

**The Socialist Party of Great Britain
Statement of Accounts
For the Year ended 31 December 2022**



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Statement of accounts
For the year ended 31 December 2022**



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Administrative information

Registered address

52 Clapham High Street, London, SW4 7UN

Elected Officials

Position

Central Organiser

Treasurer

Trustees

Name

Adam Buick

Robert [REDACTED] Cox

Party Officers

(Registered officers under the Political Parties, Elections Referendums Act 2000)

Position

Leader (for purpose of legal compliance)

Nominating officer

Treasurer

Name

Keith Graham

Adam [REDACTED] Buick

Robert [REDACTED] Cox

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Report of the Party Officers

The party officers are pleased to present the statement of accounts for the year ended 31 December 2022.

Review of political activities

The Socialist Party is like no other political party in Britain. It is made up of people who have joined together because we want to replace "the capitalist profit system" with real socialism. Our aim is to persuade others to become socialist and act for themselves, organizing democratically and without leaders, to bring about the kind of society that we advocate. We are solely concerned with building a movement of socialists for socialism. We are not a reformist party with a programme of policies to patch up capitalism.

The Socialist Party is a democratic party without leaders. Policy is made by a vote of the whole membership following discussion at an Annual Conference of branch delegates. In between Conferences, the implementation of policy decisions and administrative matters are dealt with by an annually elected Executive Committee and Party Officers. The Party has no "Leader"; the person registered as such with the Electoral Commission is merely a member originally chosen by lot, with no power whatsoever, merely to conform to this provision of the registration process.

The Party continues its core activity of campaigning for a society based on common ownership, democratic control, production for use (not profit) and distribution on the principle "from each their ability to each their need", as the only framework within which the problems generated by the capitalist profit system can be successfully eradicated. This involved publishing the Socialist Standard each month, producing and distributing pamphlets and leaflets, organising day-schools, holding and attending meetings, and maintaining our website www.worldsocialism.org/spgb on the internet and a blog <http://socialismoryourmoneyback.blogspot.com/>.

In 2022 the Party contested wards in the London Borough of Lambeth and the Kent Borough of Tunbridge Wells, in the English local government elections.

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Report of the Party Officers (Cont'd)

Branches

Income received, and expenditure incurred by branches has been included in the Party's financial statements. The Party was responsible during the year for ten local/regional branches in the United Kingdom, namely: -

Edinburgh

Glasgow

Kent & Sussex

Lancaster

Manchester

North East (of England)

London Regional (formed during 2022 from North, South & West London)

South Wales

South West (of England)

West Midlands

Review of financial activities

Income overview

As a political party, we are mainly reliant on membership contributions, donations and investment income. In 2022 donation excluding inheritance was up compared to 2021. The party received £400,000 (2021: £500,000) inheritance from a deceased Party member. Investment Income was up 138% compared to 2021.

Expenditure overview

The Party's expenditure (excluding loss in value of short-term investments) was up by approximately £18,500 compared to 2021. This was partly due to a further increase in activity post relaxation of Covid 19 restrictions and increased administration and finance costs.

Balance sheet overview

The cash position of the Party has improved significantly compared to 2021, mainly due to a second payment received from inheritance from the deceased Party member.

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Report of the Party Officers (cont'd)

Statement of the Treasurer's responsibilities

The treasurer of the party is required by the Political Parties, Elections and Referendums Act 2000 ("the Act") to prepare financial statements for each financial year, which give a true & 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 policy and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Party will continue in operation.

Section 41 of the Act requires the treasurer to ensure that proper accounting records are kept which are sufficient to disclose at any time, with reasonable accuracy, the financial position of the party at that time and which enable the treasurer to ensure that any statement of accounts prepared under Section 42 of the Act complies with regulations under the Act.

Section 45 of the Act requires the treasurer to ensure that the statement of accounts for each year is delivered to the Electoral Commission by the required deadline.

Signed on behalf of the Executive Committee of the Socialist Party of Great Britain:


Robert Cox
Registered Treasurer

Date: 07/07/2023

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Independent Auditors' Report to the Treasurer of The Socialist Party of Great Britain

Opinion

We have audited the financial statements of The Socialist Party of Great Britain for the year ended 31 December 2022 which comprise the Income & Expenditure Account, Balance Sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and accounting guidance as issued by the Electoral Commission.

In our opinion the financial statements:

- give a true and fair view of the state of The Socialist Party of Great Britain's affairs as at 31 December 2022 and of its surplus for the year then ended;
- have been properly prepared in accordance with the accounting guidance 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 Socialist Party of Great Britain in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK 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

In auditing the financial statements, we have concluded that the Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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Our responsibilities and the responsibilities of the Treasurer with respect to going concern are described in the relevant sections of this report.

Other Information

The Treasurer is responsible for the other information. The other information comprises the information included in the Report of the Party Officers, 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.

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 Report of the Party Officers for the financial year for which the financial statements are prepared is consistent with the financial statements and we have not identified material misstatements in the Report of the Party Officers.

Responsibilities of the Treasurer

As explained more fully in the Statement of the Treasurer's Responsibilities set out on page 6, 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 the 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 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 Treasurer either intends to liquidate the Party or to cease operations, or have no realistic alternative but to do so.

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Auditor's Responsibilities for the Audit of the Financial Statements

We have been appointed as auditors under section 43(1) of the Political Parties, Elections and Referendums Act 2000 and report in accordance with the Act and relevant regulations made or having an effect thereunder.

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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities including fraud

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:

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Identifying the laws and regulations applicable to the Party through discussions with the party officers and other management, and from our knowledge and experience of the Party.
- Focusing on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operation of the Party including the Political Parties, Elections and Referendums Act 2000, taxation legislation and data protection, anti-bribery, employment and health and safety legislation;
- Assessing the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and

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- Identifying laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance through the audit.

We assessed the susceptibility of the Party's financial statements to material misstatement including obtaining an understanding of how fraud might occur, by:

- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

We address the risk of fraud through management bias and override of controls, by:

- Performing analytical procedures to identify any unusual or unexpected relationships;
- Testing journals entries to identify unusual transactions;
- Assessing whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- Examining the rationale behind significant or unusual transactions.

In response to the risks of irregularities and non-compliance with laws and regulations, we designed procedures which included but were not limited to:

- Agreeing financial statement disclosures to underlying supporting documentation;
- Reading the minutes of meetings of those charged with governance;
- Enquiring of management as to actual and potential litigation and claims; and
- Reviewing correspondences with HMRC and relevant regulators.

Because of inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to material misstatement in the financial statements or non-compliance with regulation. The risk increases the more that compliance with law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. 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.

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Use of Our Report

This report is made solely to the Treasurer of The Social Party of Great Britain, in accordance with the Party's rules and section 43 of the Political Parties, Elections and Referendums Act 2000. Our audit work has been undertaken so that we might state to the Treasurer those matters that we are required to state 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 Treasurer for our audit work, for this report, or for the opinions we have formed.



Date7/07/2023

**Pitts & Seeus
Chartered Certified Accountants
Studio 6
6 Hornsey Street
London
N7 8GR**

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Income and expenditure account

| | Note | 2022 | 2021 |
|--|-------------|----------------|----------------|
| Income | | | |
| Membership | 1 | 5,384 | 5,222 |
| Donations | 2 | 408,810 | 505,798 |
| Branch income | 3 | 7,032 | 4,982 |
| Publications and events | 4 | 9,396 | 9,834 |
| Investment income | 5 | 32,938 | 13,844 |
| Gain in value of investment fund | 8 | - | 11,861 |
| Other income | | 289 | 269 |
| Total income | | 463,849 | 551,810 |
| Expenditure | | | |
| Premises expenses | | 30,778 | 29,614 |
| Office costs | | 23,873 | 20,715 |
| Branch expenditure | 3 | 10,275 | 4,043 |
| Campaigning costs | | 866 | 3,912 |
| Publications and events | 4 | 23,514 | 20,455 |
| Financing charges | 6 | 2,122 | 556 |
| Depreciation | 7 | 2,201 | 664 |
| Accounting and professional fees | | 6,928 | 385 |
| Loss in value of investment fund | 8 | 13,498 | - |
| Total expenditure | | 114,055 | 80,344 |
| Surplus / (Deficit) before taxation | | 349,794 | 471,466 |
| Taxation | | - | - |
| Surplus / (Deficit) after taxation | | 349,794 | 471,466 |

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Balance sheet

| | Note | 2022 | 2021 |
|---------------------------------------|------|------------------|------------------|
| Fixed assets | | | |
| Property | 7 | 1,398,350 | 900,000 |
| Fixtures and fittings and equipment | 7 | 2,203 | 523 |
| Total fixed assets | | <u>1,400,553</u> | <u>900,523</u> |
| Current assets | | | |
| Cash in hand and at bank | | 400,119 | 587,107 |
| Short term investment fund | 8 | 826,684 | 291,540 |
| Advance payment | 9 | 1,608 | - |
| Total current assets | | <u>1,228,411</u> | <u>878,647</u> |
| Total net assets/(liabilities) | | <u>2,628,964</u> | <u>1,779,170</u> |
| Reserves | | | |
| Accumulated fund brought forward | | 883,170 | 411,704 |
| Surplus/(deficit) | | 349,794 | 471,466 |
| Accumulated fund carried forward | | 1,232,964 | 883,170 |
| Other reserves | 10 | 1,396,000 | 896,000 |
| Total reserves | | <u>2,628,964</u> | <u>1,779,170</u> |

Signed on behalf of the Executive Committee of the Socialist Party of Great Britain:

Robert [REDACTED] Cox
Registered Treasurer

Date: 07/07/2023.....

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Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and are in accordance with the Political Parties, Elections and Referendums Act 2000 and the Statement of Accounts Guidance notes "Cash accounting for parties" as issued by the Electoral Commission.

The Party's policies have been set out below. They have been applied consistently.

Going concern

The financial statements have been prepared on the going concern basis. There is a reasonable expectation that the Party has adequate reserves to continue in operational existence for the foreseeable future and thus going concern basis of accounting continues to be adopted in preparing these financial statements. The Party's officers have successfully monitored the impact of Covid-19 on the Party's activities by taking all the appropriate steps to mitigate the impact of Covid-19 and by regularly reviewing financial performance.

Income recognition

All income (including from events and sales, financial income, membership contributions and donation) are recognised on a cash basis.

Expenditure

All expenditures are accounted for on a cash basis. The party is not registered for VAT and expenditure includes VAT where relevant.

Taxation

Corporation tax is provided on bank interest received in the year. The party is not registered for VAT and expenditure includes VAT where applicable.

No deferred tax is recognised on revaluation reserve as the party has adopted a cash accounting method of reporting for political parties and no cash has actually changed hands.

Cash at bank and in hand

Cash at bank and in hand includes all cash and bank accounts of the Central Party and its branches.

Significant judgements and estimations

Estimates and assumptions relevant to the Party are useful economic lives of tangible assets and revaluation of properties. These are based on historical experiences, external opinions and other factors considered relevant and they are reviewed on an ongoing basis. Actual results often differ from estimates.

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Tangible assets & depreciation

Tangible assets (other than freehold properties) are stated at cost less depreciation and impairment to reflect normal wear and tear.

Depreciation on furniture, fittings and equipment is calculated at 25% per annum on a straight-line basis in order to write off the cost over the estimated useful lives of the assets.

Freehold property (comprising land and building) used in the Party's own activities or for administrative purposes is stated at its revalued amount less any depreciation or impairment losses subsequently accumulated. Any revaluation increase or decrease on the freehold property is taken to the revaluation reserve in "other reserves". Depreciation on a revalued freehold property is charged to the income and expenditure account at the rate of 1% per annum on a straight-line basis to reflect normal wear and tear.

Notes to financial statements

Note 1. Membership

| | 2022 | 2021 |
|--------------------------|--------------|--------------|
| Membership fees received | 5,384 | 5,522 |
| Total | <u>5,384</u> | <u>5,522</u> |

Note 2. Donations

| | 2022 | 2021 |
|----------------|----------------|----------------|
| Cash donations | 408,810 | 505,798 |
| Total | <u>408,810</u> | <u>505,798</u> |

Cash donation includes £400,000 (2021: £500,000) received from the estate of a deceased Party member.

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

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Note 3. Branch income and expenditure

| | 2022 Income | 2022 Expenditure |
|---|------------------------|-----------------------------|
| Members' contribution received/ sent to CP* | 3,767 | 2,881 |
| Donations | 256 | - |
| Magazine and literature | 728 | 560 |
| Miscellaneous | 394 | 153 |
| Transfers between branches | 1,684 | 1,684 |
| Transfers from branches to CP* | - | 3,500 |
| Other income / expenses | 203 | 1,040 |
| Advertising, posters and leaflets | - | 457 |
| Total at 31.12.2022 | 7,032 | 10,275 |
| Total at 31.12.2021 | 4,982 | 4,043 |

- Central Party

Note 4. Publication and events

These represent income and expenditure mainly in respect of literature materials and the annual Party "summer school".

Note 5. Investment income

| | 2022 | 2021 |
|-------------------|---------------|---------------|
| Bank interest | 212 | 73 |
| Investment income | 32,726 | 13,771 |
| Total | 32,938 | 13,844 |

Note 6. Financing charges

| | 2022 | 2021 |
|-----------------------|--------------|-------------|
| Bank charges and fees | 2,122 | 556 |
| Total | 2,122 | 556 |

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Note 7. Fixed assets

| Value | Property | Fixtures fittings & equipment | Total |
|------------------|-----------------|--|--------------|
| At start of year | 900,000 | 15,314 | 915,314 |
| Additions | | 2,231 | 2,231 |
| Revaluation | 500,000 | - | 500,000 |
| Impairment | | (14,617) | (14,617) |
| At end of year | 1,400,000 | 2,928 | 1,402,928 |

| | Freehold land & building | Fixtures fittings & equipment | Total |
|---------------------|-------------------------------------|--|--------------|
| Depreciation | | | |
| At start of year | - | 14,791 | 14,791 |
| Depreciation charge | 1,650 | 551 | 2,201 |
| Impairment | | (14,617) | (14,617) |
| At end of year | 1,650 | 725 | 2,375 |

| | | | |
|------------------|-----------|-------|-----------|
| Net value | | | |
| At start of year | 900,000 | 523 | 900,523 |
| At end of year | 1,398,350 | 2,203 | 1,400,553 |

The freehold land and building was revalued in November 2022 by a local property sales, management, development and property investment advisor company. The valuer was a qualified surveyor and a member of RICS. A conservative valuation of £1.4M was given by the valuer and the Treasurer believed this fairly represented the value of the property at the balance sheet date. The historical cost value of the freehold land and building is £4,000.

Note 8. Short term investment fund

| | 2022 | 2021 |
|----------------------|-------------|-------------|
| At start of year | 291,540 | 209,949 |
| Additions | 548,642 | 69,730 |
| Valuation adjustment | (13,498) | 11,861 |
| At end of year | 826,684 | 291,540 |

There was a further loss in value of investment fund of £28,152 after the balance sheet date.

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Note 9. Advance payment

| | 2022 | 2021 |
|------------------------------------|-------|------|
| Advance for equipment installation | 1,608 | - |
| Total | 1,608 | - |

Note 10. Other reserves

| | 2022 | 2021 |
|---|-----------|---------|
| Property revaluation reserve at start of year | 896,000 | 896,000 |
| Revaluation during the year | 500,000 | - |
| Property revaluation at the end of year | 1,396,000 | 896,000 |

Declaration

I confirm that the above Statement of Accounts has been prepared in accordance with guidance issued by the Electoral Commission and is correct to the best of my knowledge. In addition, I confirm that these accounts have been approved by the Executive Committee of the Socialist Party of Great Britain.

Robert Cox
Registered Treasurer

Date...07/07/2023...