



**Parliamentary Office of the Liberal
Democrats**

Reports and Financial Statements

Year Ended

31 December 2015

**Parliamentary Office of the Liberal Democrats
Financial Statements for the year ended 31 December 2015**

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Party Officers

Registered Officers under PPERA

Leader:	Tim Farron MP
Registered Chairman:	Don Foster (resigned May 2015)
Registered Chairman:	Tom Brake (appointed May 2015)
Registered Treasurer:	John Thurso (resigned December 2015)
Registered Treasurer:	Lord Robin Teverson (appointed December 2015)

Party Headquarters

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

Auditor

Mazars LLP, 

Parliamentary Office of the Liberal Democrats
Report of the Party Officers for the year ended 31 December 2015

1. Administrative information

The Parliamentary Office of the Liberal Democrats ("POLD") 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.

Committees

The POLD committee, the terms of reference and composition of which are contained in the parliamentary party's standing orders, manages the Parliamentary Office of the Liberal Democrats. The Chairman of the POLD committee is Tom Brake.

In addition to making the strategic decisions necessary for the running of the Parliamentary Office, the committee is also responsible for the appointment of the auditor and ensuring that there are adequate financial controls and systems in place.

Elected representatives

The party's elected representatives are shown at Annex A. In addition there are 108 Liberal Democrat members of the House of Lords.

Staffing

The key permanent members of staff are:

Director of Finance – Nigel Bliss ACA (resigned March 2016)
Finance Manager – Tope Famaks (appointed March 2016)
Head of the Whips Office (Commons) – Jack Fletcher
Head of the Whips Office (Lords) – Humphrey Amos

2. Review of political activities

During 2015 the public continued to see the impact of Liberal Democrats in Parliament with a strong campaign on bringing 3000 unaccompanied children into the UK who have been displaced by war in the Middle East and beyond. Liberal Democrats in the House of Lords have held the Government to account and won approximately sixty votes against the Government.

3. Financial Review

POLD produced a surplus for the year of £4,278 thereby increasing net assets to £206,741. This accumulated surplus will partly cover timing of MPs' invoices, the rest will be used in this parliament for parliamentary activities.

Lord Robin Teverson
Registered Treasurer
30 June 2016

10 June 2016

Parliamentary Office of the Liberal Democrats

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; 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 Parliamentary Office of the Liberal Democrats Committee

We have audited the financial statements of the Parliamentary Office of the Liberal Democrats for the year ended 31 December 2015 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 the Statement of Accounts Guidance Notes issued by the Electoral Commission.

Respective responsibilities of the Registered Treasurer and auditor

As explained more fully in the Statement of Registered Treasurer's Responsibilities set out on page 3, 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 Parliamentary Office of the Liberal Democrats Committee, 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 Parliamentary Office of the Liberal Democrats Committee 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 Parliamentary Office of the Liberal Democrats Committee as a body, for our audit work, for this report, or for the opinions we have formed.

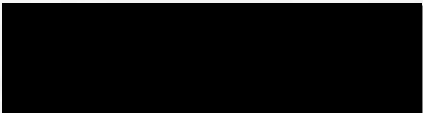
Scope of the audit of the financial statements

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 Parliamentary Office of the Liberal Democrats as at 31 December 2015 and of its surplus for the year then ended;
- have been properly prepared in accordance with relevant legislation and the Statement of Accounts Guidance Notes issued by the Electoral Commission; 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


30 June 2016

Parliamentary Office of the Liberal Democrats
Income and Expenditure Account
For the year ended 31 December 2015

	Note	Total 2015 £	Total 2014 £
Income			
Grants	2	533,827	-
Donations		6,000	1,000
Costs recharged to party bodies		36,395	26,467
Charges for services	6	168,224	389,016
		<u>744,446</u>	<u>416,483</u>
Expenditure			
Staff costs	3	570,910	223,330
Administration costs		39,221	37,387
Recharges from party bodies		130,000	120,000
Bank charges		37	43
		<u>740,168</u>	<u>380,760</u>
Surplus before taxation		4,278	35,723
Taxation		-	-
Surplus for the year		<u>4,278</u>	<u>35,723</u>

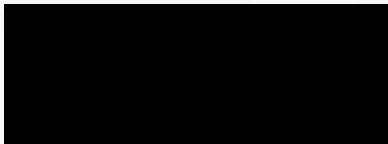
The Income and Expenditure account has been prepared on the basis that all operations are continuing.

There were no recognised gains or losses other than those included in the Income & Expenditure account.

Parliamentary Office of the Liberal Democrats
Balance Sheet as at 31 December 2015

	Note	2015 £	2015 £	2014 £	2014 £
Current assets					
Debtors	7	30,000		87,414	
Cash at bank and in hand		204,545		206,682	
		<u>234,545</u>		<u>294,096</u>	
Creditors: amounts falling due within one year	8	<u>(27,804)</u>		<u>(91,633)</u>	
Net assets			<u>206,741</u>		<u>202,463</u>
Reserves					
General Fund	9		206,741		202,463
Total funds			<u>206,741</u>		<u>202,463</u>

The financial statements were approved by the POLD Committee on 30 June 2016



30 June 2016

Lord Robin Teverson
Registered Treasurer

Parliamentary Office of the Liberal Democrats
Cash Flow Statement
For the year ended 31 December 2015

	Note	2015 £	2014 £
Net cash (outflow) from operating activities	10	(2,137)	(26,016)
UK Tax paid		-	-
(Decrease) in cash	11	<u>(2,137)</u>	<u>(26,016)</u>

The notes on pages 8 to 13 form part of these financial statements

Parliamentary Office of the Liberal Democrats
Notes forming part of the Financial Statements
For the year ended 31 December 2015

1 Accounting policies

The Parliamentary Office of the Liberal Democrats ("POLD") 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 Parliamentary Office of the Liberal Democrats ("POLD"). They do not include the income, expenditure, assets or liabilities of the Federal, State, Regional, Local Parties, or any other bodies.

Basis of preparation

The Parliamentary Office of the Liberal Democrats is not incorporated in law and is thus not bound by the Companies Act 2006. POLD 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 the Statement of Accounts Guidance Notes issued by the Electoral Commission.

Going concern

POLD shares a banking facility with certain other Liberal Democrat entities, 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. At the year end, the aggregated net borrowings under the banking facility amounted to £470,112, the aggregated net liabilities of the entities sharing the facilities was £936,761, and the aggregated deficit of those entities for the year was £1,819,954. The bank facility at the year end was £625,000.

Since the year end, the financing position of the entities has improved due to increased membership, the receipt of significant campaign donations, receipt of Short and Cranborne Money, and careful management of costs, such that the entities had returned to a net cash surplus position and were not utilising the bank facility.

The Registered Treasurer has reviewed the aggregated cash flow projections for the entities to the end of June 2017. The entities rely on the receipt of donation income to fund a significant proportion of their activities. Donation income is inherently unpredictable, and the financial projections have therefore assumed a level of donation income that is conservative compared to historic levels. The projections show that the entities are anticipated to have aggregated net bank borrowings within the current bank facility of £500,000 throughout the projection period. The term of the current banking facility expires at the end of August 2016. A meeting with the bank to discuss ongoing, longer term arrangements has been scheduled for early July.

On the basis of these projections the Registered Treasurer is satisfied that POLD will be able to meet its financial obligations as they fall due, and that it is therefore appropriate to prepare the financial statement on a going concern basis.

Parliamentary Office of the Liberal Democrats
Notes forming part of the Financial Statements
For the year ended 31 December 2015

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.
- Interest receivable is recognised in the Income and Expenditure account on an accruals basis.
- Contributions to Whips Office costs are, due to their nature, recognised on a receipts basis.
- Subscriptions to the Parliamentary Support Team are recognised on an accruals basis.
- Grants money is recognised in the Income and Expenditure account on accruals basis. Income is matched against expenses as they are incurred.
- Subscriptions to the Parliamentary Advice Unit are recognised on an accruals basis.
- Contributions to Lords Office costs are, due to their nature, recognised on a receipts basis.

Pension costs

Contributions to employees' personal pension plans are charged to the Income and Expenditure account in the year in which they become payable.

Recharged expenditure

The Liberal Democrats (The Federal Party) meets some of the overheads incurred by POLD. These costs are reimbursed through recharges.

Tax

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

Parliamentary Office of the Liberal Democrats
Notes forming part of the Financial Statements
For the year ended 31 December 2015

2 Grants

	2015 £	2014 £
Grants breakdown:		
Short Money	353,919	-
Cranborne Money	179,908	-
	<u>533,827</u>	<u>-</u>

These are grants given to provide Opposition Parties with funding needed to scrutinise government, we are in receipt of these grants because we are no longer in government.

3 Employees

	2015 £	2014 £
Staff costs consist of:		
Wages and salaries	435,524	184,021
Social security costs	44,501	17,674
Other pension costs (see note 13)	35,212	14,482
Other staff costs	55,673	7,153
	<u>570,910</u>	<u>223,330</u>

Other staff costs include recruitment, training and other related staff costs.

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

	2015 Number	2014 Number
	<u>20</u>	<u>6.5</u>

4 Registered Party Officers

None of the Registered Officers under PPERA or Committee Chairs received any remuneration in that capacity in 2015 (2014 - £nil).

5 Surplus before taxation

	2015 £	2014 £
Surplus before taxation is stated after charging:		
Auditors' remuneration - audit services	<u>7,257</u>	<u>6,502</u>

Parliamentary Office of the Liberal Democrats
Notes forming part of the Financial Statements
For the year ended 31 December 2015

6 Charges for services

	2015 £	2014 £
Contributions to Whips Office costs	19,984	134,177
Contributions to Lords Office costs	57,525	-
Subscriptions to Parliamentary Support Team	60,715	254,839
Subscriptions to Parliamentary Advice Unit	30,000	-
	<u>168,224</u>	<u>389,016</u>

7 Debtors

	2015 £	2014 £
Amounts owed by Liberal Democrat related entities	-	62,010
Prepayments and accrued income	30,000	25,404
	<u>30,000</u>	<u>87,414</u>

8 Creditors: amounts falling due within one year

	2015 £	2014 £
Amounts owed to Liberal Democrat related entities	20,954	11,448
Accruals and deferred income	6,850	80,185
	<u>27,804</u>	<u>91,633</u>

9 General and total funds

	2015 £	2014 £
At 1 January 2015	202,463	166,740
Surplus for the year	4,278	35,723
As at 31 December 2015	<u>206,741</u>	<u>202,463</u>

Parliamentary Office of the Liberal Democrats
Notes forming part of the Financial Statements
For the year ended 31 December 2015

10 Net cash (outflow) from operating activities

	2015 £	2014 £
Surplus before taxation	4,278	35,723
Decrease in debtors	57,414	(64,043)
Decrease in creditors	(63,829)	2,304
Net cash (outflow) from operating activities	<u>(2,137)</u>	<u>(26,016)</u>

11 Reconciliation of net cash (outflow) to movement in net funds

	2015 £	2014 £
(Decrease) in cash in the year	(2,137)	(26,016)
Change in net funds resulting from cash flows	(2,137)	(26,016)
Opening net funds	206,682	232,698
Closing net funds	<u>204,545</u>	<u>206,682</u>

12 Analysis of net funds

	At 1 January 2015 £	Cash flow £	At 31 December 2015 £
Cash	206,682	(2,137)	204,545

13 Pension contributions

The Parliamentary Office of the Liberal Democrats contributes to personal pension schemes held in the names of individual employees. The assets of these schemes are held separately from those of POLD in independently administered funds. The pension cost charge represents contributions payable to these funds in the year and amounted to £35,212 (2014: £14,482). At 31 December 2015, contributions amounting to £nil (2014: £nil) were outstanding.

**Parliamentary Office of the Liberal Democrats
Notes forming part of the Financial Statements
For the year ended 31 December 2015**

14 Related entity transactions

The Parliamentary Office of the Liberal Democrats is related to other bodies within The Liberal Democrats. During the year POLD incurred costs that were paid and recharged by The Liberal Democrats (The Federal Party) totalling £130,000 (2014: £120,000). POLD received income from the Liberal Democrats (The Federal Party) totalling £30,000 (2014: £26,467).

At 31 December 2015 POLD owed Liberal Democrats (The Federal Party) £11,430 but at 31 December 2014, POLD was owed £62,010 by the Liberal Democrats (The Federal Party). At 31 December 2015, POLD owed £9,524 (2014: £11,448) to other related entities.

Elected Representatives

Annex A

As of June 2016 the party had the following elected representatives

**Westminster
Parliament**

Tom Brake
Alistair Carmichael
Nick Clegg
Tim Farron
Norman Lamb
Greg Mulholland
John Pugh
Mark Williams