

PLAID CYMRU
Report and Audited
Consolidated Financial Statements
For the year ended 31 December 2018

	Page
Overview of Party & Political Activities	1-2
Chief Executive's Review	3
Treasurer's Report	4
Statement of Treasurer's Responsibilities	5
Report of the Independent Auditor to the Members	6-8
Consolidated Income and Expenditure Account	9
Central Party Income and Expenditure Account	10
Consolidated Balance Sheet	11
Central Party Balance Sheet	12
Consolidated Statement of Cash flows	13
Notes to the Financial Statements	14-26

PLAID CYMRU

Overview of Party & Political Activities for the year ended 31 December 2018

The following paragraphs outline relevant administrative information and Party & Political activities undertaken in the year.

Party Headquarters

Plaid Cymru – The Party of Wales
Ty Gwynfor
Marine Chambers
Anson Court
Atlantic Wharf
Cardiff
CF10 4AL

Aims

As the National Party of Wales, Plaid Cymru's aims are:

- To secure independence for Wales in Europe.
- To ensure economic prosperity, social justice and the health of the natural environment, based on decentralist socialism.
- To build a national community based on equal citizenship, respect for different traditions and cultures and the equal worth of all individuals, whatever their race, nationality, gender, colour, creed, sexuality, age, ability or social background. These are the Party's core values.
- To create a bilingual society by promoting the revival of the Welsh language.
- To promote Wales's contribution to the global community and to attain membership of the United Nations.

Organisation

Membership

Procedures governing applications to become a member of Plaid Cymru – The Party of Wales are described in the Party's Standing Orders. Plaid Cymru's membership is £36 a year, £12 for those who are unwaged. 45% of this income is returned to constituencies.

Conference

Conference is the highest authority of the Party and since February 2012 it has been decided that it will be open to all members. Conference is responsible for determining the Party's policy and for the election of National Officers.

Constituencies

The constituency is Plaid Cymru's primary level of organisation and are responsible for the party's activity within each of the National Assembly Constituencies in Wales. Constituencies receive a 45% quarterly repayment of subscriptions paid by each of their members.

Branches

A branch is a structure of the Party's organisation responsible for the Party's activity within a defined area of operation below constituency level. The primary purpose of a branch is to deliver, in the local context, the Party's political strategy.

National Sections

Members of the Party wishing to cater for specific interests may form sections, which may apply to the National Council for recognition as official National Sections of the Party. As at 31 December 2018, there are 4 official National Sections as follows:

- Youth Section ("Plaid Ifanc")
- Women's Section ("Merched Plaid")
- Trade Union ("Undeb")
- Councillors' Association

**Overview of Party & Political Activities
for the year ended 31 December 2018**

Accounting Units

Plaid Cymru has 53 accounting units separate from its central organisation in order to enable each constituent organisation to be responsible for its own financial affairs. The number of accounting units was reduced in 2010 when the sections and regions were absorbed into the national accounting unit (The Central Party).

National Council

National Council is the governing body of the Party between conferences and meets at least three times a year. In addition to hearing reports from National Officers, the National Council also has the power to make policy. The membership of the National Council is comprised of representatives from Constituency Committees, Sections, National Executive Committee, Elected Representatives, National Officers and County Council leaders.

National Executive Committee

Plaid Cymru's National Executive Committee ("NEC") is responsible for agreeing the strategic and political direction of the Party; ensuring that decisions of Conference and National Council are implemented; managing the Party's organisation and finances; scrutinising the work of all individuals and teams charged with the implementation of the strategy; organising and directing national campaigns; the employment and direction of staff and the ownership and management of the Party's national assets. Members of NEC are elected by Annual National Conference for two year terms.

Leaders Team

The Leaders Team is responsible for overseeing the day-to-day political tactics of the Party and the executive implementation of the Party's strategy. Members include Plaid Cymru's Leader, Chair, Parliamentary Group Leader, European Group Leader and Chief Executive. The Leaders Team may co-opt further members subject to ratification by the NEC.

Elected Representatives

Plaid Cymru fields candidates in elections to Welsh local authorities, the National Assembly of Wales, the House of Commons and the European Parliament, and as Police and Crime Commissioners.

As of December 2018, Plaid Cymru representation at each is as follows-

- 10 Members of the National Assembly of Wales
- 4 Members of Parliament
- 1 Member of the European Parliament
- 203 Local Authority Councillors
- 2 Police and Crime Commissioners

Plaid Cymru staff

Plaid Cymru is served by 5 full-time staff and 3 part-time staff based at its headquarters in Cardiff. The Party's Chief Executive is appointed by and accountable to the National Executive Committee.

The Party's officers and full-time staff during 2018 are:

Officers

- Chair – Alun Ffred Jones
- Treasurer – Nigel Copner (to July 2018); Paul Rawlinson (to October 5th 2018); Marc Phillips from October 5th 2018)
- Director of Fundraising – Sioned Williams (to October 5th 2018); Tim Thomas (from October 5th 2018)

Staff

- Chief Executive – Gareth Clubb
- Deputy CEO and Head of Campaigns - Geraint Day
- Finance Officer – Illyd ap Dafydd
- Policy Co-ordinator – Emily Cole
- Administrative Manager - Gwennol Haf
- Data and Membership Officer - Shaughan Feakes
- Data and Membership Officer - Emyr Williams
- Senior Communications Officer – Math Wiliam

**Report of the Party Officers
For the year ended 31 December 2018**

CHIEF EXECUTIVE'S REVIEW

2018 started with a short Senedd by-election campaign in Alyn and Deeside. Carrie Harper was an outstanding candidate and Plaid Cymru gained a creditable result in a part of the country not traditionally fertile territory for us.

Compliance issues came to the fore early in the year with the deadline for compliance with GDPR in May 2018. My thanks go to Carole Willis, leading on this for the NEC, and especially to Gayle Evans. Gayle is a specialist in data security who has provided considerable assistance to us in our continuing efforts to ensure that we comply with the highest standards in data security and protection. Our members, and indeed the public at large, deserve nothing less.

As a Party committed to full democratic engagement, our members choose our Party leader. We are fortunate to have three such talented, principled and committed individuals in Rhun ap Iorwerth, Adam Price and Leanne Wood to contest the leadership. A spirited and dignified campaign resulted in Adam Price being elected leader. Tepid leadership elections in the other parties with a presence in Wales highlighted the amazing depth of talent in Plaid Cymru's elected representatives. Our challenge, looking towards 2021, is to ensure that many more of our fantastic candidates are elected to speak up for our communities and our country.


One of Adam's first actions as Leader was to commission a wide-ranging review of the Party's activities from former SNP Westminster Leader, Angus Robertson. Angus' work spanned the year end and its influence is alive and well in our ongoing strategic planning.

We had two tremendous conferences in 2018; our spring conference in Llangoillen and our annual conference in Aberteifi. Our conferences are widely regarded by (I am assured) independent sources as being the most enjoyable and lively conferences on the Welsh circuit. I'd like to thank the Party staff – a small but excellent team – for their efforts in putting on such stimulating fayre.

It is fair to point to some troubles over the course of the year. Former Plaid Cymru Assembly Member Neil McEvoy was excluded from the Party for 12 months. Neil has subsequently decided that he does not wish to be a member of Plaid Cymru, and I am sure that Plaid Cymru will flourish in the capital now that that uncertainty has passed. We also suffered some disruption in Llanelli constituency. However, the constituency has put its troubles behind it, and a fantastic team has worked hard to put the Party on the front foot. I'm delighted to say that membership in Llanelli is at its highest level in around 20 years. I am deeply grateful to those who have steered the constituency through some difficult waters to reach a situation where Helen Mary Jones stands a great chance of regaining Llanelli for Plaid Cymru in 2021.

I'd like to thank the growing numbers of people in every corner of Wales – and beyond – who make a phenomenal contribution to our country's future through their membership. We could not achieve what we do without them. Their dream is ours;

To Win a New Wales.



Gareth Clubb
Chief Executive

Date: 31st July 2019

**Treasurer's Report
for the year ended 31 December 2018**

2018 saw several changes in the office of Party Treasurer. Nigel Copner resigned in July. By default the legal responsibility of the role then fell to the Leader until Paul Rowlinson stood in as Interim Treasurer for a few months prior to conference, at which point I was elected.

The preparation of these annual accounts has highlighted numerous examples of a lack of attention to detail, and has identified a clear need to improve some of our accounting systems.

We have therefore been thorough and methodical in early 2019 in order to correct the situation, albeit without the service of a permanent Finance Officer for much of that period due to sickness. I am grateful to the Chief Executive and to Finance Committee members for their co-operation, and for the guidance and wisdom of the party's newly formed Risk and Audit Committee.


We have been subject to our annual audit and have engaged external guidance in order to thoroughly interrogate the completeness and accuracy of the 2018 transactions, leading to the building of much more robust systems and processes for the future. I would hasten to add that there is absolutely no suggestion of misuse of party funds, merely evidence of the aforementioned lack of attention to detail which culminated in the need to streamline some of the record keeping - all now corrected. New Financial Standing Orders have been put in place as well as changes in banking arrangements. The Auditors have furnished the party with a very detailed Management Letter in relation to the year ended 31 December 2018. This has been enormously useful in providing recommendations to enhance the ways in which we will operate in the future, and the Finance Committee and NEC is fully engaged in delivering these changes.

Given the challenges we faced during the year it is particularly pleasing that the auditors have provided us with an unqualified audit opinion.

Last year's report drew attention to challenges the party faced in relation to meeting compliance expectations of regulators – principally the Electoral Commission. While some of these issues remain unresolved as we await the Commission's final decisions, I am pleased to report that many of them are now cleared, without the imposition of financial penalties (see note 24). However, we are not complacent about our need to change our approach towards compliance, and steps are being taken to ensure a more robust approach. In future this must require a much closer relationship between the Party centrally and the treasurers of our individual accounting units – i.e. Constituency Committees and the Parliamentary groups.

The other significant change in 2018 was, of course, the election of a new Party Leader with fresh ideas about political strategy and requirements for resourcing. Realising our political ambition, and our determination to form the Government in 2021 will require considerably greater expenditure on our part. Our 2018 accounts – and indeed those of previous years – illustrate that the party's ability to generate significant sustainable income over and above membership fees is seriously underdeveloped. There is no doubt that our political ambitions must be matched by a vigorous new approach to fundraising. We are enormously grateful to those members who generously remember the party in their wills - indeed it is legacies that has sustained a great deal of our work over many years. But such income is sporadic and unpredictable and cannot be the basis for strategic planning in the years ahead. Considerable work is underway in 2019 aimed at increasing and diversifying our income base to meet this significant challenge in years ahead.

In the meantime I commend these accounts to you as a true record of the party's financial activity during 2018.



Marc Phillips
National Treasurer

Date: 31st July 2019

**Statement of Treasurer's Responsibilities
for the year ended 31 December 2018**

The Treasurer of the Party is required by the Political Parties, Elections and Referendums Act 2000 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 its surplus or deficit for that period. In preparing those financial statements, the Treasurer is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the party will continue in business.

Section 41 of the Act requires that the Treasurer is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the party and to enable them to ensure that the financial statements comply with the Act. The 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.

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 Treasurer has taken all steps he ought to have taken to make them 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 Treasurer is not aware of any relevant information of which the auditor is unaware.

Opinion

We have audited the financial statements of Plaid Cymru for the year ended 31 December 2018 which comprise the Consolidated Income and Expenditure Account, the Central Party Income and Expenditure Account, the Consolidated Balance Sheet, the Central Party Balance Sheet, the Consolidated Cash Flow Statement 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, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of Plaid Cymru's Consolidated and Central Party's affairs as at 31 December 2018 and of Plaid Cymru's Consolidated and Central Party's deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Political Parties, Elections and Referendums Act 2000 and other direction issued by the Electoral Commission thereunder.

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 use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the registered 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.

Other information

The Party Officers and Treasurer are responsible for the other information. The other information comprises the information included in the Overview of Party and Political Activities, 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.

Opinions on other matters

In our opinion, the information given in the Overview of Party and Political Activities for the financial year for which the statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Party, its accounting units and its environment obtained in the course of the audit, we have not identified material misstatements in the Overview of Party and Political Activities, Chief Executive's Review or Treasurer's Report.

We have nothing to report in respect of the following matters which requires us 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
- certain disclosures of information specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of registered treasurer

As explained more fully in the Treasurer's responsibilities statement (set out on page 5) the 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 is determined 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 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.

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 in 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 judgement 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 in the financial statements.

Independent auditor's report to the members of Plaid Cymru

- Conclude on the appropriateness of the 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 disclosure, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate that 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.

Use of our Report

This report is made solely to the Party Members as a body, in accordance with the requirements of the Political Parties Elections and Referendums Act 2000 and other direction issued by the Electoral Commission. Our audit work has been undertaken so that we might state to the party's members these 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 Party and the Party's Members as a body, for our audit work, for this report, or for the opinions we have formed.



Amanda Kruger (Senior Statutory Auditor)
For and on behalf of Baldwins Audit Services, Statutory Auditor



Date: 31st July 2019

PLAID CYMRU**Consolidated Income and Expenditure Account
for the year ended 31 December 2018**

	Note	2018 £	2017 £
INCOME			
Donation income	2	105,050	205,806
Membership and subscription fees		223,725	164,904
Income from fundraising activities	3	23,273	20,910
Income from commercial activities	4	7,788	10,731
Income from legacies		166	538,343
Investment income	5	8,337	6,494
Grant income	6	165,061	135,771
Income from conferences		46,965	72,978
Constituency re-imbursements	8	112,385	105,588
Total Income		692,750	1,261,525
EXPENDITURE			
Costs of fundraising activities	9	18,668	9,688
Costs of commercial activities		18,154	18,908
Staff costs	10	332,646	336,086
Depreciation		13,931	13,247
Impairment losses		40,998	-
Campaign expenditure	11	42,027	171,446
Interest and charges payable	13	11,529	11,749
Conference expenditure		46,508	46,025
Other expenditure	12	206,937	149,236
Total Expenditure		731,398	756,385
(Deficit)/Surplus before taxation		(38,648)	505,140
Taxation	14	-	(179)
Net (Deficit)/Surplus for the Year	19	(38,648)	504,961

The income and expenditure account has been prepared on the basis that all operations are continuing operations.

The notes on pages 14 to 26 form part of these financial statements.

PLAID CYMRU**Central Party Income and Expenditure Account
for the year ended 31 December 2018**

	Note	2018 £	2017 £
INCOME			
Donation income	2	104,568	204,331
Membership and subscription fees		221,325	162,247
Income from fundraising activities	3	23,273	20,910
Income from commercial activities	4	7,788	10,731
Income from legacies		166	538,343
Investment income	5	8,337	6,494
Grant income	6	165,061	135,771
Income from conferences		46,964	72,978
Constituency re-imbursements	8	104,882	101,980
Total Income		682,364	1,253,785
EXPENDITURE			
Costs of fundraising activities	9	18,668	9,017
Costs of commercial activities		18,154	18,908
Staff costs	10	332,646	336,086
Depreciation	15	13,931	13,247
Impairment losses	15	40,998	-
Campaign expenditure	11	42,027	170,558
Interest and charges payable	13	11,529	11,749
Conference expenditure		40,697	46,025
Other expenditure	12	201,918	144,032
Total Expenditure		720,568	749,622
(Deficit)/Surplus before taxation		(38,204)	504,163
Taxation	14	-	(179)
Net (Deficit)/Surplus for the year	19	(38,204)	503,984

The income and expenditure account has been prepared on the basis that all operations are continuing operations.

The notes on pages 14 to 26 form part of these financial statements.

PLAID CYMRU**Consolidated Balance Sheet
as at 31 December 2018**

	Note	2018 £	2017 £
FIXED ASSETS			
Tangible assets	15	476,488	524,991
CURRENT ASSETS			
Debtors	16	25,013	254,326
Cash at bank and in hand		509,646	218,122
		534,659	472,448
CREDITORS			
Amounts falling due within one year	17	(110,622)	(58,266)
NET CURRENT ASSETS		424,037	414,182
TOTAL ASSETS LESS CURRENT LIABILITIES		900,525	939,173
TOTAL ASSETS LESS TOTAL LIABILITIES, BEING NET ASSETS		900,525	939,173
RESERVES			
General reserve	19	900,525	939,173
Policy development unit reserve	19	-	-
ACCUMULATED RESERVES	19	900,525	939,173

The financial statements were approved by the Party Officers on 31st July 2019 and signed on their behalf by:



Marc Phillips
Treasurer

The notes on pages 14 to 26 form part of these financial statements.

PLAID CYMRU**Central Party Balance Sheet
as at 31 December 2018**

	Note	2018 £	2017 £
FIXED ASSETS			
Tangible assets	15	476,488	524,991
CURRENT ASSETS			
Debtors	16	25,013	254,326
Cash at bank and in hand		<u>500,539</u>	<u>208,571</u>
		525,552	462,897
CREDITORS			
Amounts falling due within one year	17	<u>(110,622)</u>	<u>(58,266)</u>
NET CURRENT ASSETS		414,930	404,631
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>891,418</u>	<u>929,622</u>
TOTAL ASSETS LESS TOTAL LIABILITIES, BEING NET ASSETS		<u>891,418</u>	<u>929,622</u>
RESERVES			
General reserve	19	891,418	929,622
Policy development unit reserve	19	<u>-</u>	<u>-</u>
ACCUMULATED RESERVES	19	<u>891,418</u>	<u>929,622</u>

The financial statements were approved by the Party Officers on 31st July 2019 and signed on their behalf by:



Marc Phillips
Treasurer

The notes on pages 14 to 26 form part of these financial statements.

PLAID CYMRU**Consolidated Statement of Cash Flows
31 December 2018**

	Note	2018 £	2017 £
Cashflow from operating activities	20	297,991	99,265
Income taxes paid	14	-	(179)
Net cash inflow from operating activities		297,991	99,086
Interest paid		(41)	-
Cashflow from investing activities			
Purchase of tangible fixed assets	15	(6,426)	(719)
Net increase in cash and cash equivalents		291,524	98,367
Cash and cash equivalents at the beginning of the year		218,122	119,755
Cash and cash equivalents at the end of the year		509,646	218,122

The notes on pages 14 to 26 form part of these financial statements.

I. ACCOUNTING POLICIES

General information and basis of preparation

Plaid Cymru is not incorporated in law and thus not bound by the Companies Act 2006. The party is required to prepare financial statements in accordance with the Political Parties, Elections and Referendum Act 2000 ("PPERA"). The address of the Party Headquarters is Ty Gwynfor, Marine Chambers, Anson Court, Atlantic Wharf, Cardiff CF10 4AL.

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 (FRS102). The financial statements are in accordance with the guidance issued by the Electoral Commission. The disclosure requirement of Section 1A of FRS102 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 rounded to the nearest £.

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

For the financial year under review the Party has returned a consolidated deficit of (£38,648). In cash terms this has been more than off-set by an increase in cash of £291,524 primarily due to the receipt of legacies and at the year end the party had consolidated cash reserves of £509,646

In common with other political parties, Plaid Cymru relies on membership and fundraising income to meet a large proportion of its expenditure, including most of its non-recurring expenditure. The Party also receives donations and legacies from supporters of the Party. The nature of such income is that there is some unpredictability associated with it.

The Treasurer has prepared Income & Expenditure budgets and cash flow projections for the Party for the period to December 2020 and is satisfied that changes being introduced will generate sufficient membership, fundraising income and funds from other sources to enable the Party to meet its financial obligations as they fall due and to achieve its organisational and political objectives.

Given the political uncertainty around Westminster and Brexit, the Treasurer feels that the current and future projected cash resources are adequate to enable the party to weather any storm created by this uncertainty.

In the light of the foregoing and making enquiries and taking all circumstances into account, the Treasurer considers that it is appropriate to continue to prepare the financial statements on a going concern basis.

Basis of consolidation

In February 2010, Plaid Cymru reduced the number of accounting units in Wales through a process of merger and consolidation. Most of the units merged together with the local accounting units, and are still accountable to the Electoral Commission on an individual basis. These accounting units are not consolidated into these accounts. The merger process left 5 regional committees and 4 sections of the Party to be taken under the control of Plaid Cymru, the Central Political Party. The regions and sections included in these consolidated accounts are:

- Councillors Association
- Plaid Cymru Youth (formerly Cymru X)
- Womens Section
- Undeb Section

I. ACCOUNTING POLICIES (continued)

- South Wales Central Committee
- Mid and West Wales Committee
- South Wales East Committee
- South Wales West Committee
- North Wales Committee

In respect of the year ended 31 December 2018, the Party received returns from 9 of the 9 accounting units (2017: 4 out of 9).

The Central Party holds no investment in these committees and sections.

The accounts for the regions and sections consolidated are produced mainly on a cash accounting basis rather than an accruals basis. It is not considered that a restatement of these results to an accruals basis would have a material impact on the results for the year.

Income recognition

Income is measured at the fair value of the consideration received or receivable net of VAT, trade discounts and constituency re-imbursements.

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, and fundraising income are recognised at market value 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;
- When donations are received that have conditions in respect of the nature of expenditure to be applied, income is recognised when the conditions attached to that donation are fully met;
- 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;
- Legacies from benefactors who have died prior to the year end are recognised when the personal representatives of the deceased have notified the Party of the legacy, they have obtained grant of representation and there are no significant matters outstanding concerning the precise division of the estate; and
- Interest receivable and rental income are recognised in the income and expenditure account on an accruals basis.
- Conference and commercial income is recognised in the income and expenditure account on an accruals basis.

Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value as assessed either by professional valuers every five years or by the Party's officers at the reporting end date unless there are valuations provided by experts on the sale of property, when these valuations are recognised in the accounts. The surplus or deficit on revaluation is recognised in the Income and Expenditure Account.

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets

Tangible fixed assets other than land and buildings are included in the accounts at historic cost. Land and buildings are held at deemed cost at the date of transition to FRS102. Depreciation is provided on all tangible fixed assets other than freehold land and investment properties at the following annual rates in order to write off each asset over its estimated useful life:

Long leasehold property	- 2% straight line per annum
Fixtures and equipment	- 25% straight line per annum
Improvements to property	- 10% straight line per annum

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 or value in use.

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss on a straight line basis.

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.

Taxation

The Party is treated as an unincorporated association for tax purposes and is therefore liable to corporation tax on its investment income. It also bears tax on any investment transactions that give rise to capital gains. 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. No deferred tax is recognised as any investment income is taxed on the same basis as it is recognised in the income and expenditure account.

Deferred Tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Income and Expenditure Account. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Deferred tax relating to investment property that is measured at fair value shall be measured using the tax rates and allowances that apply to the sale of the asset.

1. ACCOUNTING POLICIES (continued)

Value Added Tax

The party is registered for Value Added Tax (VAT) purposes but it is only liable on chargeable transactions. A partial exemption formula has been agreed with HM Revenue & Customs and VAT has been recovered. The value of VAT that is unrecoverable is included within the relevant expenditure categories in the Income and Expenditure account.

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.

Financial Instruments

Basic financial instruments consist of cash and cash equivalents and basic debt instruments. 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.

Judgements and key sources of estimation uncertainty

The Treasurer has considered if there are any key sources of estimation uncertainty or significant judgements that have been made in the process of applying the above accounting policies to prepare these financial statements aside from the consideration of the values of investment properties (note 15) and quantification of the contingent liability disclosed in note 24. The Treasurer considers that there are no key judgements or sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial statements.

1. ACCOUNTING POLICIES (continued)

In respect of investment properties, the fair value of investment properties involve the use of professional valuation techniques, reviewed annually by the Party's officers together with sufficient evidence to support that assessment. When factors that could impair the value are identified appropriate adjustments are made in the Income and Expenditure Account.

2. DONATION INCOME

Consolidated and Central

Under the Political Parties, Elections and Referendums Act 2000, single or aggregated donations for an individual greater than £7,500 in any calendar year are reportable to the Electoral Commission.

3. INCOME FROM FUNDRAISING ACTIVITIES

	Consolidated		Central	
	2018	2017	2018	2017
	£	£	£	£
500 club	12,134	11,832	12,134	11,832
Presidents club	1,115	2,125	1,115	2,125
Other fundraising activities	10,024	6,953	10,024	6,953
	<u>23,273</u>	<u>20,910</u>	<u>23,273</u>	<u>20,910</u>

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

4. INCOME FROM COMMERCIAL ACTIVITIES

	Consolidated & Central	
	2018	2017
	£	£
Merchandise and events	7,788	7,731
Summer school income	-	3,000
	<u>7,788</u>	<u>10,731</u>

5. INVESTMENT INCOME

	Consolidated & Central	
	2018	2017
	£	£
Rental income (external tenants)	8,337	6,494

6. GRANT INCOME

	Consolidated & Central	
	2018	2017
	£	£
Policy Development Grant	165,061	135,771

7. (DEFICIT)/SURPLUS BEFORE TAX

The (Deficit)/Surplus before tax is stated after charging:

	Consolidated & Central	
	2018	2017
	£	£
Auditors' remuneration - audit services	20,500	5,500
Auditors' remuneration - non-audit services	3,555	750
Operating lease - equipment	4,767	4,338
Depreciation	13,931	13,247
Impairment losses – Investment Property	<u>40,998</u>	<u>-</u>

PLAID CYMRU

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

8. CONSTITUENCY RE-IMBURSEMENTS

	Consolidated		Central	
	2018	2017	2018	2017
	£	£	£	£
Commissions	826	630	826	630
External staff salary contributions	43,033	37,866	43,033	37,866
Sundry income	4,578	7,816	75	4,208
Constituency, branch and section registrations	63,948	59,276	60,948	59,276
	<u>112,385</u>	<u>105,588</u>	<u>104,882</u>	<u>101,980</u>

9. COSTS OF FUNDRAISING ACTIVITIES

	Consolidated		Central	
	2018	2017	2018	2017
	£	£	£	£
Appeals and donations	13,268	2,959	13,268	2,288
500 club prizes	5,400	6,729	5,400	6,729
	<u>18,668</u>	<u>9,688</u>	<u>18,668</u>	<u>9,017</u>

10. STAFF COSTS AND STAFF REMUNERATION

The average number of staff employed by the central party during the year was 8 (2017: 7).

The average number of staff employed by the regions and committees during the year was 5 (2017: 5).

Staff costs for the above persons comprise:

	Consolidated & Central	
	2018	2017
	£	£
Wages and salaries	282,128	288,937
Social security costs	21,955	22,421
Other pension costs	28,563	24,728
	<u>332,646</u>	<u>336,086</u>

No member of staff received remuneration in excess of £50,000 in either year ended 31 December 2018 or 31 December 2017.

11. CAMPAIGN EXPENDITURE

	Consolidated		Central	
	2018	2017	2018	2017
	£	£	£	£
European and Westminster elections	39,155	162,113	39,155	161,225
Assembly elections	2,872	9,333	2,872	9,333
	<u>42,027</u>	<u>171,446</u>	<u>42,027</u>	<u>170,558</u>

PLAID CYMRU**Notes to the Financial Statements
for the year ended 31 December 2018****12. OTHER EXPENDITURE**

	Consolidated		Central	
	2018	2017	2018	2017
	£	£	£	£
Travelling expenses	15,649	19,052	15,649	16,830
Rent, rates and utilities	12,152	14,501	12,152	14,501
Insurances	3,099	3,378	3,099	3,378
Postage, printing and stationery	17,856	24,987	17,856	24,586
Telephone, fax and e-mail	8,351	8,986	8,351	8,985
Training	2,222	2,460	2,222	2,146
Equipment leasing and repair charges	31,298	25,671	31,298	25,671
Office cleaning	2,877	3,082	2,877	3,082
Policy development research and direct costs	43,358	15,078	43,358	15,078
Licences and subscriptions	3,729	3,716	3,729	3,716
Press expenditure	4,576	4,480	4,576	4,480
Sundries	14,062	8,104	9,043	6,961
Accountancy	7,555	750	7,555	750
Audit	20,500	5,500	20,500	5,500
Professional fees	10,163	3,481	10,163	2,358
Provision against doubtful debts	9,490	6,010	9,490	6,010
	<u>206,937</u>	<u>149,236</u>	<u>201,918</u>	<u>144,032</u>

13. INTEREST AND CHARGES PAYABLE

	Consolidated		Central	
	2018	2017	2018	2017
	£	£	£	£
Bank charges	11,488	11,749	11,488	11,749
Bank interest	41	-	41	-
	<u>11,529</u>	<u>11,749</u>	<u>11,529</u>	<u>11,749</u>

14. TAXATION

	Consolidated & Central	
	2018	2017
	£	£
Corporation tax – Total tax charge	<u>-</u>	<u>179</u>

The provision for corporation tax is normally made in respect of corporation tax arising in the period on Party activities which are subject to such tax.

There is no provision for corporation tax in the current year due to the deficit incurred.

In respect of investment properties, the fair value of these investment properties is not materially different to historical cost. Consequently, a significant tax liability is not expected to crystallise should the properties be sold and deferred tax has therefore not been provided.

15. TANGIBLE FIXED ASSETS – CONSOLIDATED AND CENTRAL PARTY

	Long leasehold property	Investment property	Fixtures and equipment	Total
	£	£	£	£
COST OR VALUATION				
At 1 January 2018	234,335	312,997	165,295	712,627
Additions	-	-	6,426	6,426
Impairment	-	(40,998)	-	(40,998)
At 31 December 2018	<u>234,335</u>	<u>271,999</u>	<u>171,721</u>	<u>678,055</u>
DEPRECIATION				
At 1 January 2018	35,872	-	151,764	187,636
Charge for year	4,683	-	9,248	13,931
At 31 December 2018	<u>40,555</u>	<u>-</u>	<u>161,012</u>	<u>201,567</u>
NET BOOK VALUE				
At 31 December 2018	<u>193,780</u>	<u>271,999</u>	<u>10,709</u>	<u>476,488</u>
At 31 December 2017	<u>198,463</u>	<u>312,997</u>	<u>13,531</u>	<u>524,991</u>

**15. TANGIBLE FIXED ASSETS – CONSOLIDATED AND CENTRAL PARTY:
CONTINUED**

The investment property at 75 Bricton Ferry Road, Neath was re-valued on 8 May 2019 by HRT Herbert Thomas, an independent valuer, resulting in a decrease in the valuation of £2,998.

The investment property at 1 Griffiths Buildings, Newbridge was re-valued on 6th July 2019 by Robert Holder, an independent valuer, resulting in a decrease in the valuation of £8,000.

The investment property at Nefyn, bequeathed to the Party in 2017 was marketed in 2018 and an offer received for £170,000. In progressing this offer, Party Officers believe that a further valuation reduction will be appropriate and that a value of £160,000 is a more realistic valuation. (Prior year valuation £190,000).

For all three investment properties, the valuation reductions of £40,998, have been recognised in these financial statements as an impairment, as the Party Officers believe that these valuations best represents the fair value of the properties at 31 December 2018.

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated & Central	
	2018	2017
	£	£
Trade debtors	20,316	16,498
Amounts owed by accounting units	-	-
Legacies	854	231,361
Other Debtors	-	4,091
Prepayments and VAT recoverable	3,843	2,376
	25,013	254,326

Included within debtors is £854 (2017: £231,361) which is in relation to the net of cash legacy receivable of £2,000 bequeathed to the Party before the year end and a repayment of £1,146 to an estate of monies remitted to the Party in advance of fees being settled.

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated & Central	
	2018	2017
	£	£
Trade creditors	46,882	32,341
Other creditors	6,122	1,201
Taxation and social security	5,411	11,112
Accruals and deferred income	52,207	13,612
	110,622	58,266

18. LOANS: CONSOLIDATED AND CENTRAL

During the year, the Party reported no loans to The Electoral Commission under PPERA. The Party has not been required to report any other loans received in this financial year nor in the previous financial year. The threshold for the Party to report such loans is £7,500.

19. RECONCILIATION OF RESERVES – CONSOLIDATED

	General reserve	Policy development unit reserve	Total
	£	£	£
At 1 January 2017	430,980	3,232	434,212
Surplus/(Deficit) for the year	508,193	(3,232)	504,961
At 1 January 2018	939,173	-	939,173
(Deficit) for the year	(38,648)	-	(38,648)
Transfer	-	-	-
At 31 December 2018	900,525	-	900,525

RECONCILIATION OF RESERVES - CENTRAL PARTY

At 1 January 2017	422,406	3,232	425,638
Surplus/(Deficit) for the year	507,216	(3,232)	503,984
At 1 January 2018	929,622	-	929,622
(Deficit) for the year	(38,204)	-	(38,204)
Transfer	-	-	-
At 31 December 2018	891,418	-	891,418

Consolidated and Central Party Reserves includes £160,000 in relation to a legacy received in the form of Investment Property (note 15). The property was recognised at a value of £190,000 in the prior year accounts. The property has been marketed in the year – an offer has been made and the property has been written down to reflect that value. This amount has been designated separately within reserves. The remaining 'free' Consolidated reserves of £740,525 and Party reserves of £731,418 are available for general Party use.

20. NET CASH INFLOW FROM PARTY ACTIVITIES

	Consolidated & Central	
	2018	2017
	£	£
(Deficit)/Surplus before interest & taxation	(38,607)	505,140
Decrease/(Increase) in debtors	229,313	(211,424)
Increase/(Decrease) in creditors	52,356	(17,698)
Depreciation & impairment	54,929	13,247
Legacy donation of property (note 15)	-	(190,000)
Net cash inflow from party activities	297,991	99,265

21. LEASING COMMITMENTS

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

	2018	2017
	£	£
Between one and five years	-	4,288

22. CAPITAL COMMITMENTS

There were capital commitments at the year end of £5,900 (2017: £NIL)

22. RELATED PARTY TRANSACTIONS

During the year 3 separate amounts of £500 were payable to the Party as a contribution to the costs of running the leadership campaign. The individuals concerned were [REDACTED] At the year end £500 was outstanding from [REDACTED] Also during the year [REDACTED] contributed £3,682 to the Party in respect of central party overheads. There was no balance outstanding at the year end.

23. LEGACIES

The party accounts for legacies as receivable when conditions for entitlement have been met, the amount is quantifiable and receipt of the income is probable. At the year end, there were no legacies fulfilling the above criteria.

24. PROVISIONS AND CONTINGENCIES

Following an Electoral Commission routine audit held on 9 May 2018 it has been identified that there has been an administrative error relating to the quarterly reporting. The error represents an omission of detail in respect of expenditure reported to the Electoral Commission against the Development Grant. In relation to the Electoral Commission investigation into Short monies, the investigation was cleared with no financial penalty – the Party's position remains under review with the Electoral Commission.

The Party has now corrected the position but a regulatory fine may be levied for the administrative error – the amount of the penalty has not yet been quantified by the Electoral Commission and consequently no provision has been made in these financial statements for the penalty as the Party officers are unable to make a reliable estimate of the quantum.