

# Annual Review 2011/12

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Administrative Information

Review of political activities

Corporate Governance

Financial Review

Statement of accounts 2011

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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

Royal Bank of Scotland, 36 St Andrew Square, Edinburgh EH2 2YB.

## Legal Advisers

Frances Gill & Co, Lismore House, 127 George Street, Edinburgh EH2 4JN

## 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 78 years.

Following the Scottish elections in May 2011, the Party now holds a majority of seats in the Scots 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 by 24 per cent (3,907) in 2011. Membership income increased 10 per cent to £449,135. The branch dividend – 25 per cent of income returned to local branches as a dividend of membership subscriptions – rose to £112,284 for the year.

Table 1 – SNP membership as at 31 December, 2003–2011.

	2011	2010	2009	2008	2007	2006	2005	2004	2003
Members	20,139	16,232	15,644	15,097	13,944	12,571	10,995	10,854	9,450
Average age	52.3	52.8	53.5	55.1	52.5	51.9	52.5	55.3	-
Female members	33%	31%	28%	30%	29%	-	-	-	-
Members under 30	8.3%	7.1%	6.1%	5.8%	6.7%	8.8%	8.6%	8.1%	-
Members over 65	26.3%	26.5%	26.8%	26.2%	25.4%	24.6%	26.4%	27.3%	-
New members joining online	75.8%	71.2%	64.5%	65.5%	46.7%	46.3%	-	-	-
Members paying by Direct Debit	71.4%	65.3%	61.2%	60.5%	59.8%	58.2%	-	-	-
Members paying £12 minimum rate	15.4%	15.5%	15.7%	18.1%	15.3%	34.4%	-	-	-
Members paying £5 unwaged rate	18.9%	19.3%	21.5%	21.7%	19.0%	24.5%	28.9%	31.2%	-

### 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 2012, the SNP representation at each is as follows: -

- 67 Members of the Scottish Parliament
- 6 Members of Parliament
- 2 Members of the European Parliament
- 426 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 Dundee City Council; Angus Council; East Ayrshire Council; Midlothian Council; Argyll & Bute Council; Highland Council; North Ayrshire Council; and Clackmannanshire Council. They also form a minority administration in Perth & Kinross Council; and share coalition administrations in City of Edinburgh Council; Scottish Borders Council; Dumfries & Galloway Council; and East Renfrewshire Council.

## SNP staff

The Scottish National Party is served by 12 staff (10.2 full-time equivalent) based at its Headquarters in Edinburgh. 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: -

- 4.5 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;
- 3.0 full-time equivalent providing campaign services to local organisations and campaigns in the Campaigns Team.

## 2. Review of Political Activities

When the Scottish National Party won its historic victory in last year's Scottish Parliament elections, it hardly seemed possible that such a level of momentum could be maintained. Yet the last 12 months have seen that remarkable success continue.

The 69 SNP MSPs elected in May 2011 led to the formation of the first ever majority government at Holyrood. As a result, First Minister Alex Salmond and his team have been able to put together a bold, imaginative, inclusive and – most importantly – deliverable legislative programme.

A series of bills have progressed through the parliament in the last year which will make a real difference to the lives of people in Scotland.

They include measures to introduce a national minimum price for alcohol; to combat race hate and sectarianism at football matches and beyond; to reform and streamline Scotland's police and fire services; and changes to land registration.

Success in last year's election will also allow the SNP government to implement its flagship policy of holding a referendum on Scottish independence. In January, Alex Salmond told the parliament that the long-wished-for vote was planned for autumn 2014, with the question set to be "Do you agree that Scotland should be an independent country?"

He went on to tell MSPs that the outcome would be "the most important decision by the people of Scotland in 300 years."

The subsequent consultation on the referendum held by the Scottish Government attracted the attention of the world's press and garnered more than 20,000 responses on issues such as the management of the process, the inclusion of a second question on the ballot paper, the role of the Electoral Commission, and ideas to increase turnout.

Discussion over Scotland's constitutional future also played a major part in the SNP's annual conference, held last October in Inverness. The four-day event was the largest in the party's history, with packed audiences for the keynote speeches and delegates spilling into overflow halls.

On the last day, referendum campaign director Angus Robertson laid out the roadmap towards independence, saying the campaign would be one of the biggest examples of outreach in the history of Scottish politics.

He told conference that the SNP would work with those in other parties and with those who had no affiliation in order to create a national movement in favour of a Yes vote. "Scotland's independence campaign starts now....it's starting."

The party also confirmed that a legacy of £918,000 gifted by Scotland's former Makar, Edwin Morgan, would be used to help fund the referendum campaign.

In a separate move, the party's coffers were boosted by a further £1 million, thanks to a donation by Chris and Colin Weir. The pair, from Largs in Ayrshire, made the generous gift after winning £161 million on the Euro Lottery.

Colin – a former SNP candidate – said: "Every society, every country should have the right and the opportunity to determine its own path. That's something I've believed in strongly for a long time.

“We want to give the people of Scotland a fair chance in the campaign. That’s why we are supporting the SNP now and into the independence referendum.”

In welcoming the gift, Alex Salmond said: “The SNP relies on the donations of our ordinary members and every donation large and small goes to backing the party and making the case for independence.”

The close of the referendum consultation in May was quickly followed by the official launch of the Yes campaign, YesScotland.net. Importantly, the event proved beyond all doubt that the demand for independence ran through all sectors of Scottish society and across different political parties.

The SNP were joined by others at an upbeat and moving event which included members of the Green and Scottish Socialist parties, business leaders, academics, musicians, actors and actresses. Messages of support were heard from prominent Scots including long-time supporter Sir Sean Connery. The cross-party campaign is aiming to get a million Scots to sign its Yes declaration and to make the case for independence in the run-up to 2014.

Other political battles have been fought and won during the year. In May, the party scored further success at the polls when it significantly advanced its position in the local government elections.

An effective, high profile campaign and commitment to serve local communities was rewarded with the SNP’s best ever council result. It returned a total of 425 councillors, a gain of 62 on 2007, and doubled its lead over Labour in terms of council seats.

The elections meant that the party emerged as the largest grouping on no less than 11 of Scotland’s local authorities, allowing it to form administrations in areas right across the country, both urban and rural.

Rewards for the SNP’s record of good government at all levels, relentlessly positive campaigning, progressive policies and winning combination of team, record and vision have come not just in terms of electoral support, but in membership figures.

At the start of the year, the number of people joining the party rocketed after a disastrous attempt by the Tory government to dictate the referendum agenda to the Scottish people.

The SNP’s membership total leapt by a huge eight per cent in just three weeks. At the same time, the formal referendum consultation launch at Edinburgh Castle saw the SNP website receive so many hits that server memory had to be doubled to keep up with demand.

It’s all evidence that the SNP truly represents the people of Scotland – and that by working together, we will all be the winners.

### **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 twenty 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.

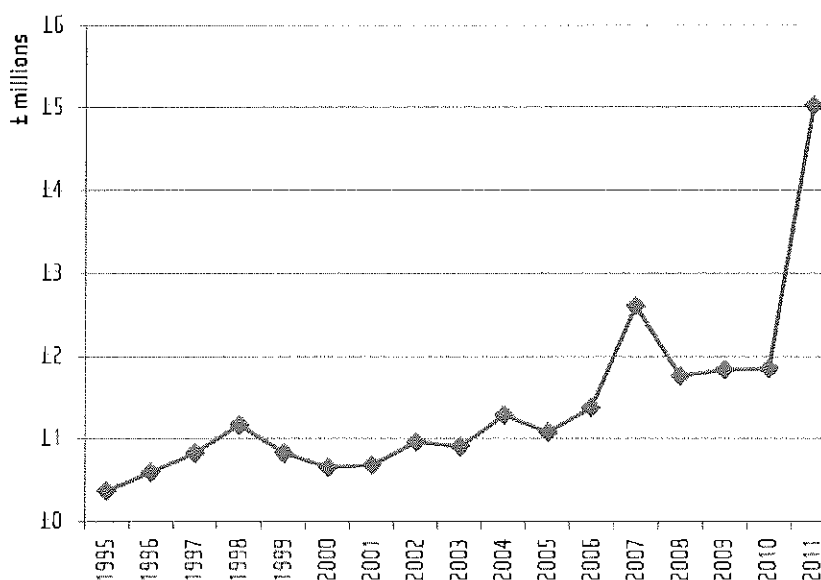
The Scottish National Party has a 'green team' of three staff who review the environmental impact of Headquarters activities. The 'green team' report to the chief executive.

## 4. Financial Review

### INCOME

The SNP's total income for the year ended 31 December 2011 was £5,030,916, of which 89 per cent came from members and supporters.

Table 2 – Party income 1995-2011.



### 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 four prize raffles in 2011, the annual Spring Draw and St Andrew's Draw plus two 'win a new car' prize draws. Branches could retain 50% of the Spring and St Andrew's raffles.

### Legacies

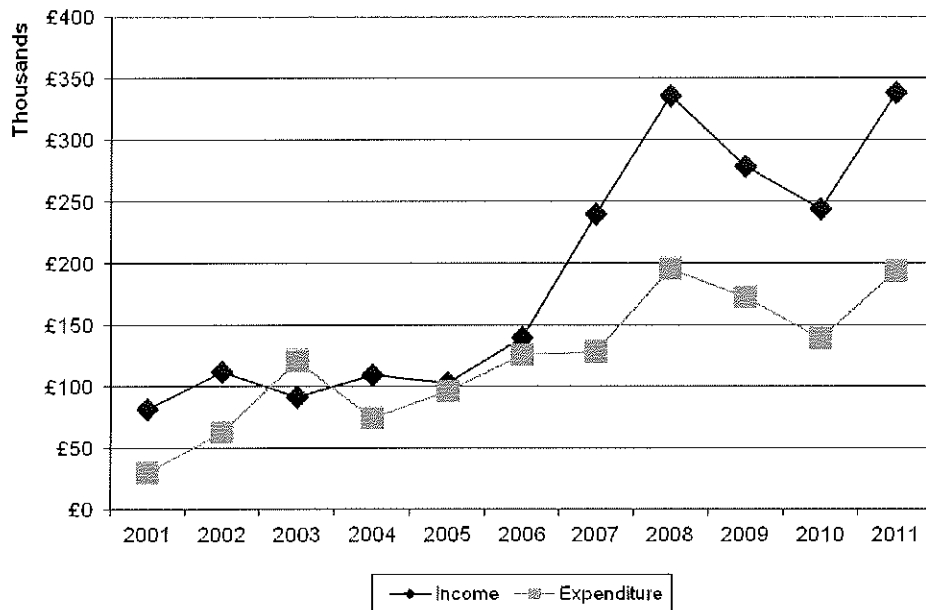
We acknowledge the bequests from William Grier, Caroline Lawrie, Patricia Lorimer, Edwin Morgan and Margaret Ramsay, along with numerous smaller bequests which fell below the declaration threshold.

## EXPENDITURE

Total expenditure for the year ended 31 December 2011 was £3,453,882.

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

Table 3 – Conference income and expenditure 2001-2011.



The efficiency of campaign expenditure is analysed on an ongoing basis through the Party's spending per vote won in national elections (see Table 4) between 2007 and 2011. In three of these four elections, the SNP won more votes than any of the other parties.

Table 4 – Campaign expenditure per vote in Scotland 2007-2011.

	Con	Lab	LibDem	SNP
<b>2007</b>				
Spend	£601,983	£1,102,866	£303,740	£1,383,462
Votes	284,005	595,415	230,671	633,401
Spend per Vote	£2.12	£1.85	£1.32	<b>£2.18</b>
<b>2009</b>				
Spend	£156,634	£228,703	£105,419	£126,710
Votes	185,794	229,853	127,038	321,007
Spend per Vote	£0.84	£0.99	£0.83	<b>£0.39</b>
<b>2010</b>				
Spend	£1,207,514	£880,260	£464,346	£315,776
Votes	412,855	1,035,528	465,471	491,386
Spend per Vote	£2.92	£0.85	£1.00	<b>£0.64</b>
<b>2011</b>				
Spend	£273,462	816,889	£176,300	£1,141,662
Votes	276,652	630,437	157,714	902,915
Spend per Vote	£0.99	£1.29	£1.12	<b>£1.26</b>

Nearly 90 per cent of the SNP's income in 2011 came from party members and supporters. So we made sure every penny raised was used as effectively as it could be. £1.6 million was invested in securing a truly momentous election win and to help put together an unprecedented mobilisation for a Yes vote in 2014. Here's the breakdown of the SNP pound in 2011; -

**Where the money comes from**

**Where the money goes**

**50p** in every £1 is donated by individual members and supporters who care about Scotland

**47p** of every £1 spent is used to help local candidates and organisations win more seats and provide campaign support services like [activate.snp.org](http://activate.snp.org)

**24p** comes from our members and supporters who remember us in their wills

**18p** goes on the permanent paid staff at SNP Headquarters

**9p** comes from membership subscriptions

**13p** is used by the SNP to cover operating costs

**7p** is sales of exhibition space, sponsorship and registration fees at SNP conference

**10p** is paid in tax, bank charges, legal and audit fees

**4p** comes from MSPs, MPs and MEPs to be invested in national campaigning

**6p** goes on hiring venues and running conferences

**3p** is a grant from the Electoral Commission to assist the Party with its policy development

**3p** is returned to local branches as a dividend of membership subscriptions

**2p** comes from Independence Magazine subscriptions and events

**3p** goes on increasing income from membership subscriptions and fundraising

**1p** is sales of merchandising and other trading

## **SCOTTISH NATIONAL PARTY STATEMENT OF NATIONAL TREASURER'S RESPONSIBILITIES**

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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)**

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### **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 2011 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 22 to 24.

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 16, 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. In addition, we read the financial and non-financial information in the Annual Review to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 2011 and of its surplus for the year then ended;
- have been properly prepared in accordance with the accounting policies set out on pages 22 to 24; 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.

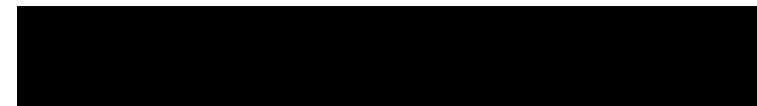
**SCOTTISH NATIONAL PARTY  
REPORT OF THE INDEPENDENT AUDITORS (continued)**

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**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

26 June 2012

**SCOTTISH NATIONAL PARTY  
INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2011**

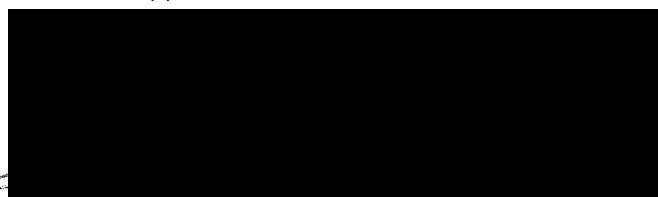
	Notes	Unrestricted 2011 £	Restricted 2011 £	Total 2011 £	Total 2010 £
<b>Income</b>					
Membership fees and subscriptions	2	449,135	-	449,135	408,280
Donations	3	85,122	2,285,738	2,370,860	596,874
Fundraising	4	202,579	-	202,579	120,076
Investment income	5	16,421	-	16,421	15,001
Conference income		338,529	-	338,529	243,946
Grant income	6	-	160,687	160,687	205,344
Other	7	1,277,696	215,009	1,492,705	272,474
<b>Total income</b>		<b>2,369,482</b>	<b>2,661,434</b>	<b>5,030,916</b>	1,861,995
<b>Expenditure</b>					
Campaigning	8	-	(1,621,638)	(1,621,638)	(625,637)
Transfers of branch dividend	9	(112,284)	-	(112,284)	(102,070)
Costs of fundraising events	10	(96,541)	-	(96,541)	(86,468)
Administration costs	11	(757,020)	(539,693)	(1,296,713)	(1,101,989)
Interest payable	12	(12,432)	-	(12,432)	(16,239)
Conference costs	13	(193,917)	-	(193,917)	(138,877)
Other	14	(91,737)	(28,620)	(120,357)	(96,440)
<b>Total expenditure</b>		<b>(1,263,931)</b>	<b>(2,189,951)</b>	<b>(3,453,882)</b>	(2,167,720)
Transfer between funds	24	(31,073)	31,073	-	-
<b>Surplus/(deficit) before tax</b>		<b>1,074,478</b>	<b>502,556</b>	<b>1,577,034</b>	(305,725)
Taxation	15	-	-	-	-
<b>Surplus/(deficit) for the year</b>		<b>1,074,478</b>	<b>502,556</b>	<b>1,577,034</b>	(305,725)

**SCOTTISH NATIONAL PARTY  
BALANCE SHEET AT 31 DECEMBER 2011**

	Note	2011 £	2010 £
<b>Fixed assets</b>			
Tangible fixed assets	19	75,709	78,529
<b>Current assets</b>			
Stock	20	11,273	16,647
Debtors and prepayments	21	340,174	184,503
Cash at bank and in hand		1,031,775	1,241
		<u>1,383,222</u>	<u>202,391</u>
<b>Creditors: amounts falling due within one year</b>	22, 23	<u>(599,935)</u>	<u>(998,958)</u>
<b>Net current assets/(liabilities)</b>		<u>783,287</u>	<u>(796,567)</u>
<b>Net assets</b>		<u>858,996</u>	<u>(718,038)</u>
<b>Reserves</b>			
	24		
Unrestricted reserves		353,683	(720,795)
Restricted reserves		505,313	2,757
		<u>858,996</u>	<u>(718,038)</u>

The financial statements were approved by the Party Officers on 26 June 2012.

Colin Beattie  
National Treasurer



**SCOTTISH NATIONAL PARTY  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Notes	2011		2010	
		£	£	£	£
<b>Net cash inflow from operating activities</b>	25		<b>1,200,260</b>		29,352
<b>Returns on investment and servicing of finance</b>					
Interest paid		(3,508)		(10,400)	
Interest received		1,201		-	
Rental income		12,650		13,800	
			<b>10,343</b>		3,400
<b>Taxation</b>			-		-
<b>Capital expenditure and financial investment</b>					
Payments to acquire tangible fixed assets			(27,407)		(44,024)
<b>Management of liquid resources</b>					
Proceeds from sale of current asset investments			14,785		-
<b>Financing</b>					
New bank loan received		200,000		-	
Repayment of bank loans		(214,303)		(38,876)	
Repayment of finance leases		-		(3,226)	
Increase in other loans		128,320		32,532	
			<b>114,017</b>		(9,570)
<b>Increase/(decrease) in cash</b>	26		<b>1,311,998</b>		<b>(20,842)</b>

# SCOTTISH NATIONAL PARTY

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2011

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#### 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 National Treasurer has reviewed the expenditure budgets and cash flow projections for the Party for the year to 31 December 2012 and is satisfied that the Party will have sufficient funds for it to meet its financial obligations. On this basis, the National Treasurer is satisfied 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.

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 from benefactors who died prior to the year-end are only recognised if, prior to finalising the accounts, the personal representatives of the deceased have notified the Party of the legacy, there are no significant matters outstanding and the amount due has been confirmed.
- 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.

Computer Equipment, Fixtures, Fittings and Equipment	-	33.33 % reducing balance
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**SCOTTISH NATIONAL PARTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

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**1. Accounting Policies (continued)**

**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.

**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 24.

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.

**SCOTTISH NATIONAL PARTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

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**1. Accounting Policies (continued)**

**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 allocated to our local branches (see note 9).

**SCOTTISH NATIONAL PARTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**3. Donations**

	Unrestricted 2011 £	Restricted 2011 £	Total 2011 £	Total 2010 £
<u>Donations in excess of £7,500</u>				
Mr Alexander Adams	-	-	-	10,000
Mr Anthony R Banks	-	18,000	18,000	-
Mr Crawford William Beveridge	-	10,000	10,000	-
Mr Fergus Stewart Ewing	-	7,897	7,897	-
Hydracrat Limited	-	-	-	15,000
Mr William Daniel MacDonald	-	50,000	50,000	-
Mr Robin Murray	-	8,000	8,000	-
Mr Jamie Rae	-	10,012	10,012	-
Mr Julian Rudd	-	50,000	50,000	-
Mr William Samuel	-	15,000	15,000	-
Sir Brian Souter	-	570,000	570,000	-
Mr Angus Tulloch	-	-	-	50,000
Mr Colin Weir	-	500,000	500,000	-
Mrs Christine Weir	-	500,000	500,000	-
Mr Gilbert Wilson	-	-	-	16,000
Mr William Wilson	-	10,000	10,000	-
<b>Sub total</b>	<b>-</b>	<b>1,748,909</b>	<b>1,748,909</b>	<b>91,000</b>
<u>Other donations</u>	<b>85,122</b>	<b>536,829</b>	<b>621,951</b>	<b>505,874</b>
<b>Total</b>	<b>85,122</b>	<b>2,285,738</b>	<b>2,370,860</b>	<b>596,874</b>

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

	Unrestricted 2011 £	Restricted 2011 £	Total 2011 £	Total 2010 £
Mr William Grier	45,964	-	45,964	-
Mrs Caroline Lawrie	50,000	-	50,000	-
Miss Patricia Lorimer	118,042	-	118,042	-
Mr Edwin Morgan	917,740	-	917,740	-
Ms Margaret Ramsay	69,804	-	69,804	-
Mr Alexander Sharp	-	-	-	13,159
<b>Sub total</b>	<b>1,201,550</b>	<b>-</b>	<b>1,201,550</b>	<b>13,159</b>
<u>Other legacies</u>	<b>5,424</b>	<b>-</b>	<b>5,424</b>	<b>19,089</b>
<b>Total</b>	<b>1,206,974</b>	<b>-</b>	<b>1,206,974</b>	<b>32,248</b>

**SCOTTISH NATIONAL PARTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**4. Fundraising**

	Unrestricted 2011 £	Restricted 2011 £	Total 2011 £	Total 2010 £
Independence Magazine	88,574	-	88,574	66,127
Raffles	107,575	-	107,575	47,571
Great Weather Lottery	2,157	-	2,157	1,770
Independence Covenant	4,273	-	4,273	4,608
<b>Total</b>	<b>202,579</b>	<b>-</b>	<b>202,579</b>	<b>120,076</b>

**5. Investment income**

	Unrestricted 2011 £	Restricted 2011 £	Total 2011 £	Total 2010 £
Rental income	12,650	-	12,650	13,800
Interest receivable	3,771	-	3,771	1,201
<b>Total</b>	<b>16,421</b>	<b>-</b>	<b>16,421</b>	<b>15,001</b>

**6. Grant income**

	Unrestricted 2011 £	Restricted 2011 £	Total 2011 £	Total 2010 £
Policy development grant	-	160,687	160,687	205,344
<b>Total</b>	<b>-</b>	<b>160,687</b>	<b>160,687</b>	<b>205,344</b>

**SCOTTISH NATIONAL PARTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**7. Other income**

	Unrestricted	Restricted	Total	Total
	2011	2011	2011	2010
	£	£	£	£
Levy on accounting units	-	31,509	31,509	6,852
Legacies (see note 3)	1,206,974	-	1,206,974	32,248
Parliamentary levy	-	183,500	183,500	151,720
Merchandise	24,032	-	24,032	13,985
Campaign services	32,340	-	32,340	54,741
Sundry income	14,350	-	14,350	12,928
<b>Total</b>	<b>1,277,696</b>	<b>215,009</b>	<b>1,492,705</b>	<b>272,474</b>

Levy on accounting units represents 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 call centre activity.

**8. Campaigning expenditure**

	Unrestricted	Restricted	Total	Total
	2011	2011	2011	2010
	£	£	£	£
Elections	-	1,550,085	1,550,085	554,476
activate.snp.org	-	5,616	5,616	15,635
National Call Centre	-	64,537	64,537	50,409
print.snp.org	-	1,400	1,400	5,117
<b>Total</b>	<b>-</b>	<b>1,621,638</b>	<b>1,621,638</b>	<b>625,637</b>

**9. Transfers**

	Unrestricted	Restricted	Total	Total
	2011	2011	2011	2010
	£	£	£	£
Membership income due to branches	112,284	-	112,284	102,070
<b>Total</b>	<b>112,284</b>	<b>-</b>	<b>112,284</b>	<b>102,070</b>

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 2011**

**10. Cost of fundraising events**

	Unrestricted 2011 £	Restricted 2011 £	Total 2011 £	Total 2010 £
Donations	1,045	-	1,045	4,816
Fundraising	28,178	-	28,178	29,624
Independence Magazine	67,318	-	67,318	52,028
<b>Total</b>	<b>96,541</b>	<b>-</b>	<b>96,541</b>	<b>86,468</b>

**11. Administration costs**

	Unrestricted 2011 £	Restricted 2011 £	Total 2011 £	Total 2010 £
Staff cost	348,560	257,057	605,617	552,608
Rent and rates	29,535	47,707	77,242	59,742
Telephone and internet charges	13,600	7,323	20,923	4,394
Insurance	2,978	4,262	7,240	7,322
Leasing	39,990	41,690	81,680	78,715
Postage	56,126	38,299	94,425	60,603
Depreciation	19,648	10,579	30,227	28,374
Professional fees	3,110	1,675	4,785	14,164
Legal fees	6,261	3,372	9,633	61,105
Office Costs	15,829	8,522	24,351	23,634
Bad Debt	856	461	1,317	10,186
Bank charges	11,994	6,458	18,452	12,205
Audit fee	14,121	7,604	21,725	25,050
Loss on disposal of investment	-	-	-	4,215
Irrecoverable VAT	194,412	104,684	299,096	159,672
<b>Total</b>	<b>757,020</b>	<b>539,693</b>	<b>1,296,713</b>	<b>1,101,989</b>

An explanation of irrecoverable VAT is included within the value added tax section of note 1.

**12. Interest costs**

	Unrestricted 2011 £	Restricted 2011 £	Total 2011 £	Total 2010 £
Bank overdraft interest	235	-	235	8,812
Bank term loan interest	3,273	-	3,273	769
Other interest	-	-	-	819
Notional interest	8,924	-	8,924	5,839
<b>Total</b>	<b>12,432</b>	<b>-</b>	<b>12,432</b>	<b>16,239</b>

**SCOTTISH NATIONAL PARTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**13. Conference costs**

	Unrestricted 2011 £	Restricted 2011 £	Total 2011 £	Total 2010 £
Venue hire and catering	108,616	-	108,616	65,326
Audio visual	38,628	-	38,628	37,100
Security	10,904	-	10,904	12,231
Printed materials	21,982	-	21,982	13,076
Other conference costs	8,342	-	8,342	6,272
Other national events	5,445	-	5,445	4,872
<b>Total</b>	<b>193,917</b>	<b>-</b>	<b>193,917</b>	<b>138,887</b>

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

**14. Other expenditure**

	Unrestricted 2011 £	Restricted 2011 £	Total 2011 £	Total 2010 £
ICT	66,286	28,620	94,906	55,141
Merchandise	11,756	-	11,756	7,251
Membership expenses	13,695	-	13,695	16,788
Member ballot	-	-	-	17,260
<b>Total</b>	<b>91,737</b>	<b>28,620</b>	<b>120,357</b>	<b>96,440</b>

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.

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.

**15. Taxation**

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2011 due to the availability of tax losses.

**SCOTTISH NATIONAL PARTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**16. Staff costs**

	<b>2011</b>	2010
	£	£
Salaries	<b>505,356</b>	485,549
Social security	<b>57,732</b>	43,693
Other costs, including pensions	<b>57,158</b>	51,340
	<b>620,246</b>	580,582

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

Average number of staff employed during the year

	<b>2011</b>	2010
	No.	No.
Officers	<b>11</b>	14
Administrative staff	<b>3</b>	3
Operations	<b>3</b>	7
<b>Total</b>	<b>17</b>	24

**17. Staff Remuneration**

The number of staff whose total emoluments paid or receivable was over £50,000 was one (2010 – one). The total remuneration paid to this employee was £109,492 (2010 - £74,246).

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**

	<b>2011</b>	2010
	£	£
Loans from individual members interest	<b>8,924</b>	5,839
	<b>8,924</b>	5,839

‘Loans from individual members’ in notes 22 and 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 2011**

**19. Tangible Fixed Assets**

	<b>Computers &amp; equipment £</b>
<b>Cost</b>	
At 1 January 2011	205,500
Additions	27,407
Disposals	-
At 31 December 2011	<u><b>232,907</b></u>
<b>Depreciation</b>	
At 1 January 2011	126,971
Charged in year	30,227
Disposals	-
At 31 December 2010	<u><b>157,198</b></u>
Net Book Value at 31 December 2011	<u><b>75,709</b></u>
Net Book Value at 1 January 2011	<u><b>78,529</b></u>

**20. Stock**

	<b>2011 £</b>	2010 £
Promotional materials	<u><b>11,273</b></u>	16,647
<b>Total</b>	<u><b>11,273</b></u>	<u>16,647</u>

**21. Debtors**

	<b>2011 £</b>	2010 £
<b>Due within one year</b>		
Trade debtors	<b>59,620</b>	26,584
Tax and social security	<b>4,516</b>	4,688
Other debtors	<b>50,172</b>	58,915
Prepayments and accrued income	<u><b>225,866</b></u>	<u>94,316</u>
<b>Total</b>	<u><b>340,174</b></u>	<u>184,503</u>

**SCOTTISH NATIONAL PARTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**22. Creditors**

	2011 £	2010 £
<b>Amounts falling due within one year</b>		
Trade creditors	17,110	258,764
Accruals and deferred income	114,849	78,070
Tax and social security	12,847	13,750
Amounts owed to accounting units	117,191	131,435
Loans from accounting units	70,628	89,562
Bank loan and overdraft	-	295,767
Other creditors	2,300	-
Loans from individual members	265,010	131,610
<b>Total</b>	<b>599,935</b>	<b>998,958</b>

**23. Loans**

The following are included within loans:

	2011 £	2010 £
Bank term loan	-	14,303
Bank overdraft	-	281,439
<i>Disclosable loans</i>		
Loans from accounting units	70,628	89,562
Loans from individual members: Mr A Tulloch	210,000	50,000
Mr W Wilson	30,000	50,000
Other loans	25,010	31,610
<b>Total</b>	<b>335,638</b>	<b>516,914</b>

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.

**SCOTTISH NATIONAL PARTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**24. Reserves**

	<b>Total at 1 January 2011 £</b>	<b>Transfer From Income £</b>	<b>Transfer From Expenditure £</b>	<b>Transfer Between Funds £</b>	<b>Total at 31 December 2011 £</b>
<b>Restricted reserves</b>					
Willie McRae memorial fund	500	-	-	-	<b>500</b>
Policy Development Grant fund	-	160,687	(160,687)	-	-
Parliamentary Levy fund	-	183,500	(186,354)	2,854	-
Levy on Accounting Units fund	-	31,509	(31,999)	490	-
Challenge for Independence fund	-	78,516	(79,737)	1,221	-
Election Appeal fund	-	1,704,666	(1,731,174)	26,508	-
BBC legal appeal	2,257	-	-	-	<b>2,257</b>
Referendum fund	-	502,556	-	-	<b>502,556</b>
	<b>2,757</b>	<b>2,661,434</b>	<b>(2,189,951)</b>	<b>31,073</b>	<b>505,313</b>
<b>Unrestricted reserves</b>					
Revenue fund	(720,795)	2,369,482	(1,263,931)	(31,073)	<b>353,683</b>
<b>Total</b>	<b>(718,038)</b>	<b>5,030,916</b>	<b>(3,453,882)</b>	<b>-</b>	<b>858,996</b>

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 Referendum fund represents restricted funds received from donors towards the 2014 Referendum campaign for an independent Scotland.

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 2011**

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

	2011 £	2010 £
Operating surplus/(deficit) before interest, rental income and taxation	1,564,121	(310,326)
Depreciation	30,227	28,374
Loss on disposal of assets	-	4,215
Decrease/(increase) in stocks	5,374	(410)
(Increase)/decrease in debtors	(167,886)	101,636
(Decrease)/increase in creditors	(217,722)	222,201
Other non-cash changes	(13,854)	(16,338)
Net cash inflow from operating activities	<u>1,200,260</u>	<u>29,352</u>

**26. Reconciliation of net cash inflow/(outflow) to movement in net funds/(debt)**

	2011 £	2010 £
Increase/(decrease) in cash in the year	1,311,998	(20,842)
Cash (inflow)/outflow/ from (increase)/decrease in debt	(114,017)	9,570
Change in net debt resulting from cash flows	<u>1,197,981</u>	<u>(11,272)</u>
Conversion of loans to donations	13,854	16,338
Movement in net debt in the year	<u>1,211,835</u>	<u>5,066</u>
Opening net debt	(515,698)	(520,764)
Closing net funds/(debt)	<u>696,137</u>	<u>(515,698)</u>

**27. Analysis of net funds/(debt)**

	At 1 January 2011 £	Cash flow £	Other non- cash changes £	At 31 December 2011 £
Cash	1,143	30,330	-	31,473
Short term deposits	98	1,000,204	-	1,000,302
Bank overdraft	(281,464)	281,464	-	-
	<u>(280,223)</u>	<u>1,311,998</u>	<u>-</u>	<u>1,031,775</u>
Bank loans	(14,303)	14,303	-	-
Loans from accounting units	(89,562)	17,180	1,754	(70,628)
Loans from individual members	(131,610)	(145,500)	12,100	(265,010)
	<u>(235,475)</u>	<u>(114,017)</u>	<u>13,854</u>	<u>(335,638)</u>
Total	<u>(515,698)</u>	<u>1,197,981</u>	<u>13,854</u>	<u>696,137</u>

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**28. Commitments under operating leases**

As at 31 December 2011, the Party had annual commitments under non-cancellable operating leases as set out below:

	2011 £	2010 £
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>
<b>Total</b>	<u><u>58,806</u></u>	<u><u>58,806</u></u>
Other:		
Expiry within 1 year	15,238	-
Expiry during years 2 to 5	<u>66,298</u>	<u>81,536</u>
<b>Total</b>	<u><u>81,536</u></u>	<u><u>81,536</u></u>

**29. Related party transactions**

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

<b>a) Loans from accounting units</b>	£
Loans payable at 1 <sup>st</sup> January 2011	89,562
Movement (net) in year	<u>(18,934)</u>
Loans payable at 31 <sup>st</sup> December 2011	<u><u>70,628</u></u>
<b>b) Loans from individual members</b>	
Loans payable at 1 <sup>st</sup> January 2011	131,610
Movement (net) in year	<u>133,400</u>
Loans payable at 31 <sup>st</sup> December 2011	<u><u>265,010</u></u>
<b>c) Branch dividend amounts due to branches</b>	
Due at 1 <sup>st</sup> January 2011	131,435
Movement (net) in year	<u>(14,244)</u>
Due at 31 <sup>st</sup> December 2011	<u><u>117,191</u></u>

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**30. Auditors' remuneration**

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

	<b>2011</b>	2010
	<b>£</b>	£
Auditors' remuneration – audit services – main Party	<b>17,500</b>	19,500
- audit services – policy development grant	-	1,175
- audit services – short money	<b>1,500</b>	1,500
- audit services – election expenses	<b>1,650</b>	1,650
- non audit services	<b>3,525</b>	7,150

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