



Parliamentary Office of the Liberal  
Democrats

Annual Report

Year Ended

31 December 2019



# Parliamentary Office of the Liberal Democrats

## Financial Statements for the year ended 31 December 2019

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### Party Officers

Registered Officers under PPERA:

Leader: Vincent Cable MP (to July 2019)  
Leader: Jo Swinson (from July'19 to December'19)  
Leaders (joiner interim leaders): Ed Davey/Baroness Sal Brinton(December 2019)  
Leaders (joiner interim leaders): Ed Davey/Dr Mark Pack (from January 2020)  
Registered Chairman: Rt Hon Alistair Carmichael MP  
Registered Treasurer: Lord Robin Teverson

### Party Headquarters

2<sup>nd</sup> Floor, 8-10 Great George Street, London, SW1P 3AE.

### Auditor

Mazars LLP, Tower Bridge House, St Katharine's Way, London, E1W 1DD.

# Parliamentary Office of the Liberal Democrats

## Report of the Party Officers for the year ended 31 December 2019

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### *1. Administrative information*

The Parliamentary Office of the Liberal Democrats ("POLD") is one of the accounting units of the Liberal Democrats in accordance with the financial scheme established under section 26 of the Political Parties, Elections and Referendums Act 2000.

#### **Committees**

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

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

#### **Staffing**

The key permanent members of staff are: Finance

Manager – Tope Famaks

Financial Controller – Fern McLurg (from May 2019)

Head of the Whips Office (Commons) – Jack Fletcher (to July 2019)

Head of the Whips Office (Common) – Alexander McBeath (from Aug 2019)

Head of the Whips Office (Lords) – Humphrey Amos

### *2. Review of political activities*

In 2019, the Liberal Democrats in Parliament continued to hold the Government to account over the process for exiting the European Union, in addition to the remaining legislative programme. In the course of the year, the Liberal Democrats parliamentary party increased by 50%, bringing in a number of former Conservative and Labour MPs and winning a bi-election. A disappointing election result and the Government's subsequent departure from the EU means the party must now focus on holding the government to account on more traditional Liberal Democrats policy areas such as civil liberties and internationalism. At the moment the Party is occupied by the ongoing Covid-19 pandemic, we are using Parliament to ask key questions of the Government in how it is dealing with the crisis.

### *3. Financial Review*

POLD ended the year with a deficit of £22,195, thereby decreasing the net assets to £197,013. The deficit arose due to increase in salary related expenditure and fall in both donations and grants received during the year. The net reserve position will be used to meet any future costs or financial obligations arising unexpectedly.

## Parliamentary Office of the Liberal Democrats Report of the Party Officers for the year ended 31 December 2019

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### *Brexit and COVID-19 Review*

The United Kingdom withdrew from the European Union on 31 January 2020 and entered into an Implementation Period which is scheduled to end on 31 December 2020. However the terms of the future trade and other relationships with the European Union are not yet clear, and it is therefore not currently possible to evaluate all the potential implications on the Party and the wider economy. In order to manage the uncertainties associated with Brexit, the Registered Treasurer has assessed the potential impacts of Brexit and has put in place measures to monitor the on-going impacts. To date, Brexit has had a positive overall impact on the Party's donations received and membership numbers.

As regards the recent emergence of the global coronavirus (COVID-19), the full impact is still unknown. It is therefore not currently possible to evaluate all the potential implications on the Party. Please refer to page 11 for further details of the impact of Covid-19 on our going concern assessment.

However, the Party believes it is well placed to address the potential impacts of both Brexit and COVID-19 on its activities and on the activities of its donors, recognising that the uncertainties caused by these major events may bring changes to the way that each operate in the short to medium term.

At the time of signing these financial statements, the Registered Treasurer has not identified any impacts of Brexit or of COVID-19 which might require a material change to the current activities of the Party, nor which would require any adjustments to the financial amounts presented in the financial statements at 31 December 2019.

  
Robin Teverson (Jun 30, 2020 14:09 GMT+1)

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Lord Robin Teverson  
**Registered Treasurer**  
**30 June 2020**

Parliamentary Office of the Liberal Democrats Statement  
of Registered Treasurer's responsibilities

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The Registered Treasurer of the Party is required by the Political Parties, Elections and Referendums Act 2000 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Party and of its surplus or deficit for that period. In preparing those financial statements, the Registered Treasurer is required to:

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

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

Section 43 of the Act requires that the Registered Treasurer is responsible for delivery of the statement of accounts to the Electoral Commission by the required deadline.

The Registered Treasurer is also responsible for safeguarding the assets of the Party and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Registered Treasurer has taken all steps he ought to have taken to make himself aware of any information required by the auditor for the purpose of their audit and to establish that the auditor is aware of that information. The Registered Treasurer is not aware of any relevant information of which the auditor is unaware.

# Independent Auditor's Report to The Parliamentary Office of the Liberal Democrats Committee

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## **Opinion**

We have audited the financial statements of The Parliamentary Office of the Liberal Democrats ('The Party') for the year ended 31 December 2019 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the 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 the Statement of Accounts Guidance Notes issued by the Electoral Commission.

In our opinion, the financial statements:

- give a true and fair view of the state of the The Party's affairs as at 31 December 2019 and of its deficit for the year then ended;
- have been properly prepared in accordance with the Statement of Accounts Guidance Notes issued by the Electoral Commission; and
- have been prepared in accordance with the requirements of the Political Parties, Elections and Referendums Act 2000.

## **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.

## **Emphasis of matter – Impact of the outbreak of COVID-19 on the financial statements**

In forming our opinion on The Party's financial statements, which is not modified, we draw your attention to the Registered Treasurers' view on the impact of the COVID-19 as disclosed on page 3, and the consideration in the going concern basis of preparation on page 11 and non- adjusting post balance sheet events on page 17.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19. The potential impact of COVID-19 became significant in March 2020, with widespread disruption to normal patterns of business activity across the world, including the UK. The full impact of COVID-19 is still unknown and it is therefore not currently possible to evaluate all the potential implications for the Party, donors and the wider economy.

## **Other information**

The Registered Treasurer is responsible for the other information. The other information comprises the information included in the Annual Report 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

## **Independent Auditor's Report to The Parliamentary Office of the Liberal Democrats Committee**

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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.

### **Responsibilities of the Registered Treasurer**

As explained more fully in the statement of Registered Treasurer's responsibilities set out on page 3, the Registered Treasurer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Registered 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 Registered 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 Registered Treasurer intends to liquidate The Party or to cease operations, or has 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 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 [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of the audit report**



This report is made solely to the Parliamentary Office of the Liberal Democrats Committee as a body in accordance with section 43 of the Political Parties, Elections and Referendums Act 2000. Our audit work has been undertaken so that we might state to the Parliamentary Office of the Liberal Democrats Committee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parliamentary Office of the Liberal Democrats Committee as a body for our audit work, for this report, or for the opinions we have formed.

## Independent Auditor's Report to The Parliamentary Office of the Liberal Democrats Committee

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Neale Bussey (Jun 30, 2020 16:13 GMT+1)

William Neale Bussey (Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Tower Bridge House  
St Katharine's Way  
London  
E1W 1DD  
30 June 2020

# Parliamentary Office of the Liberal Democrats

## Income and Expenditure Account For the year ended 31 December 2019

	<b>Note</b>	<b>Total 2019</b>	<b>Total 2018</b>
		<b>£</b>	<b>£</b>
<b>Income</b>			
Grants	2	905,045	936,406
Donations		105,188	121,653
Costs recharged to party bodies		114,566	10,530
Charges for services	3	160,213	178,004
Notional income		-	1,604
Other income		3,575	1,097
		<u>1,288,587</u>	<u>1,249,294</u>
<b>Expenditure</b>			
Staff costs	4	1,057,794	924,401
Administration costs		71,578	54,428
Recharges from party bodies		181,287	183,039
Bank charges		123	130
Notional expenditure		-	1,604
		<u>1,310,782</u>	<u>1,163,602</u>
<b>(Deficit)/surplus before taxation</b>		<b>(22,195)</b>	<b>85,692</b>
<b>Taxation</b>		<b>-</b>	<b>-</b>

# Parliamentary Office of the Liberal Democrats

<b>(Deficit)/surplus for the year</b>	(22,195)	85,692

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

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

The notes on pages 11 to 17 form part of these financial statements

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## Balance Sheet as at 31 December 2019

	<b>Note</b>	<b>2019 £</b>	<b>2019 £</b>	<b>2018 £</b>	<b>2018 £</b>
<b>Current assets</b>					
Debtors	7	212,190		-	
Cash at bank and in hand		105,804		275,195	
		-----		-----	
		317,994		275,195	
<b>Creditors: amounts falling due within one year</b>	8	(120,981)		(55,987)	
		-----		-----	
<b>Net assets</b>			197,013		219,208
			=====		=====
<b>Reserves</b>					
General Fund	9		197,013		219,208
<b>Total funds</b>			197,013		219,208
			=====		=====

# Parliamentary Office of the Liberal Democrats

The financial statements were approved by the POLD Committee on 30 June 2020.

  
Lord Robin Teverson  
**Registered Treasurer**

The notes on pages 11 to 17 form part of these financial statements

## Cash Flow Statement For the year ended 31 December 2019

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	<b>Note</b>	<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
<b>Net cash (Outflow)/inflow from operating activities</b>	10	(169,391)	86,934
<b>UK Tax paid</b>		-	-
<b>(Decrease)/increase in cash</b>	11	<u><b>(169,391)</b></u>	<u><b>86,934</b></u>

## Parliamentary Office of the Liberal Democrats

The notes on pages 11 to 17 form part of these financial statements

# Parliamentary Office of the Liberal Democrats

## Notes forming part of the Financial Statements

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For the year ended 31 December 2019

### 1 Accounting policies

The Parliamentary Office of the Liberal Democrats ("POLD") is constituted under section 26 of the Political Parties, Elections and Referendums Act 2000 as an accounting unit of the Liberal Democrats.

These financial statements deal solely with the activities of the Parliamentary Office of the Liberal Democrats ("POLD"). They do not include the income, expenditure, assets or liabilities of the Federal, State, Regional, Local Parties, or any other bodies.

#### **Basis of preparation**

The Parliamentary Office of the Liberal Democrats is not incorporated in law and is thus not bound by the Companies Act 2006. POLD is required to prepare financial statements in accordance with the Political Parties, Elections and Referendums Act 2000 ("PPERA"). The financial statements have been prepared under the historical cost convention, and in accordance with applicable law and the Statement of Accounts Guidance Notes issued by the Electoral Commission.

#### **Going concern**

The Parliamentary Office of the Liberal Democrats shares a banking facility with certain other Liberal Democrat entities (the "entities"), and there is a right of set off between bank accounts of the entities. Management has therefore considered the applicability of the going concern basis of preparation of the financial statements by reference to the aggregated financial position of the entities.

In addition to stable income in the form of various grants, Short Money, and Cranborne Money, the entities receive income from membership subscriptions and donations. Membership subscription income has been projected forward based on income and renewal levels of relevant prior years. Donation income is inherently unpredictable and comprises regular payments and ad-hoc donations. These income streams have also been projected forward using an historical analysis and conservative forward-looking assumptions. The Federal Party also benefits from occasional legacy income which is unpredictable and difficult to forecast. Legacy income has been included in the projections using the average amount of legacies received over the last five years.

Management has reviewed the cash flow projections to the end of December 2021 along with the risks due to the impact of the Covid-19 pandemic. These main risks include reduced donor and membership income along with reduced income from conferences while lock down measures are in place and the possibility that conferences may look and operate differently once lockdown measures have been lifted.

Management has produced a most likely cash forecast which includes the risk of significant reduction of donations and membership income along with cost mitigation measures such as delaying planned projects and reducing variable spend where possible. At year end, the Party is in a much improved cash position compared to recent years, due to the influx of donations during the run up to the General Election.

For the year ended 31 December 2019

As a result of this improved cash position and the Party's dynamic response to the rapidly

## 1 Accounting policies (continued)

changing situation, the Party believes that it will be able to meet its financial obligations without the use of the £1m loan and overdraft facilities available to the Party.

A "reverse stress test" was completed on cash flows and it was concluded that even in the very unlikely scenario of a 50% reduction in all membership and donation income the financial projections indicate that the Party will be able to operate within its available loan and overdraft facilities to December 2021.

As such, management are satisfied that the Party has adequate resources to continue to operate for the foreseeable future. For this reason, they continue to adopt the going concern basis for preparing these financial statements. These assessments were based on management's best estimate at this point in time which may be subject to change in the future as the Covid-19 situation further evolves.

The following principal accounting policies have been applied:

### **Income recognition**

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

- The Party is entitled to the asset;
- There is reasonable certainty that the asset will be received; and
- The value of the asset can be measured with reasonable certainty.

Applying these criteria to specific types of income results in the following treatment:

- Donations of monetary assets and liquid investments are recognised in the Income and Expenditure account on receipt. Donations of notional income are recognised on receipt at the relevant market value of the item or service received with an expense of the same amount being recognised contemporaneously.
- Interest receivable is recognised in the Income and Expenditure account on an accruals basis.
- Contributions to Whips Office costs are, due to their nature, recognised on a receipts basis.
- Subscriptions to the Parliamentary Support Team are recognised on an accruals basis.
- Grant income is recognised in the Income and Expenditure account on accruals basis. Income is matched against expenses as they are incurred.
- Subscriptions to the Parliamentary Advice Unit are recognised on an accruals basis.

Parliamentary Office of the Liberal Democrats  
Notes forming part of the Financial Statements

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For the year ended 31 December 2019

- Contributions to Lords Office costs are, due to their nature, recognised on a receipts basis.

### **Pension costs**

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

### **Recharged expenditure**

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

### **Tax**

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

## **2 Grants**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Grants breakdown:		
Short Money	590,228	626,696
Cranborne Money	314,817	309,710
	<hr/>	<hr/>
	905,045	936,406
	<hr/> <hr/>	<hr/> <hr/>

Short Money and Cranborne Money are grants given to provide Opposition Parties with funding needed to scrutinise government.

## **3 Charges for services**

<b>2019</b>	<b>2018</b>
<b>£</b>	<b>£</b>



Parliamentary Office of the Liberal Democrats  
Notes forming part of the Financial Statements

For the year ended 31 December 2019

Contributions to Lords Office costs	100,587	115,004
Subscriptions to Parliamentary Support Team	59,626	63,000
	<u>160,213</u>	<u>178,004</u>

#### 4 Employees

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Staff costs consist of:		
Wages and salaries	872,281	755,560
Social security costs	87,435	79,677
Other pension costs (see note 13)	60,521	58,272
Other staff related costs	37,557	30,892
	<u>1,057,794</u>	<u>924,401</u>

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

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

<b>2019</b>	<b>2018</b>
<b>Number</b>	<b>Number</b>
<u>24</u>	<u>22</u>

#### 5 Registered Party Officers

None of the Registered Officers under PPERA or Committee Chairs received any remuneration in that capacity in 2019 (2018 - £nil).

Parliamentary Office of the Liberal Democrats  
Notes forming part of the Financial Statements

For the year ended 31 December 2019

**6 Deficit before taxation**

<b>2019</b>	<b>2018</b>		
		<b>£</b>	<b>£</b>
Deficit before taxation is stated after charging:			
Auditors' remuneration - audit services		8,358	8,635
Auditors' remuneration – other regulatory reporting		18,000	12,120
		<u>          </u>	<u>          </u>

**7 Debtors**

<b>2019</b>	<b>2018</b>		
		<b>£</b>	<b>£</b>
Amounts owed by Liberal Democrat related entities		111,543	-
Prepayments and accrued income		100,647	-
		<u>          </u>	<u>          </u>
		212,190	-
		<u>          </u>	<u>          </u>

**8 Creditors: amounts falling due within one year**

<b>2019</b>	<b>2018</b>		
		<b>£</b>	<b>£</b>
Amounts owed to Liberal Democrat related entities		-	3,633
Other creditors		20	4,083
Accruals and deferred income		120,961	48,271
		<u>          </u>	<u>          </u>
		120,981	55,987
		<u>          </u>	<u>          </u>

**9 General and total funds**

<b>2019</b>	<b>2018</b>		
		<b>£</b>	<b>£</b>
At 1 January 2019		219,208	133,516
(Deficit)/surplus for the year		(22,195)	85,692
		<u>          </u>	<u>          </u>
As at 31 December 2019		197,013	219,208
		<u>          </u>	<u>          </u>

**10 Net cash (outflow)/inflow from operating activities**

**2019**                      **2018**

Parliamentary Office of the Liberal Democrats  
Notes forming part of the Financial Statements

For the year ended 31 December 2019

	£	£
(Deficit)/surplus before taxation	(22,195)	85,692
Increase in debtors	(212,190)	-
Increase in creditors	64,994	1,242
Net cash (outflow)/inflow from operating activities	<u>(169,391)</u>	<u>86,934</u>

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

	2019 £	2018 £
(Decrease)/increase in cash in the year	<u>(169,391)</u>	<u>86,934</u>
Change in net funds resulting from cash flows	(169,391)	86,934
Opening net funds	275,195	188,261
Closing net funds	<u>105,804</u>	<u>275,195</u>

12 Analysis of net funds

	At 1 January 2019 £	Cash flow £	At 31 December 2019 £
Cash	<u>275,195</u>	<u>(169,391)</u>	<u>105,804</u>

13 Pension contributions

The Parliamentary Office of the Liberal Democrats contributes to personal pension schemes held in the names of individual employees. The assets of these schemes are held separately from those of POLD in independently administered funds. The pension cost charge represents contributions payable to these funds in the year and amounted to £60,521 (2018: £58,272). At 31 December 2019, contributions amounting to £nil (2018: £nil) were outstanding.

For the year ended 31 December 2019

## 14 Related entity transactions

The Parliamentary Office of the Liberal Democrats is related to other bodies within The Liberal Democrats. During the year POLD incurred costs recharged by The Liberal Democrats (The Federal Party) totalled £181,287 (2018: £183,039). The Federal Party recharges incurred by POLD during the year relate to IT, finance and other administrative support costs. The Liberal Democrats (The Federal Party) contribution towards POLD funding in the year totalled £114,566 (2018: £10,530).

At 31 December 2019, Liberal Democrats (The Federal Party) owed POLD £111,543, but in 2018, POLD owed Liberal Democrats (The Federal Party) £3,633. At 31 December 2019, POLD owed Nil (2018: nil) to other related entities.

## 15 Group commitment

At the year-end, POLD forms part of the Liberal Democrats bank overdraft facility with the Liberal Democrats in England and The Liberal Democrats (The Federal Party). At the year-end the net cash position under the facility is £7,149,945 (2018: £20,780 overdraft). The bank overdraft facility was unused.

## 16 Post Balance sheet event

Since the balance sheet date, the emergence and impact of Covid-19 has evolved rapidly. In light of the information that was available as at 2019 year-end, the Covid-19 outbreak is considered to be a non-adjusting event in the 31 December 2019 financial statements.

An assessment of the Party's cash flows to 30 June 2021 has been made on a most likely and reverse stress scenario basis. This assessment is based on management's best estimate at this point in time which may be subject to change in the future as the Covid-19 situation evolves further. Refer to page 11 for further details of the impact of Covid-19 on our going concern assessment.

There have been no additional post balance sheet events that require disclosure in the financial statements.