

The Association of Liberal Democrat Councillors

Report and Financial Statements

For the Year Ended 31 December 2018

The Association of Liberal Democrat Councillors

Report and Financial Statements for the Year Ended 31 December 2018

The Management Committee present their report and the audited accounts for the year ended 31 December 2018.

Reference and Administrative Details of the Association, its Officers and Advisors

The Association of Liberal Democrat Councillors ("ALDC") is the representative body of Liberal Democrat Councillors in Great Britain. ALDC is a Specified Associated Organisation (SAO) of the Liberal Democrat Party.

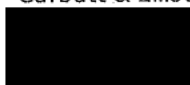
Operating address:



Association officers:

| | |
|--------------------|------------------------------------------------------------------------------------------------------------------------------------|
| <i>President</i> | Baroness Ros Scott of Needham Market (from November 2018) Councillor Baroness Kath Pinnock of Cleckheaton (until November 2018) |
| <i>Chair</i> | Mayor David Hodgson |
| <i>Vice-Chairs</i> | Councillor Steven Lambert Councillor Anood-Al-Sanerai (until January 2018) Councillor Anita Lower (from November 2018) |
| <i>Treasurer</i> | Veronica German |
| <i>Secretary</i> | Councillor Sarah Boad |

Auditors: Garbutt & Elliott Audit Limited



Bankers:



Structure and Governance

The organisation aims to secure the election of Liberal Democrat Councillors, and to support councillors once elected. We represent Liberal Democrat Councillors and local government campaigners within the broader party.

ALDC is the successor organisation to the Association of Liberal Councillors (ALC) and the Association of Social Democratic Councillors (ASDC), tracing our roots back to Liberal councillors first coming together in the 1960s.

ALDC is a membership organisation. Membership is open to any member of the Liberal Democrats, though in practice most of the members are councillors or local government campaigners. Members elect a Management Committee to serve for a period of two years from November. The committee was elected in November 2018.

The Management Committee employs a small staff team, most of whom are based at our offices in Manchester. In 2018 we moved from central Manchester to 2.07 Boatshed, Exchange Quay Salford M5 3EQ. They are a small team of Development Officers who work across the country. The committee would like to place on record its thanks to the staff team for their continuing commitment.

The Association of Liberal Democrat Councillors

Report and Financial Statements for the Year Ended 31 December 2018

Financial Review

In 2018 the Management Committee have reported a deficit of £9,676 (2017: deficit of £16,329). The bulk of the income is from Membership Fees and grants from the Federal Party and Joseph Rowntree Reform Trust (JRRT). We remain grateful for the continued commitment of the members, the Federal, English and Scottish Liberal Democrats, JRRT and others for their support. Other income comes from trading activities such as conferences, events, publication sales and mailings.

Going concern

The Committee has adopted a Strategic Plan (2015-2020) and plans budgets looking ahead on a rolling three-year basis. An Income Strategy has been adopted to ensure that the Association has the income it requires to deliver its objectives.

Review of Political Activities

Achievements in 2018 included:

- Winning Elections and Winning Local Elections

ALDC continued to support local Liberal Democrat campaigners to compete in the 2018 local elections in England, as well as preparation for the 2019 English local elections. In the May 2018 local elections the Liberal Democrats moved forwards with gains of 76 seats including taking control of the London Boroughs of Richmond and Kingston and the English districts of Three Rivers and South Cambridgeshire. 2018 was another positive year in local authority by-elections with net gains of 76 seats.

- Developing Campaign Capacity

The organisation has worked to build up the volunteer campaigning capacity of the Liberal Democrats. We have done this through our Development Officer field, kindly supported by the Joseph Rowntree Reform Trust and by working with English Regional Parties, through a programme of local volunteers, training at conferences and our own residential Kickstart weekends. 2018 was the largest programme of Kickstart weekends in the history of the organisation.

We organised a Liberal Democrat Councillors Weekend and continued to provide a free 'MyCouncillor' website to Lib Dem councillors and campaigners.

- Strong Organisation

The Fighting Fund appeal continued and has enabled us support local parties to fight council by-elections and to provide support in 'black hole' areas. We held our second ALDC Local Election Appeal in 2018 to support extra support to battleground wards in the 2018 local elections.

The Management Committee would like to take the opportunity to thank people who make ALDC possible: our volunteers, staff team, members and people who support the Association financially through grants and donations.

The Association of Liberal Democrat Councillors

Report and Financial Statements for the Year Ended 31 December 2018

Reserves Policy

ALDC policy is to make maximum use of its resources to meet its stated aims and priorities, but aims to maintain funds in reserve to meet the following needs:

- Reserves to allow for the smooth running of the organisation over the course of the year (cash flow).
- Reserves to allow the organisation time to take appropriate action to meet an unexpected and sudden loss of income or increase in expenditure.

The organisation aims to have sufficient reserves to cover two to four weeks' running costs.

Auditors

During the year Garbutt & Elliott Audit Limited were re-appointed as auditors and have indicated their willingness to be reappointed.

Statement of Registered Treasurer's Responsibilities

The Registered Treasurer of the association is required by the Political Parties, Elections and Referendum Act 2000 to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the association as at the end of the financial year and of the surplus or deficit of the association for that period.

In preparing those financial statements the Registered Treasurer is required to

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

Section 41 of the Act requires that the Registered Treasurer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the association and to enable him to ensure that the financial statements comply with the Act. He or she is also responsible for safeguarding the assets of the association and hence for taking steps for the prevention and detection of fraud and other irregularities.

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.


Veronica German
Registered Treasurer

 10 June 2019

The Association of Liberal Democrat Councillors

Independent Auditor's Report to the Registered Treasurer of the Association of Liberal Democrat Councillors

We have audited the financial statements of The Association of Liberal Democrat Councillors for the year ended 31 December 2018 which comprise the Balance Sheet, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards.

In our opinion the financial statements:

- give a true and fair view of the state of the associations affairs as at 31 December 2018 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 Referendum Act 2000.

Basis of 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 company 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.

Responsibilities of directors

As explained more fully in the Registered Treasures Responsibilities Statement the registered treasurer is responsible for the preparation of the annual report and financial statements and for being satisfied that they give a true and fair view.

In preparation of the financial statements, the registered treasurer is responsible for assessing the associations 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 registered treasurer either intends to liquidate the association or to cease operations, or have no realistic alternative but to do so.

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 the 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditors report.

The Association of Liberal Democrat Councillors

Independent Auditor's Report to the Registered Treasurer of the Association of Liberal Democrat Councillors

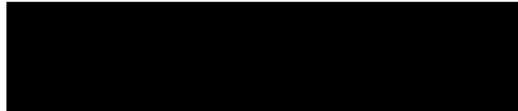
Use of our report

This report is made solely to The Association of Liberal Democrat Councillors, as a body, in accordance with Section 43 of the Political Parties, Elections and Referendum Act 2000. Our audit work has been undertaken so that we might state to the company's members 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, do not accept or assume responsibility to anyone other than the association and the associations members as a body, for our audit work, for this report, or for the opinions we have formed.



Garbutt & Elliott Audit Limited

19 June 2019



The Association of Liberal Democrat Councillors

Income and Expenditure Account for the year ended 31 December 2018

| | Note | 2018 £ | 2017 £ |
|--------------------------------------------------|-----------|----------------|----------------|
| Income: | | | |
| Membership and subscription fees | 2 | 209,374 | 196,347 |
| Grants | 3 | 235,116 | 244,372 |
| Sponsorship | | 4,137 | 5,442 |
| Fighting fund sponsorship – Election Workshop | | - | 4,872 |
| General donations | | 16,709 | 14,631 |
| Fighting fund donations | 17 | 21,173 | 20,390 |
| Staff costs recharged | 8 | 67,138 | - |
| Projects and activities | 4 | 132,175 | 105,641 |
| Conferences | 5 | 4,215 | 16,212 |
| Other income | 6 | 5,445 | 4,483 |
| Total income | | 695,482 | 612,390 |
| Expenditure: | | | |
| Costs of projects and activities | 7 | 156,831 | 97,718 |
| Wages and salaries – own staff | 8 | 315,498 | 315,171 |
| Wages and salaries – recharged staff | 8 | 49,991 | - |
| Fighting fund grants and staff costs | | 13,039 | 9,930 |
| Running costs | 9 | 127,546 | 126,455 |
| Conferences | 10 | 16,551 | 15,923 |
| Other expenses | 11 | 25,702 | 16,757 |
| Total expenditure | | 705,158 | 581,954 |
| Surplus/(Deficit) for the year | | (9,676) | 30,436 |
| Funds brought forward at 1 January 2018 | | 15,604 | (14,832) |
| Funds carried forward at 31 December 2018 | 17 | 5,928 | 15,604 |

The notes on pages 9 to 14 form part of these financial statements.

There were no other recognised gains or losses for 2018 or 2017 other than those shown on the Income and Expenditure Account.

The Association of Liberal Democrat Councillors

Balance Sheet as at 31 December 2018

| | Notes | 2018 £ | £ | 2017 £ | £ |
|-------------------------------------------------------|-------|-----------|-----|-----------|---|
| Fixed Assets | | | | | |
| Tangible assets | 14 | | 616 | | - |
| Current Assets | | | | | |
| Debtors and prepayments | 15 | 37,041 | | 55,912 | |
| Cash at bank and in hand | | 86,622 | | 55,117 | |
| | | 123,663 | | 111,029 | |
| Creditors: amounts falling due within one year | 16 | (118,351) | | (95,425) | |
| Net current assets | | 5,928 | | 15,604 | |
| Net assets | | 5,928 | | 15,604 | |
| Reserves: | | | | | |
| Fighting fund | 17 | 21,146 | | 21,172 | |
| General fund | 17 | (18,195) | | (5,568) | |
| Local Election Appeal Fund | 17 | 2,977 | | - | |
| | | 5,928 | | 15,604 | |

The notes on pages 9 to 14 form part of these financial statements.

The financial statements were approved by the Management Committee.



Veronica German
Registered Treasurer

10 June

The Association of Liberal Democrat Councillors

Notes to the Financial Statements for the year ended 31 December 2018

1. Accounting Policies

Basis of preparation of accounts

The financial statements are prepared under the historical cost convention and are in accordance with applicable accounting standards and the Statement of Accounts Guidance Notes issued by the Electoral Commission.

The accounts have been prepared on a going concern basis despite the deficit in the year and the level of reserves carried forward. The Officers feel confident that after securing ongoing funding after the year end, maintaining membership subscriptions and by expanding its training offer the association will have resources sufficient to meet obligations as they fall due over the next 12 months and to enable it to build up reserves longer term.

The following accounting policies have been applied:

Income Recognition

Income is recognised when all of the following conditions have been met:

- The association 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.
- Grants are recognised in the income and expenditure account when the conditions for receipt have been met.
- Membership and subscription fees that are not in arrears are recognised in the income and expenditure account in the period to which they relate. Arrears of membership and subscription fees are only recognised in the income and expenditure account if received before the financial statements are approved.
- Interest receivable is recognised in the income and expenditure account on an accruals basis.

Depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at the following annual rates in order to write off fixed assets less their residual value over their expected useful lives:

| | |
|---------------------------|-----------------------|
| Office equipment | 2 years straight line |
| Website development costs | 3 years straight line |

Pension costs

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

The Association of Liberal Democrat Councillors

Notes to the Financial Statements for the year ended 31 December 2018

2. Membership

| | 2018 | 2017 |
|-----------------------------------------------|----------|----------|
| | £ | £ |
| Opening reserve at 1 January 2018 | 19,945 | 22,693 |
| Membership income received in the year | 214,353 | 193,599 |
| Closing reserve at 31 December 2018 (Note 16) | (24,924) | (19,945) |
| | 209,374 | 196,347 |

3. Grants

| | 2018 | 2017 |
|------------------------------------------|---------|---------|
| | £ | £ |
| Party grant | 42,078 | 46,344 |
| Policy development fund | 30,000 | 30,000 |
| The Joseph Rowntree Reform Trust Limited | 95,996 | 109,870 |
| G8 reimbursement | 42,875 | 55,158 |
| English Party | 24,167 | - |
| Other | - | 3,000 |
| | 235,116 | 244,372 |

4. Income relating to specific projects and activities

| | 2018 | 2017 |
|------------------------------|---------|---------|
| | £ | £ |
| Publication sales | 2,505 | 2,969 |
| Other council support income | 82,126 | 65,070 |
| Training | 47,544 | 37,602 |
| | 132,175 | 105,641 |

5. Income from conferences

| | 2018 | 2017 |
|-----------------------------|-------|--------|
| | £ | £ |
| Local Government conference | 4,215 | 10,208 |
| Anniversary event | - | 6,004 |
| | 4,215 | 16,212 |

6. Other income

| | 2018 | 2017 |
|---------------|-------|-------|
| | £ | £ |
| Rental income | 2,818 | 4,220 |
| Other income | 2,627 | 263 |
| | 5,445 | 4,483 |

The Association of Liberal Democrat Councillors

Notes to the Financial Statements for the year ended 31 December 2018

7. Costs of specific projects and activities

| | 2018 | 2017 |
|-----------------------|---------|--------|
| | £ | £ |
| Publications | 3,030 | 2,285 |
| Training | 85,009 | 65,419 |
| Council support costs | 68,792 | 21,084 |
| Membership costs | - | 8,930 |
| | 156,831 | 97,718 |

8. Wages and salaries

| | 2018 | 2017 |
|--------------------------------------|---------|---------|
| | £ | £ |
| Salaries and wages | 269,165 | 276,414 |
| Social security costs | 22,288 | 20,758 |
| Other pension costs | 24,045 | 17,999 |
| Wages and salaries – own staff | 315,498 | 315,171 |
| Wages and salaries – recharged costs | 49,991 | - |
| Total wages and salaries expensed | 365,489 | 315,171 |

The association incurs salary and wages costs relating to the staff of other accounting units of the Liberal Democrats. These costs are recharged to those accounting units at cost plus an agreed per staff member monthly fee.

The average number of persons employed directly by the association during the year was as follows:

| | 2018 | 2017 |
|--------------------------|------|------|
| Average Employee numbers | 12 | 12 |

9. Running costs

| | 2018 | 2017 |
|---------------------------------------------|---------|---------|
| | £ | £ |
| Office rental and services | 25,924 | 33,477 |
| Telephone, internet and IT costs | 14,091 | 11,010 |
| Staff expenses | 27,354 | 19,905 |
| Staff recruitment | 1,835 | 1,511 |
| Photocopying | 2,015 | 602 |
| Online communications | 24,332 | 24,553 |
| Postage | 9,913 | 15,470 |
| General stationery | 758 | 922 |
| Legal and professional | 3,499 | 1,427 |
| Office administration | 8,858 | 3,009 |
| Audit accountancy and taxation | 5,600 | 4,980 |
| Management committee expenses and elections | 2,867 | 3,413 |
| Bad debt expense | 500 | 6,176 |
| | 127,546 | 126,455 |

Audit, accountancy and taxation includes £2,500 payable to the auditor in respect of audit fees at £1,500 to the auditor in respect of accountancy services.

The Association of Liberal Democrat Councillors

Notes to the Financial Statements for the year ended 31 December 2018

10. Conference costs

| | 2018 £ | 2017 £ |
|------------------------|-----------|-----------|
| Conference costs | 16,551 | 10,254 |
| Anniversary conference | - | 5,669 |
| | 16,551 | 15,923 |

11. Other expenses

| | 2018 £ | 2017 £ |
|-------------------------------|-----------|-----------|
| Bank charges | 6,301 | 5,945 |
| Irrecoverable Value Added Tax | 18,785 | 10,812 |
| Depreciation | 616 | - |
| | 25,702 | 16,757 |

12. Surplus/(Deficit) for the year

This has been arrived at after charging:

| | 2018 £ | 2017 £ |
|-------------------------|-----------|-----------|
| Auditors' remuneration: | | |
| Audit and accountancy | 4,250 | 3,500 |

13. Registered treasurer and officers

None of the Registered Officers received any emoluments during the year (2017: Nil).

14. Tangible fixed assets

| | Website Development | Office Equipment | Total |
|---------------------------|------------------------|---------------------|---------|
| | £ | £ | £ |
| Cost or valuation: | | | |
| Cost 1 January 2018 | 51,222 | 64,258 | 115,480 |
| Additions | - | 1,232 | 1,232 |
| Cost carried forward 2018 | 51,222 | 65,490 | 116,712 |
| Depreciation: | | | |
| 1 January 2018 | 51,222 | 64,258 | 115,480 |
| Charge for the year | - | 616 | 616 |
| 31 December 2018 | 51,222 | 64,874 | 116,096 |
| Net book value | | | |
| 31 December 2018: | - | 616 | 616 |
| Net book value | | | |
| 31 December 2017: | - | - | - |

The Association of Liberal Democrat Councillors

Notes to the Financial Statements for the year ended 31 December 2018

15. Debtors: due within one year

| | 2018 | 2017 |
|--------------------------------|---------------|---------------|
| | £ | £ |
| Trade debtors | 12,653 | 10,551 |
| Prepayments and accrued income | 14,660 | 32,878 |
| VAT | 9,728 | 12,483 |
| | <u>37,041</u> | <u>55,912</u> |

16. Creditors - amounts falling due within one year

| | 2018 | 2017 |
|------------------------------|----------------|---------------|
| | £ | £ |
| Trade creditors | 76,045 | 50,349 |
| Taxation and social security | 8,655 | 6,775 |
| Deferred income (Note 2) | 24,924 | 19,945 |
| Accruals | 5,796 | 16,671 |
| Credit cards | 2,931 | 1,685 |
| | <u>118,351</u> | <u>95,425</u> |

The Association of Liberal Democrat Councillors

Notes to the Financial Statements for the year ended 31 December 2018

17. Reserves

| | 2018 | 2017 |
|------------------------------------------------|----------|----------|
| | £ | £ |
| General funds brought forward | (5,568) | (20,224) |
| Surplus/(Deficit) for the year | (9,676) | 30,436 |
| Surplus relating to Local Election Fund Appeal | (2,925) | - |
| Surplus relating to Fighting Fund | (2,435) | (15,332) |
| Transfer to Fighting Fund | 2,409 | (448) |
| General Funds carried forward | (18,195) | (5,568) |
| Local Election Appeal Fund brought forward | - | - |
| Donation received | 10,847 | - |
| Transfer from Fighting fund | 2,409 | - |
| Local election appeal expenditure | (10,279) | - |
| Local Election Appeal Fund carried forward | 2,977 | - |
| Fighting fund brought forward | 21,172 | 5,392 |
| Donations received | 21,173 | 20,390 |
| Sponsorship | 3,252 | - |
| Grants awarded | (6,055) | (2,910) |
| Phonebank wages costs | (4,747) | (7,020) |
| Training support | (11,240) | 4,872 |
| Transfer to Local Election Appeal | (2,409) | 448 |
| Fighting Fund carried forward | 21,146 | 21,172 |
| Total Funds at 31 December 2017 | 15,604 | (14,832) |
| Total Funds at 31 December 2018 | 5,928 | 15,604 |

The Fighting Fund represents the unspent balance remaining from donations made specifically towards fighting campaigns.

The Association of Liberal Democrat Councillors

Notes to the Financial Statements for the year ended 31 December 2018

18. Related party transactions

Other related parties

The association has recharged certain administrative costs totalling £2,624 (2017: £5,898) provided to Bury Liberal Democrats, for which Tim Pickstone, the Chief Executive of ALDC, is an elected councillor.

19. Lease commitments

There was an operating lease commitment in relation to the new lease of the offices at Salford Quays, as at 31 December 2018 £27,135 (2017:None).