 over the course of the year. This increase was broadly based across the entire country and in every type of seat.



Peter Dunphy
Registered Treasurer
23 June 2014

The Liberal Democrats (The Federal Party)

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.

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

The Registered 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 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.

Independent Auditor's Report to The Federal Conference of The Liberal Democrats (The Federal Party)

We have audited the financial statements of the Liberal Democrats (The Federal 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. 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 6, 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 Ethical Standards for Auditors. This report is made solely to the Federal Conference of the Liberal Democrats (The Federal Party), as a body, in accordance with section 43 of the Political Parties, Elections and Referendums Act 2000. Our audit work has been undertaken so that we might state to the Federal Conference of the Liberal Democrats (The Federal Party) 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 Federal Conference of the Liberal Democrats (The Federal Party) as a body, for our audit work, for this report, or for the opinions we have formed.

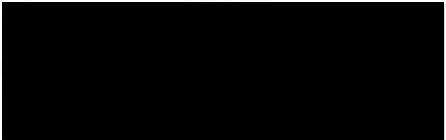
Scope of the audit of the financial statements

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

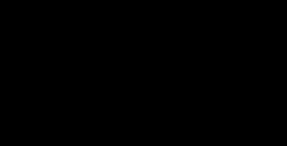
Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the Liberal Democrats (The Federal Party) as at 31 December 2013 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.



William Neale Bussey (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor



23 June 2014

The Liberal Democrats (The Federal Party)
Income and Expenditure Account
For the year ended 31 December 2013

General Fund	Note	2013 £	Restated 2012 £
Income			
Donations		2,540,657	1,527,207
Membership and subscription fees		850,035	890,251
Newspaper income	11	106,899	99,397
Affinity income		27,964	29,599
Grants	5	794,664	817,787
Conference income	10	1,415,027	1,463,792
Investment income	6	67	66
Notional income	7	185,672	213,466
Recharges to party bodies	12	852,697	769,449
Other income	8	313,705	212,529
		<u>7,087,387</u>	<u>6,023,543</u>
Expenditure			
Conference expenditure	10	731,120	876,920
Newspaper expenditure	11	54,935	121,249
Fundraising expenditure		179,336	116,773
Depreciation and amortisation	4	80,597	81,624
Campaign expenditure		1,305,164	849,303
Staff costs	2	2,940,319	2,772,831
Premises & office costs		768,243	767,572
Interest payable and similar charges	9	65,252	55,312
Notional expenditure	7	185,672	213,466
Grants to party bodies	13	373,687	378,951
Expenditure recharged from other party bodies		54,193	56,159
Charges from other party bodies		27,000	15,438
Audit fees	4	16,327	16,227
Bad debt provision	10,26	50,724	58,994
Other expenditure		27,101	53,660
		<u>6,859,670</u>	<u>6,434,479</u>
General Fund surplus/(deficit) before taxation	4	227,717	(410,936)
Taxation	14	(14)	(15)
General Fund surplus/(deficit) for the year		<u>227,703</u>	<u>(410,951)</u>

The notes on pages 12 to 22 form part of the financial statements

The Liberal Democrats (The Federal Party)
Income and Expenditure Account
For the year ended 31 December 2013

Legacy Fund

	Note	2013	2012
		£	£
Income			
Legacies		<u>216,127</u>	<u>-</u>
		<u>216,127</u>	<u>-</u>
Expenditure			
Legal & professional costs		<u>4,800</u>	<u>-</u>
		<u>4,800</u>	<u>-</u>
Legacy Fund surplus before taxation		<u>211,327</u>	<u>-</u>
Taxation		<u>-</u>	<u>-</u>
Legacy Fund surplus for the year		<u>211,327</u>	<u>-</u>
Overall surplus/(deficit) for the year		<u>439,030</u>	<u>(410,951)</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 Liberal Democrats (The Federal Party)
Balance Sheet as at 31 December 2013

	Note	2013 £	2013 £	2012 £	2012 £
Fixed assets					
Tangible assets	15		405,214		472,882
Current assets					
Debtors	16	506,430		430,627	
Cash at bank and in hand		26,318		31,363	
		<u>532,748</u>		<u>461,990</u>	
Creditors: amounts falling due within one year	17	<u>(1,550,821)</u>		<u>(1,986,761)</u>	
Net current liabilities			<u>(1,018,073)</u>		<u>(1,524,771)</u>
Total assets less current liabilities			<u>(612,859)</u>		<u>(1,051,889)</u>
Creditors: amounts falling due after more than one year	18		<u>(100,000)</u>		<u>(100,000)</u>
Net liabilities			<u><u>(712,859)</u></u>		<u><u>(1,151,889)</u></u>
Reserves					
General Fund	19		(969,186)		(1,196,889)
Reserve Fund	19		45,000		45,000
Legacy Fund	19		<u>211,327</u>		<u>-</u>
Total Deficit			<u><u>(712,859)</u></u>		<u><u>(1,151,889)</u></u>

The financial statements were approved by the Federal Finance & Administration Committee on 23 June 2014


Peter Dunphy
Registered Treasurer

The Liberal Democrats (The Federal Party)
Cash Flow Statement
For the year ended 31 December 2013

	Note	2013 £	2012 £
Net cash inflow/(outflow) from operating activities	22	693,917	(210,277)
Returns on investment and servicing of finance			
Interest received		67	66
UK Tax paid		(13)	(11)
Capital expenditure and financial investment			
Payment to acquire tangible fixed assets		(26,220)	-
Increase/(decrease) in cash	23	<u>667,751</u>	<u>(210,222)</u>

The notes on pages 12 to 22 form part of the financial statements

The Liberal Democrats (The Federal Party)
Notes forming part of the Financial Statements
For the year ended 31 December 2013

1 Accounting policies

The Liberal Democrats (The Federal Party) is a federation constituted by the Scottish Liberal Democrats, the Welsh Liberal Democrats (Democratiaid Rhyddfrydol Cymru) 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 (The Federal Party) is constituted under section 26 of the Political Parties, Elections and Referendums Act 2000 as a central organisation with 419 accounting units. Details of these units are available from party headquarters.

These financial statements deal solely with the activities of the Federal Party as set out in Article 2 of the Constitution of the Federal Party. They do not include the income, expenditure, assets or liabilities of the State, Regional, Local Parties, or any other bodies.

Basis of preparation

The Liberal Democrats (The Federal Party) is not incorporated in law and is thus not bound by the Companies Act 2006. The Party is required to prepare financial statements in accordance with the Political Parties, Elections and Referendums Act 2000 ("PPERA"). The financial statements have been prepared under the historical cost convention, and in accordance with applicable law and accounting standards in the United Kingdom (United Kingdom Generally Accepted Accounting Practice). The financial statements reflect the principles contained in the Statement of Accounts Guidance Notes issued by the Electoral Commission.

Going concern

The Federal Party relies on the receipt of donation income to meet a significant proportion of its expenditure, and an overdraft facility with the Royal Bank of Scotland to meet its working capital requirements. Donation income is inherently unpredictable, but the Finance & Administration Committee is confident that sufficient donations will be received and facilities will continue to be available to allow the Federal Party to meet its obligations.

The Finance & Administration Committee has taken steps to ensure that satisfactory surpluses will be achieved in 2014 and 2015, and has reviewed the cash flow projection to the end of June 2015. On the basis of these projections it is satisfied that the Federal Party will be able to meet its financial obligations within its available overdraft facility and, on this basis, it considers that it is appropriate to prepare the accounts on a going concern basis

The Liberal Democrats (The Federal Party)
Notes forming part of the Financial Statements
For the year ended 31 December 2013

1 Accounting policies (continued)

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.

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

- Donations of monetary assets and liquid investments 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 item or service received with an expense of the same amount being recognised contemporaneously.
- Grants are recognised in the income and expenditure account when the conditions for receipt of the grant have been met.
- Membership and subscription fees are recognised on a receipts basis.
- 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. Legacies notified to the Party after 1 August 2013 are included in a separate Legacy Fund.
- Newspaper and conference income, and the State Party Levy are recognised on an accruals basis.
- Interest receivable is recognised in the income and expenditure account on an accruals basis.

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
Fixtures and fittings	-	10 years

Campaign expenditure

The Party does not provide a breakdown of campaign expenditure between campaigns as the officers believe such an analysis would not be possible, given the continuous expenses incurred on multiple campaigns.

The Liberal Democrats (The Federal Party)
Notes forming part of the Financial Statements
For the year ended 31 December 2013

1 Accounting policies (continued)

Recharged expenditure

The Federal Party meets the majority of the overheads incurred by the English State Party and some of those incurred by the Parliamentary Office of the Liberal Democrats and the Scottish and Welsh State Parties. These costs are recovered through the Federal Party recharge.

Leased assets

Rentals payable under operating leases are charged on a straight-line basis over the term of the lease.

Pension benefit

Defined benefit pension scheme:

Pension liabilities are measured at their present value using the projected unit method in accordance with actuarial assumptions that are reviewed at each balance sheet date.

Pension assets are measured at fair value. The net pension liability or asset, after deferred tax, is recognised in the balance sheet.

The service cost of providing pension benefits to employees for the year is charged to the income and expenditure statement.

Defined contribution scheme:

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

	2013 £	2012 £
Staff costs consist of:		
Wages and salaries	2,231,093	2,017,639
Social security costs	223,623	219,719
Other pension costs	171,315	172,588
Other staff costs	314,288	362,885
	<u>2,940,319</u>	<u>2,772,831</u>

Other staff costs includes recruitment, training, travel and other costs.

The Liberal Democrats (The Federal Party)
Notes forming part of the Financial Statements
For the year ended 31 December 2013

2 Employees (continued)

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

2013 Number	2012 Number
78	68
<hr/>	<hr/>

3 Registered Party Officers

None of the Registered Officers under PPERA or Committee Chairs received any remuneration in that capacity in 2013 (2012 - £nil).

4 Surplus/(deficit) before taxation

2013 £	2012 £
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The surplus/(deficit) before taxation is stated after charging:

Auditors' remuneration	- audit services	16,327	16,227
Operating lease charge	- property	157,250	157,250
	- equipment	10,600	19,404
Depreciation		80,597	81,624
		<hr/>	<hr/>

5 Grants received

2013 £	2012 £
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Policy development grant	455,105	456,069
Home Office grant for conference security	339,559	361,718
	<hr/>	<hr/>
	794,664	817,787
	<hr/>	<hr/>

6 Investment income

2013 £	2012 £
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Interest receivable	67	66
	<hr/>	<hr/>

7 Notional income and expenditure

2013 £	2012 £
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Market value of services donated	185,672	213,466
	<hr/>	<hr/>

The Liberal Democrats (The Federal Party)
Notes forming part of the Financial Statements
For the year ended 31 December 2013

8 Other income

	2013 £	Restated 2012 £
Westminster Foundation for Democracy management fee	84,348	126,549
Events income	219,031	62,692
Miscellaneous income	10,326	23,288
	<u>313,705</u>	<u>212,529</u>

9 Interest payable and similar charges

	2013 £	2012 £
Bank charges	58,631	47,516
Interest payable	6,621	7,796
	<u>65,252</u>	<u>55,312</u>

10 Surplus on conferences

	2013 £	2012 £
Income	1,415,027	1,463,792
Expenditure		
Direct costs	731,120	876,920
Premises & office costs	20,531	28,077
Staff costs	151,666	153,362
Increase in bad debt provision	324	-
	<u>903,641</u>	<u>1,058,359</u>
Total expenditure	903,641	1,058,359
Surplus for the year	<u>511,386</u>	<u>405,433</u>

The Liberal Democrats (The Federal Party)
Notes forming part of the Financial Statements
For the year ended 31 December 2013

11 Surplus/(deficit) on Ad Lib (Liberal Democrat News)

	2013 £	2012 £
Income	106,899	99,397
Expenditure		
Direct costs	54,935	121,249
Premises & office costs	2,495	917
Staff costs	-	38,031
	<hr/>	<hr/>
Total expenditure	57,430	160,197
	<hr/>	<hr/>
Surplus/(deficit) for the year	49,469	(60,800)
	<hr/>	<hr/>

In January 2013 Liberal Democrat News was replaced with a monthly publication, Ad Lib, produced by staff in the Press Team. As a result Ad Lib no longer has any direct staff costs.

12 Recharges to party bodies

	2013 £	2012 £
Fixed cross charge to State Parties	680,930	526,565
Variable cross charge to State Parties	56,400	66,941
Charges to other party bodies	115,367	175,943
	<hr/>	<hr/>
	852,697	769,449
	<hr/>	<hr/>

13 Grants to party bodies

	2013 £	2012 £
Grants to Specified Associated Organisations	70,270	79,802
Grants to other party bodies	303,417	299,149
	<hr/>	<hr/>
	373,687	378,951
	<hr/>	<hr/>

The Liberal Democrats (The Federal Party)
Notes forming part of the Financial Statements
For the year ended 31 December 2013

14 Taxation on surplus/(deficit) from ordinary activities

	2013 £	2012 £
Prior year under provision	-	2
Taxation on party's investment income	14	13
	<u>14</u>	<u>15</u>

15 Tangible assets

	Computer Software £	Fixtures & fittings £	Total £
<i>Cost</i>			
At 1 January 2013	221,524	362,922	584,446
Additions	12,929	-	12,929
At 31 December 2013	<u>234,453</u>	<u>362,922</u>	<u>597,375</u>
<i>Depreciation</i>			
At 1 January 2013	63,564	48,000	111,564
Charge for the year	44,305	36,292	80,597
At 31 December 2013	<u>107,869</u>	<u>84,292</u>	<u>192,161</u>
<i>Net book value</i>			
At 31 December 2013	<u>126,584</u>	<u>278,630</u>	<u>405,214</u>
At 31 December 2012	<u>157,960</u>	<u>314,922</u>	<u>472,882</u>

16 Debtors

	2013 £	2012 £
Trade debtors	112,016	5,032
Amounts owed by Liberal Democrat related entities	108,027	157,113
Other debtors	77,835	156,519
Prepayments and accrued income	208,552	111,963
	<u>506,430</u>	<u>430,627</u>

The Liberal Democrats (The Federal Party)
Notes forming part of the Financial Statements
For the year ended 31 December 2013

17 Creditors: amounts falling due within one year

	2013 £	2012 £
Bank overdraft	125,618	798,414
Amounts owed to Liberal Democrat related entities	91,954	168,453
Trade creditors	59,745	13,867
Other taxation and social security	10,298	-
Corporation tax	14	13
Other creditors	74,496	372,986
Accruals and deferred income	1,188,696	633,028
	<u>1,550,821</u>	<u>1,986,761</u>

18 Creditors: amounts falling due after more than one year

	2013 £	2012 £
Other loans	100,000	100,000
	<u>100,000</u>	<u>100,000</u>

The other loan is interest free and repayable on 30 June 2015.

19 Reconciliation of movements in reserves

	General Fund £	Reserve Fund £	Legacy Fund £	Total £	2012 £
At 1 January 2013	(1,196,889)	45,000	-	(1,151,889)	(740,937)
Surplus/(deficit) for the year	227,703	-	211,327	439,030	(410,952)
At 31 December 2013	<u>(969,186)</u>	<u>45,000</u>	<u>211,327</u>	<u>(712,859)</u>	<u>(1,151,889)</u>

The Reserve Fund represents an amount set aside for designated activities determined by FFAC.

The Legacy Fund was established in 2013 to separate the windfall benefit of legacies from the normal activities of the Party. The amount transferred into the fund represents the monies received from legacies notified to the Party since the fund was set up. The intention of the Legacy Fund is to provide an income to the Party and to fund projects for the long term development of the Party.

The Liberal Democrats (The Federal Party)
Notes forming part of the Financial Statements
For the year ended 31 December 2013

20 Capital commitments

There are no contracted capital commitments not provided for in the accounts (2012: £nil).

21 Lease commitments

As at 31 December 2013, the party had annual commitments under non-cancellable contracts as follows:

	2013 £	2012 £	2013 £	2012 £
	Land & Buildings	Land & Buildings	Other	Other
Operating leases which expire:				
Within 1 year	-	-	-	-
Within 2 to 5 years	-	-	10,600	10,600
After 5 years	259,250	131,750	-	-
	<u>259,250</u>	<u>131,750</u>	<u>10,600</u>	<u>10,600</u>

22 Net cash inflow/(outflow) from operating activities

	2013 £	2012 £
Operating surplus/(deficit) before taxation	439,044	(410,937)
Depreciation	80,597	81,624
(Increase)/decrease in debtors	(75,803)	320,606
Increase/(decrease) in creditors due within one year	250,146	(201,504)
Net cash inflow/(outflow) from operating surplus/(deficit) before tax	<u>693,984</u>	<u>(210,211)</u>
Investment income	(67)	(66)
Net cash (outflow)/inflow from operating activities	<u>693,917</u>	<u>(210,277)</u>

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23 Reconciliation of net cash inflow/(outflow) to movement in net debt

	2013	2012
	£	£
Increase/(decrease) in cash in the year	667,751	(210,222)
Opening net debt	(867,051)	(656,829)
Closing net debt	<u>(199,300)</u>	<u>(867,051)</u>

24 Analysis of net debt

	At 1 January 2013 £	Cash flow £	At 31 December 2013 £
Cash at bank and in hand	31,363	(5,045)	26,318
Loans	(100,000)	-	(100,000)
Bank overdraft	(798,414)	672,796	(125,618)
Net debt	<u>(867,051)</u>	<u>667,751</u>	<u>(199,300)</u>

25 Pensions

The Party formerly sponsored the Liberal Headquarters 1975 Retirement Fund. As at the year end the scheme was in surplus and had only one deferred member and no active members. In January 2014 the scheme purchased a deferred annuity for the one remaining member and in June 2014 the Party commenced the winding up of the scheme. It is anticipated that the wind up of the scheme will be completed by February 2015.

Once the scheme is wound up any remaining surplus will be returned to the Party and treated as a return of the additional contributions made.

Other post-retirement benefit schemes

The Federal Party contributes to personal pension schemes held in the names of individual employees. The assets of these schemes are held separately from those of the Federal Party in independently administered funds. The pension cost charge represents contributions payable to these funds and amounted to £171,315 (2012: £173,526). At 31 December 2013, contributions amounting to £70,169 (2012: £88,398) were payable to these funds and are included within other creditors in note 17.

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26 Related entity transactions

The Federal Executive is chaired by the President of the Party to whose office the Federal Party paid grants in the year amounting to £5,137 (2012: £2,661).

The Federal Party is related to other bodies within the Liberal Democrats as set out in note 1 above. During the year it received levies from these bodies amounting to £850,035 (2012: £890,251) and recharged expenditure totalling £852,697 (2012: £769,449). Expenditure includes grants to party bodies, expenditure recharged to other party bodies and charges from other party bodies totalling £454,880 (2012 - £450,548).

The amount owed by related entities at 31 December 2013 was £108,027 (2012: £157,113) and the amount owed to related entities was £91,954 (2012: £168,453).

Significant balances owed by related entities are as follows:

South East Cornwall Liberal Democrats	£20,100
London Liberal Democrats	£20,263
The Welsh Liberal Democrats	£20,837
East Midlands Liberal Democrats	£13,706
West Midlands Liberal Democrats	£11,694
Devon & Cornwall Liberal Democrats	£11,301

An amount of £50,400 (2012: £58,994) has been provided against amounts owed by related entities.

Significant balances owed to related entities are as follows:

Parliamentary Office of the Liberal Democrats	£17,564
Association of Liberal Democrat Councillors	£14,531

27 Membership

As at 31 December 2013 there were 43,451 (2012 – 42,501) members of the Party.

28 Comparative information

In preparing the financial statements a number of reclassifications of income and expenditure principally relating to inter-party transactions have been made to improve users understanding of the accounts.

Elected Representatives

Annex A

As of June 2014 the Party had the following elected representatives

Westminster Parliament	
Danny Alexander	Norman Lamb
Norman Baker	David Laws
Alan Beith	John Leech
Gordon Birtwistle	Stephen Lloyd
Tom Brake	Michael Moore
Annette Brooke	Greg Mulholland
Jeremy Browne	Tessa Munt
Malcolm Bruce	John Pugh
Paul Burstow	Alan Reid
Lorely Burt	Dan Rogerson
Vincent Cable	Bob Russell
Menzies Campbell	Adrian Sanders
Alistair Carmichael	Robert Smith
Nick Clegg	Andrew Stunell
Mike Crockart	Ian Swales
Edward Davey	Jo Swinson
Tim Farron	Sarah Teather
Lynne Featherstone	Mike Thornton
Don Foster	John Thurso
Andrew George	David Ward
Stephen Gilbert	Steve Webb
Duncan Hames	Mark Williams
Nick Harvey	Stephen Williams
David Heath	Roger Williams
John Hemming	Jenny Willott
Martin Horwood	Simon Wright
Simon Hughes	
Mark Hunter	European Parliament
Julian Huppert	
Charles Kennedy	Catherine Bearder