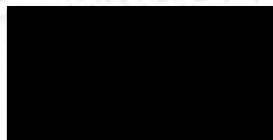


THE SCOTTISH LABOUR PARTY
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

HARDIE CALDWELL LLP
Chartered Accountants



THE SCOTTISH LABOUR PARTY

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

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THE SCOTTISH LABOUR PARTY

PARTY OFFICERS AND ADVISORS

Party Officers:



Chairperson
Vice Chairperson
Vice Chairperson

Tenure

Deceased 30 November 2020
Appointed 16 January 2021

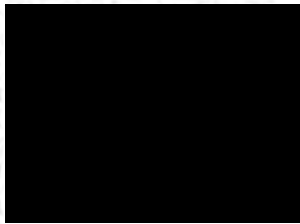


Scottish General Secretary
Registered Treasurer Resigned 14 December 2020
Acting Scottish General Secretary
Acting Registered Treasurer Appointed 03 January 2021

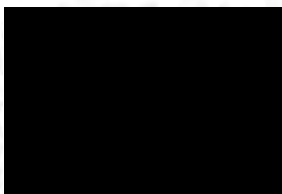
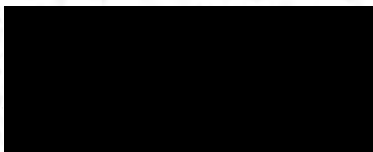
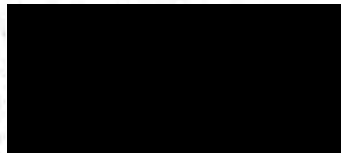
Party Headquarters:



Auditors:



Bankers:



THE SCOTTISH LABOUR PARTY

REPORT OF PARTY OFFICERS

YEAR ENDED 31 DECEMBER 2020

ADMINISTRATIVE INFORMATION

The Scottish Labour Party is a body established under the National rules of the Labour Party.

Committees

The following committees operate within the party to oversee and manage the organisation's business. The Terms of Reference for each committee are contained within the party's constitution.

Scottish Executive Committee
Local Government Committee
Scottish Policy Forum
Women's Committee
Organisation Sub Committee
Equality and Diversity Committee

Staffing

The key permanent member of staff is [REDACTED] who is the newly appointed Acting Scottish General Secretary and the Acting Registered Treasurer.

Conferences

The party's annual conference scheduled in March was postponed due to the Covid Pandemic.

Policy Development

The party's Scottish Policy Forum continues its policy development and engagement programme, which will be key to the party's manifesto in the 2021 Scottish Parliament elections.

Elections

During the year we co-ordinated various Local Government by-elections.

Financial Review

Total income for the year was £109,532
Total expenditure was £174,462

THE SCOTTISH LABOUR PARTY

STATEMENT OF REGISTERED TREASURER'S RESPONSIBILITIES

The Registered Treasurer is responsible for preparing the Party Officers' Annual Report and the financial statements in accordance with applicable law and regulations.

The Political Parties, Elections and Referendums Act 2000 requires the Registered Treasurer to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the party as at the end of the year and of its financial activities during the year in accordance with United Kingdom Generally Accepted Accounting Practice (Financial Reporting Standard 102). In preparing these financial statements, the Registered Treasurer is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- follow applicable UK Accounting Standards, disclosing and explaining any departures in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the party will continue to operate.

The Registered Treasurer is responsible for ensuring that proper accounting records are maintained that are sufficient to show and explain the party's transactions and disclose with reasonable accuracy at any time the financial position of the party and enable him to ensure that the financial statements comply with the Political Parties, Elections and Referendums Act 2000. He also has delegated responsibility from the National Executive Committee for safeguarding the assets of the party and ensuring their proper application in accordance with legislation, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Party Officers on 18 March 2021.



Acting Registered Treasurer

THE SCOTTISH LABOUR PARTY

Independent Auditor's Report to the Registered Treasurer of the Scottish Labour Party

Opinion

We have audited the financial statements of The Scottish Labour Party for the year ended 31 December 2020 which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows 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 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 the party's affairs as at 31 December 2020 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 Referendums Act 2000.

Basis for opinion

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

Conclusions relating to going concern

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

- the Registered Treasurer's 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.

THE SCOTTISH LABOUR PARTY

Independent Auditor's Report to the Registered Treasurer of The Scottish Labour Party continued

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 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.

Responsibilities of Registered Treasurer

As explained more fully in the Registered Treasurer's responsibilities statement, 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 either 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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations – this responsibility lies with management with the oversight of the Registered Treasurer.

Based on our understanding of the party, discussions with management and registered treasurer we identified financial reporting standards and Political Party, Elections and Referendums Act 2000 as having a direct effect on the amounts and disclosures in the financial statements.

THE SCOTTISH LABOUR PARTY

Independent Auditor's Report to the Registered Treasurer of The Scottish Labour Party continued

As part of the engagement team discussion about how and where the party's financial statements may be materially misstated due to fraud, we did not identify any areas with an increased risk of fraud.

Our audit procedures included:

- completing a risk-assessment process during our planning for this audit that specifically considered the risk of fraud;
- enquiry of management about the party's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance;
- examining supporting documents for all material balances, transactions and disclosures;
- review, where applicable, of the Board minutes;
- enquiry of management, about litigations and claims and inspection of relevant correspondence
- analytical procedures to identify any unusual or unexpected relationships;
- specific audit testing on and review of areas that could be subject to management override of controls and potential bias, most notably around the key judgements and estimates, including the carrying value recoverability of trade debtors and revenue recognition;
- considering management override of controls outside of the normal operating cycles including testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements including evaluating the business rationale of significant transactions, outside the normal course of business;

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organized schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

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. This description forms part of our auditor's report.

Use of our report

This report is made solely to the party's Registered Treasurer 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 Registered Treasurer those matters we are required to state to him 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 Registered Treasurer for our audit work, for this report, or for the opinions we have formed.

[REDACTED]
[REDACTED]
Statutory Auditor

Glasgow

Dated: 18 March 2021

[REDACTED] is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

THE SCOTTISH LABOUR PARTY
INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Income			
Donation income		11,290	114,906
Membership and subscription fees	3	92,182	97,652
Fundraising	6	-	250
Conferences		3,398	75,980
Investment income	7	-	-
Notional income	8	-	15,833
Campaign income		2,662	35,101
		<hr/>	<hr/>
Total income		109,532	339,722
		<hr/>	<hr/>
Expenditure			
Cost of fundraising		-	-
Campaign expenditure		22,422	159,952
Staff costs	4	124,242	87,869
Management and administration costs		26,826	63,094
Notional expenditure		-	15,833
Conferences		972	86,636
		<hr/>	<hr/>
Total expenditure		174,462	413,384
		<hr/>	<hr/>
(Deficit) before taxation		(64,930)	(73,662)
Taxation	2	-	-
		<hr/>	<hr/>
(Deficit) for the year	11	(64,930)	(73,662)
		<hr/> <hr/>	<hr/> <hr/>

The party has no recognised gains or losses other than the results for the year as set out above.

All activities are classed as continuing.

The notes on pages 10 to 15 form part of these financial statements


THE SCOTTISH LABOUR PARTY

BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	2019 £
Current assets			
Debtors	9	20,839	48,728
Cash at bank and in hand		265,627	202,060
		<u> </u>	<u> </u>
		286,466	250,788
Less:-			
Current liabilities			
Creditors: Amount falling due within one year	10	(273,790)	(173,182)
		<u> </u>	<u> </u>
Total assets less current liabilities		<u><u>12,676</u></u>	<u><u>77,606</u></u>
Reserves			
General fund	11	<u><u>12,676</u></u>	<u><u>77,606</u></u>

The financial statements were approved by the Party Officers on 18 March 2021.

.....  Acting Registered Treasurer

The notes on pages 10 to 15 form part of these financial statements

THE SCOTTISH LABOUR PARTY

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Cash flows from operating activities		
(Deficit) before tax	(64,930)	(73,662)
Adjustment for; Bank interest	-	-
	<u>(64,930)</u>	<u>(73,662)</u>
Movements in working capital		
Increase/(Decease) in trade and other receivables	27,889	(19,359)
Increase in trade and other payables	100,608	119,009
	<u>63,567</u>	<u>25,988</u>
Cash flows from financing activities		
Bank interest	-	-
	<u>-</u>	<u>-</u>
Net cash generated by financing activities	-	-
	<u>63,567</u>	<u>25,988</u>
Net increase in cash and cash equivalents	63,567	25,988
Cash and cash equivalents at the beginning of the year	<u>202,060</u>	<u>176,072</u>
Cash and cash equivalents at the end of the year	<u>265,627</u>	<u>202,060</u>
Cash and bank balances	<u>265,627</u>	<u>202,060</u>

THE SCOTTISH LABOUR PARTY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention in accordance with the accounting policies set out below and reflect the principles contained in the Statement of Accounts Guidance Notes issued by the Electoral Commission and in existence as at 31 December 2020.

These financial statements have been prepared in accordance with FRS102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The following principal accounting policies have been applied:

Income recognition

Turnover is measured at the fair value of the consideration received or receivable.

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, including legacies, 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 donation received with an expense of the same amount being recognised contemporaneously.
- Membership and subscription fees for an accounting period are recognised in the income and expenditure account of that period, as received up to the date of approval of the financial statements.
- All other income including affiliation fees is recognised on an accruals basis.

Leased assets

All the party's leases are treated as operating leases. Their annual rentals are charged to the income and expenditure account on a straight-line basis over the term of the lease.

THE SCOTTISH LABOUR PARTY**NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****YEAR ENDED 31 DECEMBER 2020****1. ACCOUNTING POLICIES (CONTD.)****Liquid resources**

For the purposes of the cash flow statement, liquid resources are defined as current asset investments and short-term deposits.

Trade and Other Debtors

Trade Debtors are stated at cost less impairment for bad and doubtful debts.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand.

Management and administration costs

Certain costs within this expense category are met from National Labour Party's budget.

Going Concern

In consideration of the available reserves as at 31 December 2020 and the budgeted results for the subsequent accounting period The Labour Party has confirmed that it will provide financial assistance to The Scottish Labour Party as required to allow The Scottish Labour Party to meet its liabilities as they fall due, for a period of at least twelve months from the date of signing of the financial statements.

Based upon the undertaking of financial support outlined above the Treasurer has a reasonable expectation that the party has adequate resources to continue its activities for the foreseeable future. Accordingly, the Treasurer has adopted the going concern basis in preparing the financial statements.

In their assessment of going concern the Treasurer has considered the current and developing impact on the party as a result of the COVID19 virus. This has had a significant, immediate impact on the party's operations, specifically the ability to hold a conference and continue with fundraising activities. Although staff working from home have been resilient and risen above the challenges, there have been many constraints that have hindered operations.

The Treasurer is aware that if the current situation becomes prolonged then this may change. The Treasurer continues to believe it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Accordingly, the financial statements do not include any adjustments on the carrying amounts and classifications of assets and liabilities that may arise if the company was unable to continue as a going concern.

THE SCOTTISH LABOUR PARTY

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

YEAR ENDED 31 DECEMBER 2020

2. BASIS OF 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. No deferred tax is recognised in the party's individual accounts as any investment income is taxed on the same basis as it is recognised in the income and expenditure account.

All income and expenditure is consolidated into the annual financial statements of the Labour Party. A corporation tax computation and return is filed based on the consolidated financial statements and any liability is paid by the Labour Party.

3. MEMBERSHIP AND AFFILIATION FEES

Included within the fees for 2020 is a contribution from the affiliated and party organisations in Scotland.

THE SCOTTISH LABOUR PARTY

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

YEAR ENDED 31 DECEMBER 2020

4. PARTICULARS OF EMPLOYEES

	2020	2019
	£	£
Gross Salaries	104,465	74,198
National Insurance Costs	8,851	5,628
Pension Costs	9,250	6,145
Staff Expenses	<u>1,676</u>	<u>1,898</u>
	<u>124,242</u>	<u>87,869</u>

In 2020 the Scottish Labour Party made a contribution to four employees' salary costs (2019: 5 employees), all other staff costs were paid by the National Labour Party.

£Nil of the total costs detailed above have been included within the Campaign expenditure as shown in the Income & Expenditure Account on page 7, (2019: Nil).

Pension Costs included in the above contributions to salary costs are in respect of contributions to The Labour Party Superannuation Society, a funded society of the defined type. As all contracts of employment are between employees and the National Labour Party, no account is made in these financial statements of any pension asset or liability in respect of this scheme.

5. DEFICIT BEFORE TAX

	2020	2019
	£	£
This has been arrived after charging :-		
Auditors' remuneration – audit services	-	-
Operating lease charges – equipment	<u>1,026</u>	<u>1,026</u>

Note: Annual auditors' remuneration is paid from National Labour Party's budget.

THE SCOTTISH LABOUR PARTY

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

YEAR ENDED 31 DECEMBER 2020

6. FUNDRAISING ACTIVITIES

2020	2019
£	£
-	250
<u> </u>	<u> </u>

Fundraising and Business Events

7. INVESTMENT INCOME

2020	2019
£	£
-	-
<u> </u>	<u> </u>

Interest receivable

8. NOTIONAL INCOME

2020	2019
£	£
-	-
-	15,833
<u> </u>	<u> </u>
-	15,833
<u> </u>	<u> </u>

Relating to Elections :-

Local Elections

National Elections

Unrelated to Elections

9. DEBTORS

2020	2019
£	£
16,983	29,550
3,856	19,178
<u> </u>	<u> </u>
20,839	48,728
<u> </u>	<u> </u>

Trade Debtors

Other Debtors

THE SCOTTISH LABOUR PARTY

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

YEAR ENDED 31 DECEMBER 2020

10. CREDITORS: Amounts falling due within one year

	2020 £	2019 £
Trade Creditors	1,691	23,599
Other Creditors	271,021	145,727
Accruals	1,078	3,856
	<u>273,790</u>	<u>173,182</u>

11. RESERVES

	General Fund £
As at 1st January	77,606
Transfer Income and Expenditure Account	(64,930)
As at 31 December	<u>12,676</u>

12. COMMITMENTS UNDER OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases are payable as follows:-

	2020 £	2019 £
Within one year	1,368	1,368
After one year but within five years	3,078	4,446
	<u>4,446</u>	<u>5,814</u>

THE SCOTTISH LABOUR PARTY

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

YEAR ENDED 31 DECEMBER 2020

13. CAPITAL MANAGEMENT

Capital comprises reserves as stated on the Balance Sheet. The party manages capital by regularly monitoring its current and expected liquidity requirements. No changes were made in the objectives during the year.

14. GENERAL INFORMATION

The Scottish Labour Party is a political party established under the National rules of the Labour party.

The Party Headquarters is shown on Page 1 of the financial statements.

The financial statements are presented in Sterling which is also the functional currency of the Party.