

Annual Review 2010/11

Administrative Information

Review of political activities

Corporate Governance

Financial Review

Statement of accounts 2010

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Party Officers

Registered officers under the Political Parties, Elections and Referendums Act 2000: -

Leader	Alex Salmond MSP
Nominating Officer	Peter Murrell
Treasurer	Colin Beattie MSP
Campaigns Officer	Peter Murrell
Deputy Campaigns Officer	Ian McCann
Deputy Campaigns Officer	Andrew Rosie

Party Headquarters

Gordon Lamb House, 3 Jackson's Entry, Edinburgh EH8 8PJ.

Auditors

Johnston Carmichael LLP, 7-11 Melville Street, Edinburgh EH3 7PE.

Bankers

Legal Advisers

Simpson Marwick, Albany House, 58 Albany St, Edinburgh, EH1 3QR

Financial Advisers

Cavanagh Group, 46 Albany Street, Edinburgh EH1 3QR.

The Scottish National Party, committed to restoring Scottish independence, was founded in 1934. Gaining its first parliamentary seat in 1945, the SNP has been the driving force for constitutional change in Scotland for over 75 years.

As of May 2011, the Party now holds a majority of seats in the Scottish Parliament, and SNP leader Alex Salmond heads a popular Scottish Government.

The Party also holds two of six Scottish seats in the European Parliament, and six of 59 Scottish seats in the UK Parliament.

The SNP is the largest party in local government and SNP councillors lead the administration of nine of the 32 Scottish councils and share coalition administrations in three more.

With the help of our supporters, members, donors, volunteers and staff, we are in a strong position to continue shaping our nation's future success and progressing towards Independence.

To all those people whose year's work for the Party can't be individually recognised here – whether you delivered leaflets in your local area or took part in the social activities of one of our 200 local branches, whether you sold raffle tickets to friends and family or donated to the appeal which made possible our historic victory in the Scottish elections, whether you helped us take the SNP message to heart of local communities by making calls to our target voters or are one of the members who attend conference – every achievement in this review was made possible by your efforts.

Thank you

1. Administrative Information

Membership

The SNP's membership grew to 16,232 by 31 December 2010. Membership income increased 5.5% to £408,280. The branch dividend – 25% of income returned to local branches as a dividend of membership subscriptions – rose to £102,070 for the year.

Accounting Units

The Scottish National Party has 258 accounting units separate from its central organisation in order to provide for each constituent organisation to be responsible for its own financial affairs.

The Scottish National Party constitution also provides for the establishment of Members' Associations. The following such bodies have been established to date: -

- i. SNP members of the Scottish Parliament
- ii. SNP members of the United Kingdom Parliament
- iii. SNP members of the European Parliament
- iv. SNP Women's Forum
- v. Business for Independence
- vi. Scots Asians for Independence

(i) Branches

Local branches form the organisational building block of the Scottish National Party. Each branch has its own constitution and office bearers who are elected at the annual general meeting. Branches receive a 25% dividend of subscriptions paid by each of their members. Branches are entitled to delegates to constituency associations, liaison committees, National Council and National Conference. The number of delegates is dependent on the number of members each branch has.

(ii) Constituencies

The Party is organised around the Scottish Parliament constituency boundaries with an SNP constituency association or branch in each parliamentary seat. Constituency associations tend to exist in larger geographical areas where there is more than one branch within the boundary. The Constituency Association may levy the branches within it in order to cover the costs of its operations. Where there is only one branch within the boundary, it is known as a constituency branch. Constituency associations have delegate entitlement to National Council and National Conference. Constituency branches are additionally entitled to delegates to local or regional liaison committees.

(iii) Liaison Committees

A number of liaison committees are responsible for the strategic direction and operational co-ordination of branches in respect of election campaigning for either or both of local government and parliamentary elections, other than for election to Scottish Parliament constituencies. These are: -

(a) Westminster Liaison Committees

Westminster liaison committees exist only in the run up to and duration of a Westminster election. The number of delegates from each is dependent on how much of a branch area comes within the boundary. The committees elect the same office bearers as branches but are not entitled to delegate entitlement to other bodies.

(b) Regional Liaison Committees

Regional liaison committees cover a Scottish Parliament electoral region of which there are eight. The role of the liaison committee is to co-ordinate the regional campaign for the regional list vote. MSPs are accountable to the regional liaison committees which are made up of delegates from each branch within the region. Each regional liaison committee has its own constitution and can decide to levy member branches and constituency associations.

(c) Council Liaison Committees

Council liaison committees act as a forum for local government matters within a Scottish local authority area, of which there are 32. The liaison committee is responsible for establishing a candidate assessment committee; ensuring that respective rules on candidate selection procedures are adhered to at all times; co-ordinating the Party's electoral activities for the council elections in their area; and producing an election manifesto.

(iv) Affiliated organisations

These are autonomous groups representing particular interests. Each group has representation at National Executive Committee (NEC) level and has delegate status at National Conference and National Council.

The affiliated organisations are: -

(a) Association of Nationalist Councillors (ANC)

Every SNP member who is a member of the SNP group of a Scottish local authority is a member of the Association of Nationalist Councillors. The aim of the ANC is to act as a forum for SNP councillors to exchange best practice across council groups; put forward a collective view on council issues to SNP national bodies; and coordinate the work of SNP councillors in achieving the Party's aims. The ANC has one representative on the NEC.

(b) The Trade Union Group (TUG)

The Trade Union Group has a dual role - to promote the role of trade unions within the SNP and to promote the aims and objectives of the SNP within the wider trade union movement. They have, for example, campaigned against the political levy (to the Labour Party) on trade union members. The TUG has one representative on the NEC.

(c) Young Scots for Independence (YSI)

The YSI is the official youth wing of the Scottish National Party. It started in the 1980s and membership is open to all between the ages of 14 years and 29 years, and focuses its activity on issues affecting young people. The YSI has one representative on the NEC.

(d) The Federation of Student Nationalists (FSN)

The FSN is the student wing of the SNP, which is active in most colleges and universities throughout Scotland. The FSN is open to anyone in full-time or part-time education. The FSN has one representative on the NEC.

National Assembly

National Assembly is the forum for the development of policy within the Party. Policy is debated and discussed before being presented to the Party for approval at National Council or National Conference. National Assembly also provides the opportunity to invite speakers from out with the Party to address members on important issues of special interest. Any member of the Party is entitled to attend National Assembly which is held as and when required.

National Council

National Council is the governing body of the Party between conferences and meets at least twice a year. In addition to hearing reports from national office bearers, council also has the power to make policy. National Council is made up of delegates from branches, constituency associations, national executive committee, representatives of parliamentary groups and affiliated organisations, and fifteen members elected by National Conference.

National Conference

National Conference is the supreme ruling body of the SNP and, as well as making policy, elects the Party's national office bearers and national executive committee. Conference is attended by more than 1,200 delegates, observers, diplomats, and media along with the SNP Members of the Scottish Parliament, European Parliament, Westminster Parliament and councillors. Conference is a delegate body, comprising representatives from local organisations, as well as affiliated organisations, elected members and elected representatives. Delegates to conference decide the SNP's policy and direction, hold the leadership to account and elect the leadership and membership of a number of committees, including the NEC, appeals committee and disciplinary committee. Any member of the Party may attend conference but only delegates can speak and vote.

National Executive Committee (NEC)

The SNP's leadership is invested in its national executive committee which is made up of the Party's elected office bearers, elected members and representatives of affiliated organisations. The NEC meets monthly and is charged with devising the SNP's national political strategy to help to deliver the Party's aims, as well as overseeing the organisation and administration of the Party. NEC members report to National Council and Annual National Conference, and are open to question by delegates. Members of NEC are elected by Annual National Conference.

The members of the national executive committee are listed on the SNP website.

The election committee and election committee appeals body, which deal with approval of Parliamentary candidates, are appointed by the NEC.

The NEC also appoints from within its ranks, four members of the standing orders and agenda committee, which is chaired by the national secretary and is responsible for the agenda for National Conference and National Council.

Elected representatives

The Scottish National Party fields candidates in elections to Scottish local authorities, the Scottish Parliament, the House of Commons, and the European Parliament.

As at 30 June 2011, the SNP representation at each is as follows: -

- 68 Members of the Scottish Parliament (1 SNP MSP was elected as Presiding Officer)
- 6 Members of Parliament
- 2 Members of the European Parliament
- 363 councillors in 30 of the 32 Scottish councils

The full list of elected representatives is available on the SNP website.

SNP councillors lead the administration of Aberdeen City Council, Fife Council, Perth & Kinross Council, Renfrewshire Council, East Lothian Council, and West Lothian Council; form a minority administration in Dundee City Council, Stirling Council, East Ayrshire Council and in West Dunbartonshire Council; and share coalition administrations in City of Edinburgh Council, and East Renfrewshire Council.

SNP staff

The Scottish National Party is served by 14 staff (12.2 full-time equivalent) based at its Headquarters in Edinburgh. There are 11 further staff (3.2 full-time equivalent) based at the national call centre in Glasgow.

The Party chief executive, Peter Murrell, is accountable to the national executive committee and is responsible for the day to day running of SNP activities and projects.

Staff are split into three interdependent teams reporting to the chief executive: -

- 4.6 full-time equivalent being responsible for financial and legislative compliance, committee and leadership support, the conduct of internal elections, personnel management, information systems and general administration in the Corporate Team;
- 2.7 full-time equivalent supporting the Party's core income activities of fundraising, membership and events in the Operations Team;
- 8.1 full-time equivalent providing campaign services to local organisations and campaigns in the Campaigns Team.

2. Review of Political Activities

These are some of the key events of the SNP's year: -

- 2 Aug 2010 SNP announce that there will be no privatization of Scottish Water under an SNP Government.
- 11 Aug 2010 Tributes paid to Jimmy Reid, union legend and prominent Party member, who sadly passed away.
- 26 Aug 2010 Official figures show the SNP Government is building more low-cost homes than at any time since the 1980s
- 4 Sep 2010 SNP Members gather in Perth for National Assembly, where key policy themes for the Scottish election are under discussion
- 5 Sep 2010 A YouGov poll shows Alex Salmond to be the most popular choice for First Minister
- 8 Sep 2010 SNP Government outlines its legislative programme for the final session of Parliament
- 27 Sep 2010 SNP unveils its list of regional candidates for the Scottish election
- 29 Sep 2010 Figures show that 303 schools have completed building or refurbishment during the SNP Government's term in office
- 16 Oct 2010 Scottish Parliament agrees legislation that will see prescription charges scrapped for all in April 2011
- 16 Oct 2010 SNP announces its list of constituency candidates for the Scottish election during its 76th Annual National Conference in Perth
- 17 Oct 2010 500,000 consultation leaflets are distributed in Sunday newspapers inviting voters to have their say on policy priorities for the Scottish election
- 10 Nov 2011 SNP pledge to continue campaign for minimum pricing of alcohol after opposition parties block key legislation at Holyrood
- 30 Nov 2010 In his St Andrews Day message, Alex Salmond urges Scots to think and talk about Scotland's future
- 10 Dec 2010 SNP offers free membership to students after Tory-Lib Dem coalition pushes through legislation on increased student fees south of the border
- 1 Jan 2011 In his New Year message, Alex Salmond says that 2011 is the time for Scotland to decide its own future
- 1 Jan 2011 SNP publishes end-of-quarter membership figure of 16232, making it Scotland's largest political party membership
- 22 Jan 2011 Tributes paid to SNP stalwart, Cllr Jim Mitchell, who passes away after a long battle with illness
- 25 Jan 2010 With 100 days of campaigning to go, SNP launches its re-election campaign with a commitment that an SNP Government will protect the NHS budget for the whole of the next Parliament

- 15 Feb 2011 A new IPSOS-Mori poll shows the SNP taking the lead for the Scottish Parliament election, overcoming a 10-point gap in its November poll
- 19 Feb 2011 The SNP's "Double your donation" scheme which matches small donations under £500 raises £100,000 within the first week
- 12 Mar 2011 Alex Salmond addresses the SNP Campaign Conference in Glasgow, saying that the election will be about who serves in Scotland, and not who rules in London
- 13 Mar 2011 SNP reaches its £1m target under the "Double your donation" scheme
- 16 Mar 2011 SNP pledge 'no tuition fees' for Scottish students
- 22 Mar 2011 Scottish Parliament dissolved, SNP begin short campaign calling on voters to Re-elect a Scottish Government working for Scotland
- 3 Apr 2011 New poll shows SNP set to be largest party in new Parliament
- 8 Apr 2011 SNP's Gail Ross wins Wick by-election in Highland, achieving swings from all the London-based parties
- 14 Apr 2011 SNP launches election manifesto and pledges Council Tax freeze for full term of next Parliament
- 21 Apr 2011 New Ipsos/MORI poll shows SNP with lead in both constituency and regional list
- 26 Apr 2011 YouGov poll shows 75% support for 5-year council tax freeze policy of the SNP
- 3 May 2011 Alex Salmond tells voters that a re-elected SNP Government means a council tax freeze, a protected NHS budget, and keeping 1000 extra police on the streets
- 5 May 2011 Scotland goes to the polls with SNP calling for 'both votes SNP' to ensure another term for Alex Salmond as First Minister.
- 6 May 2011 Seats start to declare results. Here are some of the highlights:
- 01h15 Linda Fabiani gains East Kilbride from Labour to become first SNP MSP returned in 2011 election
 - 01h33 Christina McKelvie gains Hamilton, Larkhall & Stonehouse from Labour
 - 02h11 Aileen Campbell gains. Clydesdale from Labour
 - 03h02 Alex Neil gains Airdrie & Shotts from Labour, calling the night a "political tsunami"
 - 03h05 Depute Leader Nicola Sturgeon re-elected in the new Glasgow Southside seat with large majority
 - 03h46 Former MP John Mason stuns Labour by gaining Glasgow Shettleston.
 - 03h48 Cllr Angus MacDonald gains Falkirk East from Labour. Jamie Hepburn gains Cumbernauld & Kilsyth from Labour.

- 04h01 Glasgow SNP Group Leader, Cllr James Dornan, gains Glasgow Cathcart from Labour
- 04h14 SNP Leader Alex Salmond polls over 19000 votes as he takes the new Aberdeenshire East seat
- 04h22 Fiona McLeod gains Strathkelvin & Bearsden from Labour. Gordon McDonald gains Edinburgh Pentlands from Conservatives
- 04h32 Margaret Burgess gains Cunninghame South from Labour
- 04h38 Sandra White gains Glasgow Kelvin from Labour. Cllr Colin Keir gains Edinburgh Western from Liberal Democrats.
- 04h45 Fiona Hyslop gains Linlithgow from Labour.
- 04h55 Cllr George Adam gains the new Paisley seat from Labour
- 05h00 Angela Constance holds Almond Valley with large majority in what was notionally the closest contest in Scotland. Graeme Dey wins the new Angus South constituency. Jim Eadie gains Edinburgh Southern from the Liberal Democrats.
- 05h07 Council Leader Derek Mackay gains Renfrewshire North & West from Labour.
- 05h14 Kenneth Gibson holds Cunninghame North with 6000 majority in what was 2007's closest contest.
- 05h32 Nigel Don takes the new Angus North & Mearns seat
- 05h43 Marco Biagi gains Edinburgh Central from Labour in what was a top Liberal Democrat target seat.
- 05h49 Adam Ingram gains Carrick, Cumnock & Doon Valley from Labour. Dennis Robertson gains Aberdeenshire West from the Liberal Democrats to become Scotland's first blind MSP.
- 05h55 Bill Kidd gains Glasgow Anniesland from Labour by 7 votes.
- 05h58 Gil Paterson gains Clydebank & Milngavie from Labour.
- 06h21 Richard Lyle, John Wilson and Clare Adamson elected as SNP members on Central Scotland Regional List.
- 06h25 Humza Yousaf and Bob Doris elected as SNP members on Glasgow regional list
- 06h52 Deputy Council Leader Kevin Stewart takes the new Aberdeen Central seat
- 07h05 Cllr Colin Beattie – SNP National Treasurer – gains Midlothian North and Musselburgh from Labour

- 07h15 Maureen Watt gains Aberdeen South and North Kincardine from Liberal Democrats.
- 08h50 Christine Grahame takes new Midlothian South, Tweeddale & Lauderdale from Liberal Democrats
- 09h45 Stewart Maxwell and Stuart McMillan returned on West of Scotland regional list
- 11h32 Rob Gibson gains Caithness, Sutherland & Ross from Liberal Democrats
- 11h44 Despite a clean sweep of constituencies, Mark McDonald elected as SNP member on North East Scotland regional list
- 11h57 Dave Thompson gains Skye, Lochaber & Badenoch from Liberal Democrats
- 13h32 Joan McAlpine, Aileen McLeod, Paul Wheelhouse and Chic Brodie elected as SNP members on South of Scotland regional list
- 13h36 Rod Campbell gains Fife North East from Liberal Democrats
- 13h41 Cllr Bill Walker gains Dunfermline from Liberal Democrats in a top Labour target seat.
- 14h20 Cllr David Torrance gains Kirkcaldy from Labour, ensuring an SNP majority in the Scottish Parliament.
- 17h05 Cllr John Finnie, Cllr Jean Urquhart and Mike Mackenzie elected as SNP members on Highlands and Islands regional list
- 17h16 Annabelle Ewing elected as SNP member on Mid-Scotland and Fife regional list, taking the final total to 69 SNP MSPs

9 May 2011 The SNP's 69 MSPs get down to business as Parliament re-opens

18 May 2011 Alex Salmond re-elected as First Minister by MSPs

3. Corporate Governance

National Executive Committee

The National Executive Committee (NEC) meets monthly and is the body which has responsibility for the strategic management and political direction of the Party; ensuring the decisions of National Conference and National Council are implemented; oversight and interpretation of policy between meetings of National Conference and National Council; coordinating and monitoring the work of all national office bearers elected by National Conference; organising and directing national campaigns; employment and direction of staff; ownership of the Party's assets and management of the Party's financial affairs; any other matters expressly delegated to it by National Council or National Conference.

The NEC has full control over all monies, funds, property, investments and securities of whatever kind and description belonging to the Party.

The NEC has the power to borrow money on behalf of the Party, and to continue existing borrowing, where it is necessary to do so in order to finance the Party's activities.

The Party's financial scheme sets out how the Party will regulate its financial affairs for the purpose of compliance with current legislation. The financial affairs of all bodies mentioned in the Party's constitution must comply with the financial scheme.

No body within the Party shall enter into commercial borrowing unless prior agreement has been reached with the national treasurer. If a body within the Party goes out of existence or is dissolved, all assets, at the option of the national treasurer, shall become property of the Party.

Members of NEC are elected by Annual National Conference.

Control environment and control activities

The Party is committed to ensuring that a proper control environment is maintained. Above all, there is a commitment to competence and integrity, together with the communication of clear objectives to all accounting units. These are underpinned by a human resources policy that develops equality with integrity.

The organisational structure of the Party has been developed to delegate authority with accountability to ensure that control and consistency is maintained, having regard to an acceptable level of risk. The national treasurer and Party officers report on the control environment on a regular basis to the NEC.

From 2004, the performance of each accounting unit has been reviewed regularly to comply with organisational performance and development rules.

Legislation

There are over 20 primary Acts and Regulations governing the political and campaigning activities of the Scottish National Party. The SNP has a compliance team of five staff who review the adequacy of the internal control system in meeting the Party's requirements under current legislation. The compliance team report to the chief executive.

Environmental and social responsibility

The Scottish National Party is committed to preserving and enhancing the environment of Scotland as sustainable, biologically diverse and non-polluting.

The SNP Government is striving to ensure that Scotland will become a world leader in securing a sustainable environment and quality of life for all, recognising that local action can have global impact and that environmental problems do not respect national boundaries.

To that end the SNP ensures that its Headquarters takes such local action. Our employees are encouraged to take steps to reduce waste, reduce energy consumed, increase the amount of waste recycled, and purchase goods and services less environmentally damaging. No motor vehicles are operated by the SNP. Employees are encouraged to use public transport. No parking spaces are provided for staff. Cycle parking loops are provided at Headquarters.

The Scottish National Party has a 'green team' of three staff who review the environmental impact of Headquarters activities. The 'green team' report to the chief executive.

4. Financial Review

INCOME

The SNP's total income for the year ended 31 December 2010 was £1,861,955, of which 77% came from members and supporters. So we make sure every penny we raise is used as effectively as it can be.

Where the money comes from

- 39p** in every £1 is donated by individual members and supporters who care about Scotland
- 22p** comes from membership subscriptions
- 14p** is sales of exhibition space, sponsorship and registration fees at SNP conference
- 9p** is grants to assist the Party with its policy development
- 8p** comes from MSPs, MPs and MEPs to be invested in national campaigning
- 3p** is sales of support services from the national call centre
- 2p** comes from our members and supporters who remember us in their wills
- 2p** was from people across the political spectrum who supported our legal fight to be part of the televised election debates
- 1p** is sales of merchandising and other trading

Where the money goes

- 29p** of every £1 spent is used to help local candidates and organisations win more seats and provide campaign support services like activate.snp.org
- 26p** goes on the permanent paid staff at SNP Headquarters
- 17p** is used by the SNP to cover operating costs
- 12p** is paid in tax, bank charges, legal and audit fees
- 7p** goes on hiring venues and running conferences
- 5p** is returned to local branches as a dividend of membership subscriptions
- 4p** goes on increasing income from membership subscriptions and fundraising

The current economic climate has required a revaluation of where SNP income comes from now, and a concentration of staff effort on high yield activities like regular giving, membership subscriptions and commercial conference opportunities.

More than ever, detailed and appropriate management information has proved vital to our understanding of the extent to which the downturn is affecting the Party's income and costs. Management of the cost base of conference enabled the Party to cushion itself from the withdrawal of commercial participants impacted by the recession, which continued during 2010.

Looking at the longer term, the Party is continuing a 15-year trend of financial growth whilst proving increasingly adept at maximising income within the Scottish electoral cycle.

Fundraising

Beyond one-off appeals for specific events, the SNP operates five core fundraising schemes: -

- i. Challenge for Independence is the SNP's regular giving scheme whereby members may donate monthly by direct debit, standing order or cash. All money raised is ring-fenced for campaigning.
- ii. The St Andrew's Appeal is sent to all members in the run up to Scotland's national day on 30 November.
- iii. The President's Club seeks donations of at least £20 per month and directs funds towards providing staffing resources and Headquarters facilities.
- iv. The Independence Covenant works like a national 50/50 club in that half the profit from it goes to the Party and half goes to the prize fund.
- v. The Great Weather Lottery is a daily lottery based on temperatures in six cities and is operated by Lottery Service Providers Ltd.

The Party conducted three prize raffles in 2010, the annual Spring Draw and St Andrew's Draw plus a 'win a new car' prize draw. Branches could retain 50% of the Spring and St Andrew's raffles.

Legacies

We acknowledge a bequest during 2010 from Alexander Sharp, along with numerous smaller bequests which fell below the declaration threshold.

Save with the SNP

Local organisations continue to deposit money in the form of interest free loans to help offset commercial borrowing and to assist with the Party's cash flow. These deposits saved the Party around £3,750 in bank interest over 2010.

Direct debit tracking

Direct debit cancellations were decreasing in the lead up to the recession, a trend that was swiftly reversed once the economic downturn began to bite. While the recession has had an impact on the level of cancellations, it has been followed by an equally quick recovery.

EXPENDITURE

Total expenditure for the year ended 31 December 2010 was £2,167,720.

During the second half of the year, £250,000 of expenditure was committed to the development of the communications strategy for the 2011 Scottish elections. Elements of the campaign for Scotland's election were launched around the annual national conference in Perth and continued until the year end. This early and planned investment in the 2011 campaign is largely responsible for the end of year deficit.

The efficiency of campaign expenditure is analysed on an ongoing basis through the Party's spending per vote won in national elections (see Table 1) between 2007 and 2010. In two of these three elections, the SNP won more votes than any of the other parties.

Table 1 – Campaign expenditure in Scotland 2007-10.

	2010 Spend	Votes	Spend per vote	2009 Spend	Votes	Spend per vote	2007 Spend	Votes	Spend per vote
Lab	£ 880,260	1,035,528	£0.85	£228,703	229,853	£0.99	1,102,866	595,415	£1.85
LibDem	£464,346	465,471	£1.00	£105,419	127,038	£0.83	303,740	230,671	£1.32
Con	£1,207,514	412,855	£2.92	£156,634	185,794	£0.84	601,983	284,005	£2.12
SNP	£315,776	491,386	£0.64	£126,710	321,007	£0.39	1,383,462	633,401	£2.18

Income from the parliamentary levy continued to be invested in core national campaign services: -

- an online hub for organising and running campaigns, activate.snp.org
- print.snp.org for designing campaign materials
- telephone surveying and target voter contact from the SNP national call centre

The impact of legislation

The effect of legislation continues to have an impact on staff and expenditure within the Headquarters operation. No fewer than 10 of the 14 Headquarters staff are now involved in meeting the requirements of the Political Parties, Elections and Referendums Act 2000, the Electoral Administration Act 2006 and the Political Parties and Elections Act 2009, or ensuring that the Party acts at all times in accordance with current legislation.

SCOTTISH NATIONAL PARTY STATEMENT OF NATIONAL TREASURER'S RESPONSIBILITIES

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

- select suitable accounting policies and then apply them consistently;
- make reasonable and prudent judgements and estimates;
- state whether applicable accounting standards have been followed, providing details and explanations of any departures 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 National 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 National Treasurer is responsible for delivery of the statement of accounts to The Electoral Commission by the required deadline.

SCOTTISH NATIONAL PARTY

REPORT OF THE INDEPENDENT AUDITORS (continued)

To the National Treasurer of the Scottish National Party

We have audited the financial statements of the Scottish National Party for the year ended 31 December 2010 which comprise the income and expenditure account, the balance sheet, the cash flow statement and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 23 to 25.

This report is made solely to the National Treasurer of the Scottish National Party 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 National 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 National Treasurer, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of National Treasurer and auditors

As explained more fully in the Statement of National Treasurer's Responsibilities set out on page 17, the National Treasurer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Party's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the National Treasurer; and the overall presentation of the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Scottish National Party as at 31 December 2010 and of its deficit for the year then ended;
- have been properly prepared in accordance with the accounting policies set out on pages 23 to 25; and
- have been properly prepared in accordance with the requirements of the Political Parties, Elections and Referendums Act 2000 and the Statement of Accounts Guidance and other direction issued the Electoral Commission.

Opinion on other matters


In our opinion the information given in the Annual Review for the financial year for which the financial statements are prepared is consistent with the financial statements.

**SCOTTISH NATIONAL PARTY
REPORT OF THE INDEPENDENT AUDITORS (continued)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters which we are required to report to you if, in our opinion:

- adequate accounting records have not been kept; 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.



Johnston Carmichael LLP
Chartered Accountants
Registered Auditor
7-11 Melville Street
EDINBURGH
EH3 7PE

30 June 2011

**SCOTTISH NATIONAL PARTY
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Notes	Unrestricted 2010 £	Restricted 2010 £	Total 2010 £	Total 2009 £
Income					
Membership fees and subscriptions	2	408,280	-	408,280	386,775
Donations	3	141,749	455,125	596,874	474,482
Fundraising	4	120,076	-	120,076	54,958
Investment income	5	15,001	-	15,001	8,650
Conference income		243,946	-	243,946	278,049
Grant income	6	-	205,344	205,344	133,399
Other	7	113,902	158,572	272,474	505,814
Total income		1,042,954	819,041	1,861,995	1,842,127
Expenditure					
Campaigning	8	-	(625,637)	(625,637)	(407,012)
Transfers of branch dividend	9	(102,070)	-	(102,070)	(96,694)
Costs of fundraising events	10	(86,468)	-	(86,468)	(33,567)
Administration costs	11	(570,486)	(531,503)	(1,101,989)	(953,288)
Interest payable	12	(16,239)	-	(16,239)	(16,703)
Conference costs	13	(156,137)	-	(156,137)	(172,752)
Other	14	(62,287)	(16,893)	(79,180)	(57,593)
Total expenditure		(993,687)	(1,174,033)	(2,167,720)	(1,737,609)
Transfer between funds	26	(357,249)	357,249	-	-
(Deficit)/surplus before tax		(307,982)	2,257	(305,725)	104,518
Taxation	15	-	-	-	-
(Deficit)/surplus for the year		(307,982)	2,257	(305,725)	104,518

**SCOTTISH NATIONAL PARTY
BALANCE SHEET AT 31 DECEMBER 2010**

	Note	2010 £	2009 £
Fixed assets			
Tangible fixed assets	19	78,529	62,879
Current assets			
Stock	20	16,647	16,237
Debtors and prepayments	21	184,503	270,153
Investments	22	-	19,000
Cash at bank and in hand		1,241	4,624
		<u>202,391</u>	<u>310,014</u>
Creditors: amounts falling due within one year	23, 24	<u>(998,958)</u>	<u>(769,120)</u>
Net current liabilities		<u>(796,567)</u>	<u>(459,106)</u>
Total assets less current liabilities		<u>(718,038)</u>	<u>(396,227)</u>
Creditors: amounts falling due after more than one year	23, 24	<u>-</u>	<u>(16,086)</u>
		<u>(718,038)</u>	<u>(412,313)</u>
Reserves			
	26		
Unrestricted reserves		(720,795)	(412,813)
Restricted reserves		2,757	500
		<u>(718,038)</u>	<u>(412,313)</u>

The financial statements were approved by the Party Officers on 30 June 2011.

Colin Beattie
National Treasurer

**SCOTTISH NATIONAL PARTY
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Notes	2010		2009	
		£	£	£	£
Net cash inflow from operating activities	27		29,352		35,429
Returns on investment and servicing of finance					
Interest paid		(10,400)		(11,593)	
Rental income		<u>13,800</u>		<u>8,650</u>	
			3,400		(2,943)
Taxation			-		-
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(44,024)		(38,494)	
Proceeds from sale of fixed assets		<u>-</u>		<u>1,600</u>	
			(44,024)		(36,894)
Financing					
Repayment of bank loans		(38,876)		(37,832)	
Repayment of finance leases		(3,226)		(6,563)	
Increase in other loans		<u>32,532</u>		<u>55,052</u>	
			(9,570)		10,657
(Decrease)/increase in cash	28		<u>(20,842)</u>		<u>6,249</u>

SCOTTISH NATIONAL PARTY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

1. Accounting Policies

Basis of preparation

The Scottish National Party 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 financial statements have been prepared under the historical cost convention, and are in accordance with applicable accounting standards and the Statement of Accounts Guidance Notes issued by the Electoral Commission (November 2008).

As stated in the Annual Report, the Party has 258 registered accounting units. Details of these units are available from Party headquarters. These accounts are unconsolidated and present the accounts of the central Party only.

The Scottish National Party relies on membership and fundraising income to meet a large proportion of its expenditure, including most of its non-recurring expenditure. Loans and donations from supporters of the Party are used to cover short-term cash requirements. Regular giving by supporters has brought a great deal of stability to cash flow, and experience in prior years suggests that the Party will not be called upon to repay the loans it has received from Party supporters unless it has sufficient funds available for this purpose. In addition, the National Treasurer is confident that existing facilities will continue to meet the needs of the Party.

Against this background, the National Treasurer has reviewed the expenditure budgets and cash flow projections for the Party for the year to 31 December 2011 and is satisfied that sufficient membership and fundraising income and other funding will be generated for it to meet its financial obligations and remain within its available overdraft facility. On this basis, the National Treasurer considers that it is appropriate to prepare the accounts on the going concern basis.

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.

**SCOTTISH NATIONAL PARTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

1. Accounting Policies (continued)

Income Recognition (continued)

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

- Donations of monetary assets and liquid investments are recognised at market value in the income and expenditure account on receipt.
- Grants are recognised in the income and expenditure account when the conditions for receipt have been met.
- Membership and subscription fees are recognised in the income and expenditure account when received.
- Legacies are recognised when the personal representatives of the deceased have notified the Party of the legacy and there are no significant matters outstanding concerning the precise division of the estate.
- Interest receivable and rental income are recognised in the income and expenditure account on an accruals basis.

Tangible fixed assets

Tangible fixed assets are included at cost. Depreciation is provided on tangible fixed assets at the following annual rates.

Improvements to Leasehold Property	-	10% straight line
Computer Equipment, Fixtures, Fittings and Equipment	-	33.33 % reducing balance

Current asset investments

Current asset investments are valued at the lower of cost and net realisable value. Where assets have been donated or bequeathed to the Party, market value at the point of acquisition is taken as deemed cost at that time.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Leased assets

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account on a straight line basis.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Pension costs

Contributions to the Party's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

**SCOTTISH NATIONAL PARTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

1. Accounting Policies (continued)

Impairment of fixed assets

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 and value in use.

Value added tax

All items of income and expenditure since VAT registration in 2008 are shown in the financial statements net of VAT. The Party has now agreed a partial exemption formula with HM Revenue & Customs and recovers VAT on this basis. The value of VAT that is irrecoverable is included within administration costs.

Restricted funds

The Party has unrestricted and restricted funds, details of which are set out at note 26.

Unrestricted funds are those funds which are expendable at the discretion of the Party in furtherance of the Party's objectives.

Restricted funds represent income received by the Party to fund specific activities.

Restricted expenditure includes costs incurred directly on the activity for which the restricted income was received. It also includes an apportionment of administration costs on the basis of the proportion of staff employed specifically to further these restricted activities.

Liquid resources

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

2. Membership subscriptions

Membership subscriptions from our members are received by the central party and a proportion of these subscriptions are forwarded on to our affiliated local party units (see note 9).

**SCOTTISH NATIONAL PARTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

3. Donations

	Unrestricted 2010 £	Restricted 2010 £	Total 2010 £	Total 2009 £
<u>Donations in excess of £7,500</u>				
Mr Angus Tulloch	-	50,000	50,000	-
Mr Alexander Adams	-	10,000	10,000	-
Mr Gilbert Wilson	-	16,000	16,000	-
Hydracrat Limited	-	15,000	15,000	-
Mr Ian Watson	-	-	-	16,250
Ms Caroline Lawrie	-	-	-	10,290
Mr William Samuel	-	-	-	10,000
Sub total	-	91,000	91,000	36,540
<u>Other donations</u>	<u>141,749</u>	<u>364,125</u>	<u>505,874</u>	<u>437,942</u>
Total	141,749	455,125	596,874	474,482

List of donations included in donation returns which are included under legacies (note 7) in the income and expenditure account

	Unrestricted 2010 £	Restricted 2010 £	Total 2010 £	Total 2009 £
Mr Alexander Sharp	13,159	-	13,159	-
Mr William C Graham	-	-	-	210,000
Mrs Violet Barr	-	-	-	7,500
Mrs Janet Burnett	-	-	-	32,500
Sub total	13,159	-	13,159	250,000
<u>Other legacies</u>	<u>19,089</u>	<u>-</u>	<u>19,089</u>	<u>1,851</u>
Total	32,248	-	32,248	251,851

**SCOTTISH NATIONAL PARTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

4. Fundraising

	Unrestricted 2010 £	Restricted 2010 £	Total 2010 £	Total 2009 £
Independence magazine	66,127	-	66,127	-
Raffles	47,571	-	47,571	49,858
Great Weather Lottery	1,770	-	1,770	959
Independence Covenant	4,608	-	4,608	4,141
Total	120,076	-	120,076	54,958

5. Investment income

	Unrestricted 2010 £	Restricted 2010 £	Total 2010 £	Total 2009 £
Rental income	13,800	-	13,800	8,650
Interest receivable	1,201	-	1,201	-
Total	15,001	-	15,001	8,650

6. Grant income

	Unrestricted 2010 £	Restricted 2010 £	Total 2010 £	Total 2009 £
Policy development grant	-	205,344	205,344	133,399
Total	-	205,344	205,344	133,399

**SCOTTISH NATIONAL PARTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

7. Other income

	Unrestricted	Restricted	Total	Total
	2010	2010	2010	2009
	£	£	£	£
Levy on accounting units	-	6,852	6,852	50,935
Legacies	32,248	-	32,248	251,851
Parliamentary levy	-	151,720	151,720	152,490
Merchandise	13,985	-	13,985	24,011
Campaign services	54,741	-	54,741	21,235
Sundry income	12,928	-	12,928	5,292
Total	113,902	158,572	272,474	505,814

Levy on accounting units represents historic levies on accounting units to fund by-election campaigns.

Legacies include amounts bequeathed to the Party during the year.

The Parliamentary levy is a levy imposed on all SNP MPs, MSPs and MEPs.

Merchandise income is generated from the sale of SNP promotional products.

Campaign services income is generated from the commission of work by the National Call Centre.

8. Campaigning expenditure

	Unrestricted	Restricted	Total	Total
	2010	2010	2010	2009
	£	£	£	£
Elections	-	554,476	554,476	341,900
activate.snp.org	-	15,635	15,635	13,453
National Call Centre	-	50,409	50,409	47,534
print.snp.org	-	5,117	5,117	4,125
Total	-	625,637	625,637	407,012

9. Transfers

	Unrestricted	Restricted	Total	Total
	2010	2010	2010	2009
	£	£	£	£
Membership income due to branches	102,070	-	102,070	96,694
Total	102,070	-	102,070	96,694

The Party head office collects membership fees from all Party members. 25% of these membership fees are then payable to the branch of the Party in which each member resides.

**SCOTTISH NATIONAL PARTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

10. Cost of fundraising events

	Unrestricted 2010 £	Restricted 2010 £	Total 2010 £	Total 2009 £
Donations	4,816	-	4,816	10,610
Fundraising	29,624	-	29,624	22,957
Independence magazine	52,028	-	52,028	-
Total	86,468	-	86,468	33,567

11. Administration costs

	Unrestricted 2010 £	Restricted 2010 £	Total 2010 £	Total 2009 £
Staff cost	279,350	273,258	552,608	474,619
Rent and rates	26,631	33,111	59,742	99,753
Telephone and internet charges	2,856	1,538	4,394	10,067
Insurance	3,739	3,583	7,322	7,890
Leasing	43,432	35,283	78,715	27,259
Postage	21,434	39,169	60,603	36,938
Depreciation	18,443	9,931	28,374	27,422
Professional fees	9,207	4,957	14,164	57,552
Legal fees	12,667	48,438	61,105	18,641
Office Costs	15,362	8,272	23,634	32,866
Bad Debt	6,621	3,565	10,186	2,850
Bank charges	7,933	4,272	12,205	15,306
Audit fee	16,283	8,767	25,050	24,464
Loss on disposal of investment	2,740	1,475	4,215	6,919
Irrecoverable VAT	103,788	55,884	159,672	110,742
Total	570,486	531,503	1,101,989	953,288

12. Interest costs

	Unrestricted 2010 £	Restricted 2010 £	Total 2010 £	Total 2009 £
Bank overdraft interest	8,812	-	8,812	7,741
Bank term loan interest	769	-	769	1,813
Other interest	819	-	819	2,039
Notional interest	5,839	-	5,839	5,110
Total	16,239	-	16,239	16,703

**SCOTTISH NATIONAL PARTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

13. Conference costs

	Unrestricted 2010 £	Restricted 2010 £	Total 2010 £	Total 2009 £
Venue hire and catering	65,326	-	65,326	78,668
Audio visual	37,100	-	37,100	42,263
Security	12,231	-	12,231	6,818
Printed materials	13,076	-	13,076	17,479
Member ballot	17,260	-	17,260	14,678
Other conference costs	6,272	-	6,272	3,886
Other national events	4,872	-	4,872	8,960
Total	156,137	-	156,137	172,752

Member ballot represents the costs paid to conduct a one member one vote postal ballot to rank the lists of SNP candidates for the Scottish Parliament Elections in May 2011.

Other national events represent the costs paid for National Council, the Bannockburn Rally and other non-conference events.

14. Other expenditure

	Unrestricted 2010 £	Restricted 2010 £	Total 2010 £	Total 2009 £
ICT	38,248	16,893	55,141	32,015
Merchandise	7,251	-	7,251	15,770
Membership expenses	16,788	-	16,788	9,808
Total	62,287	16,893	79,180	57,593

ICT costs are those incurred in operating the Party's computer equipment and website.

Merchandise costs represent the costs paid to acquire promotional material for resale.

Membership expenses are those incurred to produce recruitment materials and provide information materials to Party members.

15. Taxation

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2010 due to the availability of tax losses.

**SCOTTISH NATIONAL PARTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

16. Staff costs

	2010	2009
	£	£
Salaries	485,549	422,874
Social security	43,693	36,284
Other costs, including pensions	51,340	54,225
	<u>580,582</u>	<u>513,383</u>

Included within staff costs above are costs related to national call centre staff.

Average number of staff employed during the year

	2010	2009
	No.	No.
Officers	14	11
Administrative staff	3	3
Operations	7	10
Total	<u>24</u>	<u>24</u>

17. Staff Remuneration

The number of staff whose total emoluments paid or receivable was over £50,000 was one (2009 – one). The total remuneration paid to this employee was £62,621 (2009 - £62,372).

No staff member received any additional benefit either paid or in kind during the current or prior years.

The Nominating and Campaign Officers posts are not salaried.

18. Notional income and expenditure

	2010	2009
	£	£
Loans from individual members interest	5,839	5,110
	<u>5,839</u>	<u>5,110</u>

'Loans from individual members' in note 23 represents loans made to the Party by its members. The SNP is required by law to calculate as a non-cash donation the difference between a commercial interest rate for loans and the zero rate at which the individual member is lending the Party this money. The value of these non-cash donations generated from these loans has been recorded within donations income in note 3 and the interest cost recorded in note 12.

**SCOTTISH NATIONAL PARTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

19. Tangible Fixed Assets

	Computers & equipment
	£
Cost	
At 1 January 2010	161,476
Additions	44,024
Disposals	-
At 31 December 2010	<u><u>205,500</u></u>
Depreciation	
At 1 January 2010	98,597
Charged in year	28,374
Disposals	-
At 31 December 2010	<u><u>126,971</u></u>
 Net Book Value at 31 December 2010	 <u><u>78,529</u></u>
 Net Book Value at 1 January 2010	 <u><u>62,879</u></u>

The net book value of tangible fixed assets includes an amount of £nil (2009 - £5,803) in respect of assets held under finance leases. The related depreciation charge for the period was £nil (2009 - £5,627).

20. Stock

	2010	2009
	£	£
Promotional materials	<u>16,647</u>	16,237
Total	<u><u>16,647</u></u>	<u>16,237</u>

21. Debtors

	2010	2009
	£	£
Due within one year		
Trade debtors	26,584	30,913
Tax and social security	4,688	-
Other debtors	58,915	17,798
Prepayments and accrued income	<u>94,316</u>	221,442
Total	<u><u>184,503</u></u>	<u>270,153</u>

**SCOTTISH NATIONAL PARTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

22. Current asset investments

	Property investment £
Valuation	
At 1 January 2010	19,000
Disposal	(19,000)
	<hr/>
At 31 December 2010	<u><u>-</u></u>

23. Creditors

	2010 £	2009 £
Amounts falling due within one year		
Trade creditors	258,764	60,843
Accruals and deferred income	78,070	66,180
Tax and social security	13,750	14,595
Amounts owed to accounting units	131,435	118,200
Loans from accounting units	89,562	77,068
Bank loan and overdraft	295,767	301,837
Obligations under finance leases	-	2,487
Loans from individual members	131,610	127,910
	<hr/>	<hr/>
Total	<u>998,958</u>	<u>769,120</u>
Amounts falling due after one year		
Bank loan	-	15,347
Obligations under finance leases	-	739
	<hr/>	<hr/>
Total	<u>-</u>	<u>16,086</u>

Bank loans and overdrafts are secured as explained in note 25.

**SCOTTISH NATIONAL PARTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

24. Loans

The following are included within loans:

	2010	2009
	£	£
Bank term loan	14,303	53,179
Bank overdraft	281,439	264,005
<i>Disclosable loans</i>		
Loans from accounting units	131,435	77,068
Loans from individual members: Mr A Tulloch	50,000	50,000
Mr W Wilson	50,000	50,000
Other loans	31,610	27,910
Total	558,787	532,617

The bank term loan is repayable in instalments over 5 years and was repaid in March 2011.

Loans from accounting units represent loans received from local Party branches throughout Scotland. There are no fixed repayment terms.

Loans from individual members represent loans received from individual members of the Party. There are no fixed terms of repayment.

25. Secured debts

████████████████████ holds a guarantee dated 20 June 2003 for £190,000 from Mr James Mather.

26. Reserves

	Total at 1 January 2010 £	Transfer From Income £	Transfer From Expenditure £	Transfer Between Funds £	Total at 31 December 2010 £
Restricted reserves					
Willie McRae memorial fund	500	-	-	-	500
Policy Development Grant fund	-	205,344	(205,344)	-	-
Parliamentary Levy fund	-	151,720	(247,968)	96,248	-
Levy on Accounting Units fund	-	6,852	(10,537)	3,685	-
Challenge for Independence fund	-	67,999	(110,832)	42,833	-
Election Appeal fund	-	343,252	(557,735)	214,483	-
BBC legal appeal	-	43,874	(41,617)	-	2,257
	500	819,041	(1,174,033)	357,249	2,757
Unrestricted reserves					
Revenue fund	(412,813)	1,042,954	(993,687)	(357,249)	(720,795)
Total	(412,313)	1,861,995	(2,167,720)	-	(718,038)

**SCOTTISH NATIONAL PARTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

26. Reserves (Continued)

The Willie McRae memorial fund represents restricted funds bequeathed towards the erection of a flagpole outside the Party offices, and will be released against the future construction of any such flagpole.

The Policy Development Grant fund represents restricted funds received from the Electoral Commission towards the cost of the Party developing policies for inclusion in an election manifesto.

The Parliamentary Levy is a monthly levy placed on all SNP MPs, MSPs and MEPs by the Party towards the cost of national campaigns and the Party furthering its political activities. The funds received from this levy are classed as being restricted to this cause.

The Levy on accounting units represents occasional levies placed on Party accounting units towards specific political activities. The funds received from this levy are classed as being restricted to this cause.

The Party's supporters make donations to the Party throughout the year. Where these are received for the Challenge for Independence, which provides dedicated campaign resources, they are classified as restricted and recorded in that fund. Where these are received in response to a specific election appeal, they are classified as restricted and recorded in the Election Appeal fund.

The BBC legal appeal fund represents restricted funds received from donors towards the cost of the Party taking legal action against the BBC over its decision to exclude the SNP from televised election debates.

The Revenue fund retains all unrestricted funds not allocated to another specific fund. Where the expenditure on restricted funds exceeds the income from these funds, a transfer of funds is made from the Revenue fund to cover this difference.

**SCOTTISH NATIONAL PARTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

27. Net cash inflow from operating activities before tax, returns on investment and servicing of finance

	2010 £	2009 £
Operating (deficit)/surplus before interest, rental income and taxation	(310,326)	107,461
Depreciation	28,374	27,422
Loss on disposal of assets	4,215	6,919
(Increase)/decrease in stocks	(410)	9,383
Decrease/(increase) in debtors	101,636	(117,429)
Increase in creditors	222,201	12,528
Other non-cash changes	(16,338)	(10,855)
	<u>29,352</u>	<u>35,429</u>
Net cash inflow from operating activities	<u>29,352</u>	<u>35,429</u>

28. Reconciliation of net cash inflow to movement in net debt

	2010 £	2009 £
(Decrease)/increase in cash in the year	(20,842)	6,249
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	9,570	(10,657)
Change in net debt resulting from cash flows	(11,272)	(4,408)
Conversion of loans to donations	16,338	10,855
Movement in net debt in the year	5,066	6,447
Opening net debt	(520,764)	(527,211)
	<u>(515,698)</u>	<u>(520,764)</u>
Closing net debt	<u>(515,698)</u>	<u>(520,764)</u>

29. Analysis of net debt

	At 1 January 2010	Cash flow	Other non- cash changes	At 31 December 2010
	£	£	£	£
Cash	460	683	-	1,143
Short term deposits	4,164	(4,091)	-	98
Bank overdraft	(264,005)	(17,434)	-	(281,464)
	<u>(259,381)</u>	<u>(20,842)</u>	<u>-</u>	<u>(280,223)</u>
Bank loans	(53,179)	38,876	-	(14,303)
Loans from accounting units	(77,068)	(28,832)	16,338	(89,562)
Loans from individual members	(127,910)	(3,700)	-	(131,610)
Finance leases	(3,226)	3,226	-	-
	<u>(261,383)</u>	<u>9,570</u>	<u>16,338</u>	<u>(235,475)</u>
Total	<u>(520,764)</u>	<u>(11,272)</u>	<u>16,338</u>	<u>(515,698)</u>

**SCOTTISH NATIONAL PARTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

30. Commitments under operating leases

As at 31 December 2010, the Party had annual commitments under non-cancellable operating leases as set out below:

	2010 £	2009 £
Land and buildings:		
Expiry within 1 year	-	-
Expiry during years 2 to 5	19,166	19,166
Expiry within 5 years	<u>39,640</u>	<u>39,640</u>
Total	<u>58,806</u>	<u>58,806</u>
Other:		
Expiry within 1 year	-	-
Expiry during years 2 to 5	<u>81,536</u>	<u>29,145</u>
Total	<u>81,536</u>	<u>29,145</u>

31. Related party transactions

The Party has entered into the following transactions with its (non consolidated) accounting units and members:

a) Loans from accounting units	£
Loans payable at 1 st January 2010	77,068
Movement (net) in year	<u>12,494</u>
Loans payable at 31 st December 2010	<u>89,562</u>
b) Loans from individual members	
Loans payable at 1 st January 2010	127,910
Movement (net) in year	<u>3,700</u>
Loans payable at 31 st December 2010	<u>131,610</u>
c) Branch dividend amounts due to branches	
Due at 1 st January 2010	118,200
Movement (net) in year	<u>13,235</u>
Due at 31 st December 2010	<u>131,435</u>

**SCOTTISH NATIONAL PARTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

32. Auditors' remuneration

The following remuneration was paid to the Party's auditors:

	2010	2009
	£	£
Auditors' remuneration – audit services – main Party	19,500	18,200
- audit services – policy development grant	1,175	750
- audit services – short money	1,500	1,500
- audit services – election expenses	1,650	-
- non audit services	7,150	31,913

33. Post balance sheet events

Since the year end, the Party has restructured its £300,000 overdraft facility to a £100,000 overdraft facility and term loan of £200,000 repayable in monthly instalments until 2015.

Since the year end the Party has received significant donations and has been advised that it will receive a significant legacy. These two factors have led to an improvement in the Party's overall financial position.