



# **SNPX**

**Review 2017/18**

---

- Administrative Information**
- Review of political activities**
- Corporate Governance**
- Financial Review**
- Statement of accounts 2017**

## **Contents**

<b>1</b>	<b>Administrative Information</b>	<b>3</b>
<b>2</b>	<b>Review of Political Activities</b>	<b>8</b>
<b>3</b>	<b>Governance</b>	<b>10</b>
<b>4</b>	<b>Financial Review</b>	<b>12</b>
<b>5</b>	<b>Statements of accounts 2017</b>	<b>14</b>

## **Party Officers**

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

<b>Leader</b>	<b>Nicola Sturgeon</b>
<b>Nominating Officer</b>	<b>Peter Murrell</b>
<b>Treasurer</b>	<b>Colin Beattie</b>

### **Party Headquarters**

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

### **Auditors**

**Johnston Carmichael LLP, [REDACTED]**

### **Bankers**

**[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.

In May 2016, the SNP won an historic third term in the Scottish Parliament with 63 MSPs, over a million votes, and the highest share of the constituency vote ever achieved. The Party now forms a minority Scottish Government.

The SNP is the largest party in Scottish local government, holds 35 of 59 Scottish seats in the UK Parliament – making it the third largest party in the Commons – and two of six Scottish seats in the European Parliament.

The Party is funded from voluntary contributions, with the active support of a network of over 100,000 members and supported by many others. The Party is hugely dependent on the activities of the members in nearly 300 local organisations.

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 2014 referendum vote. This brought with it a dramatic improvement in the gender balance of members, and the proportion of young people also increased markedly. Women make up 44 per cent of members and 20 per cent of members are under 30 years of age.

A survey of UK political party members by Queen Mary University of London revealed that the SNP has the most active membership of any UK political party. 91 per cent of SNP members feel the party encourages them to get involved in activities, and 73 per cent think they have a significant say on party policy. Nearly half of all members (47 per cent) said they had increased the amount they'd done for the party in the last five years.

The 2014 membership surge also propelled the SNP to be the third largest UK political party. By April 2018, according to the House of Commons Library, the SNP were about 6,000 members away from overtaking the Tories as the second largest party. Total SNP membership at 16 April 2018 was 118,162.

Combined membership of the Conservative, Labour and Liberal Democrat parties is, according to the House of Commons Library figures, around 1.6 per cent of the total UK electorate. SNP membership represents 3.0 per cent of the Scottish electorate.

## Accounting Units

The Scottish National Party has 292 accounting units separate from its central organisation to provide for each constituent organisation to be responsible for its own financial affairs.

### (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 per cent 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.

Table 1 – Branch membership dividend by electoral region 2017.

Central Scotland	£66,431
Glasgow	£72,582
Highlands and Islands	£69,886
Lothian	£81,132
Mid Scotland and Fife	£77,797
North East Scotland	£77,004
South Scotland	£69,163
West Scotland	£77,232

### (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 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 have access to grant funding to help develop new projects, campaigns or events during each year. The affiliate dividend - 2.5 per cent of membership income from those who are also members of affiliate organisations - provides the source of income to the grant fund.

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. 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, appeals committee and disciplinary committee. Conference is attended by around 5,000 delegates, observers, diplomats, and media along with the SNP parliamentarians and councillors. Conference is a delegate body, comprising representatives from local organisations, as well as affiliated organisations, elected members and elected representatives. 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.

### SNP staff

The Scottish National Party is served by 21 staff (18 full-time equivalent) based at its Headquarters in Edinburgh. Staff are split into four interdependent teams (see Table 2).

Table 2 – Headquarters team structure.

Operations	Mobilisation	Engagement	Corporate
Member care	Campaigns	Research	Governance
Fundraising	Digital	Policy development	Finance
Events	Communications	Consultation	IT and facilities
		Contact interaction	HR
			Audit
			Legal

### 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 30 April 2018, the SNP representation at each is as follows: -

- 62 Members of the Scottish Parliament
- 35 Members of Parliament
- 2 Members of the European Parliament
- 425 councillors in 31 of the 32 Scottish councils

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

## **2. Review of Political Activities**

In autumn 2017, the SNP unveiled a legislative programme for the year ahead widely hailed as the most radical policy platform for Scotland since the start of the devolution era.

It was a clear signal of intent that, after more than a decade in office, the party was pushing further ahead with the reforming agenda pursued at Holyrood since 2007 – and which places no limit on ambitions for Scotland.

Opinion polls then and since show that the Scottish public continue to put their trust in the SNP. That success is perhaps in no small measure due to the actions the Scottish Government is taking to improve the lives of everyone in Scotland, and the plans it has to ensure the country remains at the forefront of global efforts on equality, the environment and sustainable growth.

At the heart of any ambitious, progressive programme for government there's a focus on education, and ensuring our younger people can make the most of their individual potential and go on to make a positive contribution to the nation. The SNP is giving more power – and money – directly to head teachers and providing individual schools and parents more input as part of efforts to close the attainment gap between pupils from better off and less well-off backgrounds.

The SNP is also transforming early years education, with record levels of investment, while also widening access to further education. And of course, the SNP remains committed to a policy of free higher education, at a time when the burden of tuition fees is pushing countless thousands of younger people in the rest of the UK heavily into debt before they even begin their working lives.

Meanwhile, the Baby Box initiative, modelled on a longstanding Finnish policy, has been warmly welcomed as something which helps equip parents and new-borns with some of the essentials for the first few weeks of life. The Baby Box provides a physical demonstration of the equality of opportunity that ministers are determined to afford to every child in Scotland, regardless of their background or circumstances.

In healthcare, the SNP led the way in integrating health and social care, as ministers aim to equip the system for the demands of an aging population, something which the rest of the UK and other countries are only now turning their attention to.

The Scottish Government patient safety programme, designed to minimise the risks to patients when they are in healthcare settings, is internationally lauded. And the SNP are leading the world in public health measures, including plans for minimum unit pricing for alcohol – a global first and something other countries are quickly looking to copy.

On law and order, the SNP are taking forward progressive moves to extend the existing presumption against short-term jail sentences, while also expanding alternatives to custody. And ministers have also indicated our support for an end to physical punishment of children.



On the economy, while most of the macroeconomic levers remain reserved to Westminster, the SNP are restructuring income tax system to make it more progressive, with a new starter rate, are establishing a new National Investment Bank, as well as a new Manufacturing Institute, while reforming skills and enterprise support.

Westminster, similarly, retains the bulk of control over welfare. But with the limited powers Scottish ministers now have in that area, the SNP are setting up a new social security agency and mitigating the excesses of Conservative welfare cuts where possible, including making changes to Universal Credit rollout.

The SNP equalities agenda includes legislating for gender balance on public boards, a new law on domestic abuse to include psychological abuse, while ministers are also taking forward moves for universal sanitary provision in schools and other locations to tackle period poverty.

On the environment, Scotland's climate change targets and achievements continue to be world-leading, while the SNP government are leading the UK with a deposit return scheme and in terms of phasing out new petrol and diesel vehicles.

Of course, Brexit continues to provide the backdrop to much that the SNP do on a day to day basis. The SNP remain resolute in protecting the Scottish Parliament from a power grab, continue to make the case for remaining in the single market and customs union, and are ready to take whatever steps necessary to protect the economy from the damage Brexit will do.

The SNP will always focus on delivering good and effective government for Scotland – and the priority will always be jobs, economic growth and supporting families.

### **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 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 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**

Electoral law is complex, voluminous and fragmented. More than 17 statutes, some 30 pieces of secondary legislation, and over 200 regulations govern the area of electoral law and thereby the political and campaigning activities of the Scottish National Party. Headquarters staff continuously review the adequacy of the internal control system in meeting the Party's requirements under current legislation.

## **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

The total SNP income for the year ended 31 December 2017 was £5,800,371. With 84 per cent of total income coming from members and supporters last year, we remain dedicated to ongoing efficiency and financial control. For every £1 of income in 2017, the SNP spent: -

30p	to help local candidates and organisations win more seats and provide campaign support services like <a href="http://activate.snp.org">activate.snp.org</a> .
19p	on the permanent paid staff at SNP Headquarters.
13p	to cover operating costs.
12p	crediting local branches as a dividend of membership subscriptions and providing income to the affiliated organisation grant fund.
12p	on hiring venues and running conferences.
10p	in tax, finance charges, legal and audit fees.
4p	increasing income from membership subscriptions and fundraising.

The SNP would like to thank all our 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.

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. All unrestricted legacy values are ring-fenced for national campaign purposes and the amounts held for future election or referendum purposes to provide vital investment in the future.

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). In nine of the ten national elections between 2007 and 2017, the SNP secured more votes than any other party.

**Table 3 – SNP campaign expenditure per vote in Scotland 2007-2017.**

<b>2007</b>	
Spend	£1,383,462
Votes	633,401
Spend per Vote	<b>£2.18</b>
<b>2009</b>	
Spend	£126,710
Votes	321,007
Spend per Vote	<b>£0.39</b>
<b>2010</b>	
Spend	£315,776
Votes	491,386
Spend per Vote	<b>£0.64</b>
<b>2011</b>	
Spend	£1,141,662
Votes	902,915
Spend per Vote	<b>£1.26</b>
<b>2014</b>	
Spend	£267,372
Votes	389,503
Spend per Vote	<b>£0.69</b>
<b>2015</b>	
Spend	£1,475,478
Votes	1,454,436
Spend per Vote	<b>£1.01</b>
<b>2016</b>	
Spend	£1,465,542
Votes	1,059,897
Spend per Vote	<b>£1.38</b>
<b>2017</b>	
Spend	£1,623,127
Votes	977,569
Spend per Vote	<b>£1.66</b>

## **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;
- provide 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**

## **Opinion**

We have audited the financial statements of the Scottish National Party for the year ended 31 December 2017 which comprise the income and expenditure account, the balance sheet, the statement of cash flows 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 2017 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.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Party in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the National Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the National Treasurer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Party's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **SCOTTISH NATIONAL PARTY REPORT OF THE INDEPENDENT AUDITORS**

---

### **Other information**

The National Treasurer is responsible for the other information. The other information comprises the information included in the Annual Review, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

In the light of our knowledge and understanding of the Party and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Review.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of the National Treasurer**

As explained more fully in the National Treasurer's responsibilities statement set out on page 14, the National Treasurer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the National Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the National Treasurer is responsible for assessing the Party's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the National Treasurer either intends to liquidate the Party or to cease operations, or has no realistic alternative but to do so.



## **SCOTTISH NATIONAL PARTY REPORT OF THE INDEPENDENT AUDITORS**

---

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Party's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the National Treasurer.
- Conclude on the appropriateness of the National Treasurer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Party's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Party to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## SCOTTISH NATIONAL PARTY REPORT OF THE INDEPENDENT AUDITORS

---

### Use of our report

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.

[REDACTED]

Johnston Carmichael LLP  
Chartered Accountants  
Statutory Auditors

[REDACTED]

..... 28 June 2018

**SCOTTISH NATIONAL PARTY  
INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 £	2016 £
<b>Income</b>			
Membership	2	2,364,906	2,586,914
Donations	3	1,423,667	402,502
Fundraising income	4	261,204	244,522
Investment income	5	3,353	5,644
Conference income		747,467	922,191
Commercial income		10,362	17,172
Grant income	6	176,627	157,608
Miscellaneous	7	812,785	536,833
<b>Total income</b>		<b>5,800,371</b>	<b>4,873,386</b>
<b>Expenditure</b>			
Premises costs	8	(75,349)	(79,945)
Office costs	9	(401,387)	(313,657)
Staff costs	10	(952,000)	(918,041)
Transfers out	11	(623,545)	(689,620)
Campaigning costs		(1,538,464)	(2,366,803)
Fundraising costs	12	(167,916)	(204,202)
Conference expenditure	13	(598,831)	(709,907)
Financing/interest charges	14	(101,577)	(126,506)
Depreciation/Amortisation	17 & 18	(196,067)	(110,064)
Membership expenses	15	(31,021)	(47,347)
Irrecoverable VAT	15	(332,847)	(524,980)
Miscellaneous	15	(78,710)	(81,297)
<b>Total expenditure</b>		<b>(5,097,714)</b>	<b>(6,172,369)</b>
<b>Surplus/(deficit) before tax</b>		<b>702,657</b>	<b>(1,298,983)</b>
Taxation	16	(669)	(2,024)
<b>Surplus/(deficit) for the year</b>		<b>701,988</b>	<b>(1,301,007)</b>

**SCOTTISH NATIONAL PARTY  
BALANCE SHEET  
AS AT 31 DECEMBER 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Intangible assets	17	522,183	624,576
<b>Tangible assets</b>			
- Furniture, fixtures and fittings	18	66,978	59,941
- Office/computer equipment	18	59,852	80,807
Investments	19	479	479
<b>Total fixed assets</b>		<b>649,492</b>	<b>765,803</b>
<b>Current assets</b>			
Debtors and prepayments	20	378,402	217,651
Cash in hand and at bank		7,906	52,856
<b>Total current assets</b>		<b>386,308</b>	<b>270,507</b>
<b>Liabilities</b>			
Creditors and accruals		(1,448,878)	(1,748,070)
Loans outstanding	22	(115,198)	(518,504)
<b>Total liabilities</b>	21	<b>(1,564,076)</b>	<b>(2,266,574)</b>
<b>Total net liabilities</b>		<b>(528,276)</b>	<b>(1,230,264)</b>
<b>Reserves</b>			
Accumulated fund at start of year		(1,230,264)	70,743
Surplus/(deficit)		701,988	(1,301,007)
<b>Accumulated fund at end of year</b>	23	<b>(528,276)</b>	<b>(1,230,264)</b>

The financial statements were approved by the Party Officers on 28<sup>th</sup> Jan 2018

Colin Beattie  
National Treasurer

**SCOTTISH NATIONAL PARTY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
<b>Cash flow from operating activities</b>	<b>26</b>	<b>595,590</b>	<b>(657,188)</b>
<b>Net cash flow from operating activities</b>		<b>595,590</b>	<b>(657,188)</b>
<b>Cash flow from investing activities</b>			
Purchase of tangible assets		(55,101)	(36,006)
Purchase of intangible assets		(24,855)	-
Interest received		-	492
Investment income		3,353	5,152
Income taxes paid		(1,129)	(895)
<b>Net cash from investing activities</b>		<b>(77,532)</b>	<b>(31,257)</b>
<b>Cash flow from financing activities</b>			
Interest paid		(29,723)	(39,622)
Repayment of hire purchase and finance leases		(129,979)	(113,515)
Receipts from new loans		100,000	1,000,000
Repayment of loans		(503,306)	(508,126)
<b>Net cash flow from financing activities</b>		<b>(563,008)</b>	<b>338,737</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(44,950)</b>	<b>(349,708)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>52,856</b>	<b>402,564</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>7,906</b>	<b>52,856</b>

**SCOTTISH NATIONAL PARTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**1. Accounting Policies**

**General information and basis of preparation**

The Scottish National Party is not incorporated in law and thus not bound by the Companies Act 2006. The Party is a Political Party and is required to prepare financial statements in accordance with the Political Parties, Elections and Referendum Act 2000 ('PPERA'). The address of the registered office of the Party is Gordon Lamb House, 3 Jackson's Entry, Edinburgh, EH8 8PJ.

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102). The financial statements have been prepared on a going concern basis under the historical cost convention. The financial statements are in accordance with the guidance issued by the Electoral Commission. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required by the guidance issued by the Electoral Commission or is required to show a true and fair view.

The financial statements are presented in sterling which is the functional currency of the Party and rounded to the nearest £.

As stated in the Annual Review, the Party has 292 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.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

**Going concern**

The National Treasurer has reviewed the expenditure budgets and cash flow projections for the Party for the period to 30 June 2019 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 measured at the fair value of the consideration received or receivable net of VAT and trade discounts.

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.

**SCOTTISH NATIONAL PARTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**1. Accounting Policies (continued)**

- 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 is recognised in the income and expenditure account on an accruals basis.
- Dividend income is recognised as the Party's right to receive payment is established.

**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

**Intangible assets**

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

**Software Development**

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use;
- The intention to complete the software and use it;
- How the software will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use the software;
- The ability to measure reliably the expenditure attributable to the software during its development.

**Software licence fee**

Software licence fees are recognised as intangible assets when it is probable the software will be used to generate future economic benefits.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful lives:

Software development costs - 9 years  
Software licence fee - 4 years

**SCOTTISH NATIONAL PARTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**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.

**Leased assets**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible or intangible 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 income and expenditure 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 income and expenditure 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.

**Provisions**

Provisions are recognised when the Party has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

**Tax**

Current tax represents the amount of tax payable or receivable in respect of the taxable profit (or loss) for the current or past reporting periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Debtors and creditors receivable / payable within one year**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income and expenditure account.

**Loans and borrowings**

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.



**SCOTTISH NATIONAL PARTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**2. Membership subscriptions**

	2017 £	2016 £
Membership fees received directly by the Party	<u>2,364,906</u>	<u>2,586,914</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 11).

**3a. Donations**

	2017 £	2016 £
Cash donations received reportable to the Electoral Commission	510,000	60,000
Cash donations received below the reporting threshold to the Electoral Commission	900,723	322,085
Notional donations below the reporting threshold to the Electoral Commission	<u>12,944</u>	<u>20,417</u>
<b>Total</b>	<u><b>1,423,667</b></u>	<u><b>402,502</b></u>

Total value of donations reported to the Electoral Commission during 2017 was £1,000,722 (2016 - £296,800)

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**

	2017 £	2016 £
Donations reported to the Electoral Commission:	<u>1,000,722</u>	<u>296,800</u>
<b>Recorded in the accounts as:</b>		
Donation income	510,000	60,000
Legacy Income	324,772	73,247
Grant Income	<u>165,950</u>	<u>163,553</u>
	<u><b>1,000,722</b></u>	<u><b>296,800</b></u>

**4. Fundraising**

	2017 £	2016 £
Independence Magazine	139,647	129,074
Raffles	<u>121,557</u>	<u>115,448</u>
<b>Total</b>	<u><b>261,204</b></u>	<u><b>244,522</b></u>

**SCOTTISH NATIONAL PARTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**5. Investment Income**

	2017	2016
	£	£
Interest receivable	-	492
Investment income	<u>3,353</u>	<u>5,152</u>
<b>Total</b>	<b><u>3,353</u></b>	<b><u>5,644</u></b>

**6. Grant Income**

	2017	2016
	£	£
Policy development grant	<u>176,627</u>	<u>157,608</u>
<b>Total</b>	<b><u>176,627</u></b>	<b><u>157,608</u></b>

**7. Miscellaneous**

	2017	2016
	£	£
Levy on accounting units	-	79,290
Legacies	490,984	76,435
Parliamentary levy	308,750	342,750
Campaign services	<u>13,051</u>	<u>38,358</u>
<b>Total</b>	<b><u>812,785</u></b>	<b><u>536,833</u></b>

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

Legacies include amounts bequeathed to the Party during the year.

The parliamentary levy is an annual charge imposed on all SNP MSPs, MPs and MEPs, where all proceeds are ring-fenced for national campaign purposes. The total sum due to be collected in 2017 was £322,000.

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

**8. Premises Costs**

	2017	2016
	£	£
Rent and Rates	<u>75,349</u>	<u>79,945</u>
<b>Total</b>	<b><u>75,349</u></b>	<b><u>79,945</u></b>

**SCOTTISH NATIONAL PARTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**9. Office Costs**

	2017	2016
	£	£
ICT	233,469	144,796
Office costs	15,463	20,858
Insurance	17,696	8,652
Telephone	17,295	16,956
Postage	111,724	119,399
Leasing	5,740	2,996
<b>Total</b>	<b>401,387</b>	<b>313,657</b>

ICT costs are those incurred in operating the Party's computer systems; servers; IT support; programming and development; and website. The importance of defending ICT systems from malicious attacks and protecting personal data from unauthorised access and misuse is fully recognised by the SNP. In response to the increasing risk in this area, significant investment is being made in a programme of work to upgrade SNP computer systems and extend the use by staff and volunteers of new and more powerful software primarily using the ██████████ CRM platform.

**10. Staff costs**

	2017	2016
	£	£
Salaries	766,105	732,051
Social security	78,813	74,797
Other costs, including pensions	107,082	111,193
	<b>952,000</b>	<b>918,041</b>

Average number of staff employed during the year:

	2017	2016
	No.	No.
Employees	21	21

**SCOTTISH NATIONAL PARTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**11. Transfers out**

	2017 £	2016 £
Membership income due to branches	591,227	646,728
Affiliate dividend	32,318	42,892
<b>Total</b>	<b>623,545</b>	<b>689,620</b>

The Party head office collects membership fees from all Party members. 25% of these membership fees are then payable to the branch of the Party in which each member resides.

The Party makes available grant funding to help affiliated organisations develop new projects, campaigns or events during the year. The affiliate dividend – 2.5% of membership income of members who are also members of affiliate organisations – provided the source of income to the grant fund.

**12. Cost of fundraising events**

	2017 £	2016 £
Fundraising	73,076	95,100
Independence Magazine	94,840	109,102
<b>Total</b>	<b>167,916</b>	<b>204,202</b>

**13. Conference costs**

	2017 £	2016 £
Venue hire and catering	253,124	302,527
Audio visual	248,590	245,143
Security	30,117	31,974
Printed materials	22,472	38,239
Information technology	23,332	42,634
Other conference costs	21,196	29,887
Other national events	-	19,503
<b>Total</b>	<b>598,831</b>	<b>709,907</b>

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

**SCOTTISH NATIONAL PARTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**14. Interest costs**

	2017	2016
	£	£
Bank charges	58,910	66,467
Notional interest	12,944	20,417
Hire purchase/finance lease interest	29,723	39,622
<b>Total</b>	<b>101,577</b>	<b>126,506</b>

Loans from individual members in note 21 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.

**15. Miscellaneous**

	2017	2016
	£	£
Membership expenses	31,021	47,347

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

	2017	2016
	£	£
Irrecoverable VAT	332,847	524,980

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

	2017	2016
	£	£
Professional fees	34,199	21,900
Legal fees	12,837	16,552
Bad debt provision	-	3,761
Audit fee	22,000	23,205
Loss on disposal of fixed assets	-	4,281
Sundries	9,674	11,598
<b>Total</b>	<b>78,710</b>	<b>81,297</b>

**SCOTTISH NATIONAL PARTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**16. Taxation**

	2017 £	2016 £
Corporation tax charge – current year	645	1,129
Adjustment for prior year	24	895
<b>Total</b>	<b>669</b>	<b>2,024</b>

**17. Intangible assets**

	Software licence £	Software development £	Total £
<b>Cost</b>			
At 1 January 2017	346,293	340,486	686,779
Additions	-	24,655	24,655
At 31 December 2017	<b>346,293</b>	<b>365,141</b>	<b>711,434</b>
<b>Amortisation</b>			
At 1 January 2017	43,287	18,916	62,203
Charged in year	86,573	40,475	127,048
At 31 December 2017	<b>129,860</b>	<b>59,391</b>	<b>189,251</b>
<b>Net Book Value at 31 December 2017</b>	<b>216,433</b>	<b>305,750</b>	<b>522,183</b>
<b>Net Book Value at 31 December 2016</b>	<b>303,006</b>	<b>321,570</b>	<b>624,576</b>

All intangible assets above are held under hire purchase. The intangible assets represent the cost of the new membership system which went live in July 2016.

**SCOTTISH NATIONAL PARTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**18. Tangible fixed assets**

	Furniture, fixtures and fittings £	Office/computer equipment £	Total £
<b>Cost</b>			
At 1 January 2017	114,502	183,702	298,204
Additions	46,369	8,732	55,101
Disposals	(599)	-	(599)
At 31 December 2017	<u>160,272</u>	<u>192,434</u>	<u>352,706</u>
<b>Depreciation</b>			
At 1 January 2017	54,561	102,895	157,456
Charged in year	39,332	29,687	69,019
On disposals	(599)	-	(599)
At 31 December 2017	<u>93,294</u>	<u>132,582</u>	<u>225,876</u>
Net Book Value at 31 December 2017	<u>66,978</u>	<u>59,852</u>	<u>126,830</u>
Net Book Value at 31 December 2016	<u>59,941</u>	<u>80,807</u>	<u>140,748</u>

**19. Fixed asset investments**

	Unlisted investments £
At 31 December 2016 and 31 December 2017	<u>479</u>

**20. Debtors**

	2017 £	2016 £
<b>Due within one year</b>		
Trade debtors	12,909	90,720
Other debtors	74,853	81,435
Prepayments and accrued income	<u>290,640</u>	<u>45,496</u>
<b>Total</b>	<u>378,402</u>	<u>217,651</u>

**SCOTTISH NATIONAL PARTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**21. Creditors**

	2017 £	2016 £
<b>Amounts falling due within one year</b>		
Trade creditors	251,009	332,498
Accrual and deferred income	122,343	149,416
Social security and other taxation	30,232	65,751
Amounts owed to accounting units	506,235	557,424
Affiliate grant fund	91,186	69,006
Loans from accounting units	15,198	18,504
Other creditors	16,725	12,848
Loans from individual members	100,000	500,000
Hire purchase/finance lease creditor	138,294	129,972
<b>Total falling due within one year</b>	<b>1,271,222</b>	<b>1,835,419</b>

	2017 £	2016 £
<b>Amounts falling due after more than one year</b>		
Hire purchase/finance lease creditor	292,854	431,155
<b>Total falling due after more than one year</b>	<b>292,854</b>	<b>431,155</b>
<b>Total liabilities</b>	<b>1,564,076</b>	<b>2,266,574</b>

**22. Loans**

	2017 £	2016 £
Amounts outstanding on loans taken out in prior years	15,198	18,504
Amounts outstanding on loans taken out in current year	100,000	500,000
<b>Total</b>	<b>115,198</b>	<b>518,504</b>

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



**SCOTTISH NATIONAL PARTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**23. Reserves**

	Total £
At 1 January 2017	(1,230,264)
Surplus for the year	<u>701,988</u>
At 31 December 2017	<u>(528,276)</u>

**24. Leasing Commitments**

The Party's future minimum operating lease payments are as follows:

	2017 £	2016 £
Within one year	39,640	39,640
Between one and five years	<u>16,517</u>	<u>56,157</u>

**25. Related party transactions**

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

<b>a) Loans from accounting units</b>	£
Loans payable at 1 <sup>st</sup> January 2017	18,504
Movement (net) in year	<u>(3,306)</u>
Loans payable at 31 <sup>st</sup> December 2017	<u>15,198</u>
<b>b) Loans from individual members</b>	
Loans payable at 1 <sup>st</sup> January 2017	500,000
Movement (net) in year	<u>(400,000)</u>
Loans payable at 31 <sup>st</sup> December 2017	<u>100,000</u>
<b>c) Branch dividend amounts due to branches</b>	
Due at 1 <sup>st</sup> January 2017	557,424
Movement (net) in year	<u>(51,189)</u>
Due at 31 <sup>st</sup> December 2017	<u>506,235</u>
<b>d) Affiliate fund</b>	
Due at 1 <sup>st</sup> January 2017	69,006
Movement (net) in year	<u>22,180</u>
Due at 31 <sup>st</sup> December 2017	<u>91,186</u>

**SCOTTISH NATIONAL PARTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**26. Reconciliation of surplus/(deficit) to cash flow from operating activities**

	2017 £	2016 £
Surplus/(Deficit) for the year	701,988	(1,301,007)
Corporation tax charge	-	2,024
Income from fixed asset investments	(3,353)	(5,152)
Interest receivable	-	(492)
Interest payable	29,723	39,622
Depreciation of tangible assets	69,019	47,861
Amortisation of intangible assets	127,048	62,203
Loss on disposal of fixed assets	-	4,281
(Increase)/decrease in debtors	(160,751)	203,931
(Decrease)/increase in creditors	(168,084)	289,541
	<hr/>	<hr/>
<b>Cash flow from operating activities</b>	<b>595,590</b>	<b>(657,188)</b>