



Review 2014/15

Administrative Information

Review of political activities

Corporate Governance

Financial Review

Statement of accounts 2014

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Party Officers

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

Leader	Nicola Sturgeon
Nominating Officer	Peter Murrell
Treasurer	Colin Beattie
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

[REDACTED]

Legal Advisers

Kennedys Scotland, [REDACTED]

Financial Advisers

Close Brothers Asset Management Limited [REDACTED]
[REDACTED]

1. Administrative Information

About the SNP

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 as such is the government of Scotland. The Party also holds two of six Scottish seats in the European Parliament, and 56 of 59 Scottish seats in the UK Parliament.

The SNP is the largest party in local government. The council elections in May 2012 were a triple success for the SNP – more votes, more councillors, and more gains than any other party.

The Party is funded from voluntary contributions, with the active support of a network of over 110,000 members, and supported by many others. The Party is hugely dependent on the activities of the members in over 200 local branches.

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 an independent Scotland.

Membership

Membership of the SNP surged dramatically in the wake of the referendum vote. By 31 December 2014, the Party had 93,045 members compared with 25,642 on 18 September. And by June 2015, it had risen to over 110,000.

The surge brought with it a dramatic improvement in the gender balance of members and the proportion of young people also increased markedly. By the end of 2014, women made up 44 per cent of members and 21 per cent of members were under 30 years of age.

Table 1 – SNP membership 2003-2014.



Accounting Units

The Scottish National Party has 270 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 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 per cent 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: -

- 64 Members of the Scottish Parliament
- 56 Members of Parliament
- 2 Members of the European Parliament
- 399 councillors in 30 of the 32 Scottish councils

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

SNP staff

The Scottish National Party is served by 15 staff (12.4 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 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; supporting the Party's core income activities of fundraising, membership and events in the Operations Team; and providing campaign services to local organisations and campaigns in the Campaigns Team.

2. Review of Political Activities

This is a great time for Scotland, and a great time to be a member of the SNP.

The enormous sense of hope, excitement and opportunity built up over the referendum campaign did not end on polling day. It carried on throughout the Westminster campaign, where the SNP recorded an historic landslide general election victory and continues to this day.

For the SNP, it is most powerfully demonstrated by the remarkable increase in membership since the referendum - making the SNP, by some distance, the third largest political party in the UK.

Each and every one of our new members brings a new energy and dynamism. Our 110,000 plus membership is a potent force that can help Scotland progress as a country and played a large part in our recent success in the Westminster elections.

We also now have a highly politically engaged population. People are enthused by politics in a way which is rarely seen these days.

We must work hard to protect, nurture and encourage this empowerment. As the driving force for constitutional progress in Scotland, we in the SNP must be the guardians of that enthusiasm.

We have set out a policy programme based on doing everything the Scottish Government can to deliver a fairer society, economic prosperity, and progress for Scotland.

Nicola Sturgeon began that work by reshuffling her cabinet to create a 50/50 gender balance, and pledging to be the most accessible first minister ever.

The Party is in great heart as we look forward to the opportunities that lie ahead.

3. 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.

Finance & Audit Committee

Supports the NEC in the effective identification and management of systems of financial management and control to assure financial probity and transparency, and effective financial stewardship and management within the SNP.

Members of the Finance & Audit Committee are appointed by the National Treasurer.

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.

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.

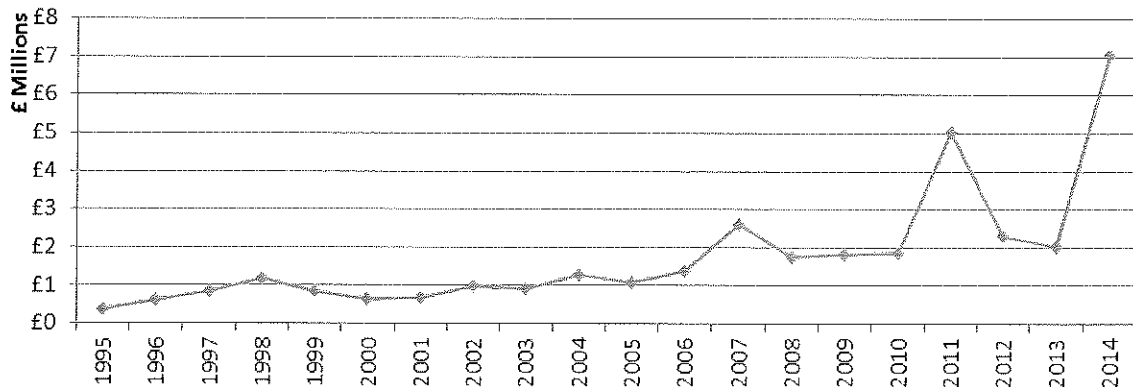
No motor vehicles are operated by the SNP. Employees are encouraged to use public transport. No parking spaces are provided for staff. Cycle parking loops are provided at Headquarters.

4. Financial Review

INCOME

The total SNP income for the year ended 31 December 2014 was £7,048,050.

Table 2 –SNP income 1995-2014.



Fundraising

The SNP would like to thank the many thousands of individual members and supporters who made every achievement in this review possible. Whether you sold raffle tickets to friends and family or donated to the appeals which made possible our elections victories, we thank you.

There were three prize raffles conducted during 2014, the Spring Draw and St Andrew's Draw plus a 'Win a Car' prize draw. 50 per cent of the Spring and St Andrew's raffle proceeds is retained by local branches.

Beyond one-off appeals, regular giving opportunities include: -

- i. The Challenge for Independence, a fund for ring-fenced campaign donations.
- ii. The St Andrew's Appeal, a fund providing the opportunity to mark Scotland's national day on 30 November.
- iii. The Great Weather Lottery, a daily lottery based on temperatures in six cities and operated by Lottery Service Providers Ltd.

Legacies

The SNP is very grateful for every legacy we receive. All gifts in Wills, regardless of their size, are recognised in our Book of Remembrance. We acknowledge the bequests in 2014 from John Francis, David Reoch and James Riddell, along with numerous smaller bequests which fell below the declaration threshold.

EXPENDITURE

Total expenditure for the year ended 31 December 2014 was £7,297,545.

Over 90 per cent of the SNP's income in 2014 came from 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 2014: -

63p of every £1 spent is used to help local candidates and organisations win more seats and provide campaign support services like activate.snp.org

11p goes on the permanent paid staff at SNP Headquarters

9p is paid in tax, finance charges, legal and audit fees

6p is used by the SNP to cover operating costs

5p is returned to local branches and affiliate organisations as a dividend of membership subscriptions

3p goes on hiring venues and running conferences

3p 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 six elections, the SNP won more votes than any of the other parties.

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

2007	
Spend	£1,383,462
Votes	633,401
Spend per Vote	£2.18
2009	
Spend	£126,710
Votes	321,007
Spend per Vote	£0.39
2010	
Spend	£315,776
Votes	491,386
Spend per Vote	£0.64
2011	
Spend	£1,141,662
Votes	902,915
Spend per Vote	£1.26
2014	
Spend	£267,372
Votes	389,503
Spend per Vote	£0.69

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 2014 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 20 to 21.

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 National 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 2014 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)

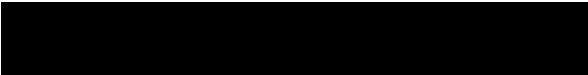
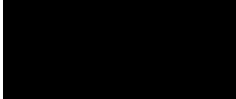
Opinion on other matters

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 2015
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**SCOTTISH NATIONAL PARTY
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Notes	2014 £	2013 £
Income			
Membership	2	1,330,465	585,691
Donations	3	4,468,708	441,312
Fundraising income	4	297,215	165,622
Investment income	5	7,872	21,398
Property and rental income	6	9,200	20,700
Conference income		357,738	320,657
Commercial income		52,475	1,349
Grant income	7	155,794	158,480
Miscellaneous	8	368,583	323,036
Total income		7,048,050	2,038,245
Expenditure			
Premises costs	9	(80,472)	(74,608)
Office costs	10	(359,699)	(296,057)
Staff costs	11	(773,109)	(652,240)
Transfers out	12	(367,310)	(174,183)
Campaigning costs		(4,592,389)	(911,037)
Fundraising costs	13	(163,805)	(112,782)
Conference expenditure	14	(224,030)	(192,417)
Commercial expenditure		(9,802)	(1,623)
Financing/interest charges	15	(50,095)	(21,171)
Depreciation	18	(31,701)	(27,772)
Membership expenses	16	(63,210)	(32,425)
Irrecoverable VAT	16	(505,130)	(223,172)
Miscellaneous	16	(76,793)	(57,411)
Total expenditure		(7,297,545)	(2,776,898)
Deficit before tax		(249,495)	(738,653)
Taxation	17	-	-
Deficit for the year		(249,495)	(738,653)

**SCOTTISH NATIONAL PARTY
BALANCE SHEET AT 31 DECEMBER 2014**

	Note	2014 £	2013 £
Fixed assets			
Furniture, fixtures and fittings	18	15,677	17,177
Office/computer equipment	18	67,861	58,928
Investments	19	479	479
Total fixed assets		84,017	76,584
Current assets			
Stock	20	11,984	18,908
Debtors and prepayments	21	255,224	158,149
Cash in hand and at bank		30,466	46,459
Total current assets		297,674	223,516
Liabilities			
Creditors and accruals		(811,295)	(441,804)
Loans outstanding	23	(55,148)	(93,553)
Total liabilities	22	(866,443)	(535,357)
Total net liabilities		(484,752)	(235,257)
Reserves	24		
Accumulated fund at start of year		(235,257)	503,396
Deficit		(249,495)	(738,653)
Accumulated fund at end of year		(484,752)	(235,257)

The financial statements were approved by the Party Officers on

26th June 2015

Colin Beattie
National Treasurer



**SCOTTISH NATIONAL PARTY
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014**

		2014		2013	
	Notes	£	£	£	£
Net cash inflow/ (outflow) from operating activities	25		70,671		(573,874)
Returns on investment and servicing of finance					
Interest paid		(1,986)		(1,986)	
Interest received		2,577		30,383	
Investment income		3,723		11,600	
Net cash inflow for returns on investments and servicing of finance			4,314		39,997
Taxation			-		-
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(54,706)		(30,567)	
Receipts from disposal of tangible fixed assets		-		1,875	
Net cash outflow for capital expenditure and financial investment			(54,706)		(28,692)
Management of liquid resources					
Maturity of term deposit accounts		-		500,000	
Net cash inflow from management of liquid resources			-		500,000
Financing					
Repayment of finance leases		(4,034)		(4,034)	
Decrease in other loans		(32,238)		(20,623)	
Net cash outflow from financing			(36,272)		(24,657)
Decrease in cash			(15,993)		(87,226)

SCOTTISH NATIONAL PARTY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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 270 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 30 June 2016 and is satisfied that the Party will have sufficient funds for it to meet its financial obligations. On this basis, 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
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**SCOTTISH NATIONAL PARTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

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.

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 2014**

2. Membership subscriptions

	2014 £	2013 £
Membership fees received directly by the Party	<u>1,330,465</u>	<u>585,691</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

	2014 £	2013 £
Cash donations received reportable to the Electoral Commission	3,684,054	10,000
Cash donations received below the reporting threshold to the Electoral Commission	783,750	430,295
Notional donations below the reporting threshold to the Electoral Commission	904	1,017
Total	<u>4,468,708</u>	<u>441,312</u>

Total value of donations reported to the Electoral Commission during 2014 was £3,949,001 (2013-£191,459)

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

	2014 £	2013 £
Donations reported to the Electoral Commission:	<u>3,949,001</u>	<u>191,459</u>
Recorded in the accounts as:		
Donation income	3,684,054	-
Legacy Income	88,420	20,000
Grant Income	176,527	171,459
	<u>3,949,001</u>	<u>191,459</u>

**SCOTTISH NATIONAL PARTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

4. Fundraising

	2014 £	2013 £
Independence Magazine	88,525	98,600
Raffles	203,437	61,611
Great Weather Lottery	1,600	1,747
Independence Covenant	3,653	3,664
Total	297,215	165,622

5. Investment income

	2014 £	2013 £
Interest receivable	2,577	13,783
Investment income	5,295	7,615
Total	7,872	21,398

6. Property and rental income

	2014 £	2013 £
Rental of office space to Alyn Smith – ending June 2014	9,200	20,700
Total	9,200	20,700

7. Grant income

	2014 £	2013 £
Policy development grant	155,794	158,480
Total	155,794	158,480

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8. Miscellaneous

	2014 £	2013 £
Levy on accounting units	32,400	76,202
Legacies	87,415	37,364
Parliamentary levy	214,250	208,000
Campaign services	34,518	1,470
Total	368,583	323,036

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

	2014 £	2013 £
Rent and Rates	80,472	74,608
Total	80,472	74,608

10. Office Costs

	2014 £	2013 £
ICT	166,692	114,301
Office costs	27,252	19,888
Insurance	8,474	7,937
Telephone	2,574	9,250
Postage	151,078	93,179
Leasing	3,629	51,502
Total	359,699	296,057

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

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11. Staff costs

	2014	2013
	£	£
Salaries	623,900	498,140
Social security	72,528	57,906
Other costs, including pensions	76,681	96,194
	<u>773,109</u>	<u>652,240</u>

Average number of staff employed during the year:

	2014	2013
	No.	No.
Officers	12	9
Administrative staff	3	3
	<u>15</u>	<u>12</u>

12. Transfers out

	2014	2013
	£	£
Membership income due to branches	332,616	146,423
Affiliate dividend	34,694	27,760
	<u>367,310</u>	<u>174,183</u>

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 2014 membership income.

13. Cost of fundraising events

	2014	2013
	£	£
Donations	3,504	1,644
Fundraising	73,757	34,196
Independence Magazine	86,544	76,942
	<u>163,805</u>	<u>112,782</u>

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14. Conference costs

	2014	2013
	£	£
Venue hire and catering	113,577	86,223
Audio visual	45,886	42,974
Security	16,058	14,663
Printed materials	20,994	20,303
Information technology	17,382	14,874
Other conference costs	5,374	7,025
Other national events	4,759	6,355
Total	224,030	192,417

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

15. Interest costs

	2014	2013
	£	£
Other interest	-	1,075
Bank charges	47,205	17,093
Notional interest	904	1,017
Finance lease interest	1,986	1,986
Total	50,095	21,171

Loans from individual members in note 22 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.

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16. Miscellaneous

	2014 £	2013 £
Membership expenses	<u>63,210</u>	<u>32,425</u>

Membership expenses are those incurred to produce recruitment materials and provide information materials to Party members.

	2014 £	2013 £
Irrecoverable VAT	<u>505,130</u>	<u>223,172</u>

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

	2014 £	2013 £
Professional fees	385	8,355
Legal fees	33,497	10,445
Bad debt	2,044	14,078
Audit fee	20,000	20,000
Loss on disposal of fixed assets	15,572	-
Sundries	<u>5,294</u>	<u>4,533</u>
Total	<u>76,793</u>	<u>57,411</u>

17. Taxation

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2014 due to the availability of tax losses.

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18. Tangible fixed assets

	Furniture, fixtures and fittings £	Office/computer equipment £	Total £
Cost			
At 1 January 2014	57,785	222,203	279,988
Additions	5,248	49,458	54,706
Disposals	(375)	(151,749)	(152,124)
At 31 December 2014	62,658	119,912	182,570
Depreciation			
At 1 January 2014	40,608	163,275	203,883
Charged in year	6,695	25,006	31,701
On disposals	(322)	(136,230)	(136,552)
At 31 December 2014	46,981	52,051	99,032
Net Book Value at 31 December 2014	15,677	67,861	83,538
Net Book Value at 31 December 2013	17,177	58,928	76,105

Included above are assets held under finance leases or hire purchase contracts as follows:

	Office/computer equipment £
Net book values	
At 31 December 2014	12,440
At 31 December 2013	16,473
Depreciation charged for period	
Year ended 31 December 2014	4,034
Year ended 31 December 2013	3,698

19. Fixed asset investments

	Unlisted investments £
At 31 December 2013 and 31 December 2014	479

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20. Stock

	2014 £	2013 £
Promotional materials	11,984	18,908
Total	11,984	18,908

21. Debtors

	2014 £	2013 £
Due within one year		
Trade debtors	114,723	36,588
Tax and social security	4,966	1,847
Other debtors	79,317	39,855
Prepayments and accrued income	56,218	79,859
Total	255,224	158,149

22. Creditors

	2014 £	2013 £
Amounts falling due within one year		
Trade creditors	340,814	109,066
Accrual and deferred income	78,439	99,232
Social security and other taxation	29,902	20,039
Amounts owed to accounting units	341,014	193,695
Loans from accounting units	32,788	71,193
Other creditors	9,023	3,635
Loans from individual members	22,360	22,360
Finance lease creditor	4,034	4,034
Total falling due within one year	858,374	523,254

	2014 £	2013 £
Amounts falling due after more than one year		
Finance lease creditor	8,069	12,103
Total falling due after more than one year	8,069	12,103
Total liabilities	866,443	535,357

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23. Loans

	2014 £	2013 £
Amounts outstanding on loans taken out in prior years	55,148	79,405
Amounts outstanding on loans taken out in current year	-	14,148
Total	55,148	93,553

Loans outstanding are made up of loans from accounting units and loans from individual members.

24. Reserves

	Total £
At 1 January 2014	(235,257)
Deficit for the year	(249,495)
At 31 December 2014	(484,752)

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

	2014 £	2013 £
Operating deficit before interest, investment income and taxation	(255,381)	(756,990)
Depreciation	31,701	27,772
Decrease in stocks	6,924	-
(Increase)/decrease in debtors	(95,503)	488
Increase in creditors	373,525	154,745
Other non-cash changes	9,405	111
Net cash inflow/(outflow) from operating activities	70,671	(573,874)

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

	2014 £	2013 £
Decrease in cash in the year	(15,993)	(87,226)
Cash outflow from decrease in loans	32,238	20,623
Cash outflow from finance leases	4,034	4,034
Cash inflow from increase in liquid resources	-	(500,000)
Change in net (debt)/funds resulting from cash flows	20,279	(562,569)
Interest on loans	-	(1,075)
New finance leases	-	(20,171)
Conversion of loans to donations	6,167	-
Movement in net (debt)/funds in the year	26,446	(583,815)
Opening net (debt)/funds	(63,231)	520,584
Closing net debt	(36,785)	(63,231)

27. Analysis of net funds/(debt)

	At 1 January 2014	Cash flow	Other non- cash changes	At 31 December 2014
	£	£	£	£
Cash	46,459	(15,993)	-	30,466
	46,459	(15,993)	-	30,466
Loans from accounting units	(71,193)	32,238	6,167	(32,788)
Loans from individual members	(22,360)	-	-	(22,360)
Finance leases	(16,137)	4,034	-	(12,103)
	(109,690)	36,272	6,167	(67,251)
Total	(63,231)	20,279	6,167	(36,785)

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28. Commitments under operating leases

As at 31 December 2014, the Party had annual commitments under non-cancellable operating leases as set out below:

	2014	2013
	£	£
Land and buildings:		
Expiry during years 2 to 5	39,640	19,166
Expiry after 5 years	-	39,640
Total	39,640	58,806
Other:		
Expiry within 1 year	-	15,431
Total	-	15,431

29. Related party transactions

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

a) Loans from accounting units	£
Loans payable at 1 st January 2014	71,193
Movement (net) in year	(38,405)
Loans payable at 31 st December 2014	32,788
b) Loans from individual members	
Loans payable at 1 st January 2014	22,360
Movement (net) in year	-
Loans payable at 31 st December 2014	22,360
c) Branch dividend amounts due to branches	
Due at 1 st January 2014	193,695
Movement (net) in year	147,319
Due at 31 st December 2014	341,014