

**THE SCOTTISH LABOUR PARTY**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER 2011**

**HARDIE CALDWELL LLP**

Chartered Accountants

Citypoint 2

25 Tyndrum Street

Glasgow

G4 0JY

# THE SCOTTISH LABOUR PARTY

## FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2011

<b>CONTENTS</b>	<b>PAGE</b>
Party Officers and Advisors	1
Report of the Party Officers	2
Statement of Registered Treasurer's Responsibilities	3
Report of the Independent Auditors	4-5
Income and Expenditure Account	6
Balance Sheet	7
Cash Flow Statement	8
Notes to the Financial Statements	9-14

# THE SCOTTISH LABOUR PARTY

## PARTY OFFICERS AND ADVISORS

### Party Officers:

		<b>Tenure</b>
Philomena Muggins	Chairperson	Until Nov 2011
Victoria Jamieson	Vice Chairperson	Until Nov 2011
Victoria Jamieson	Chairperson	Present
Jackson Cullinane	Vice Chairperson	Present
Colin Smyth	Scottish General Secretary Registered Treasurer	

### Party Headquarters:

John Smith House  
145 West Regent Street  
Glasgow  
G2 4RE

### Auditors:

Hardie Caldwell LLP  
Chartered Accountants  
Citypoint 2  
25 Tyndrum Street  
Glasgow  
G4 0JY

### Bankers:

Bank of Scotland  
235 Sauchiehall Street  
Glasgow  
G2 3EY

The Co-Operative Bank plc  
29 Gordon Street  
Glasgow  
G1 3PF

Unity Trust Bank plc  
9 Brindley Place  
4 Oozells Square  
Birmingham  
B1 2HB

# **THE SCOTTISH LABOUR PARTY**

## **REPORT OF PARTY OFFICERS**

**YEAR ENDED 31ST DECEMBER 2011**

### **ADMINISTRATIVE INFORMATION**

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

#### **Committees**

The following committees operate within the party to oversee and manage the organisation business. The Terms of Reference for each committee are contained within the party's constitution and the Chair of the respective committees are also listed here:-

Scottish Executive Committee	-	Philomena Muggins until November 2011
	-	Victoria Jamieson from November 2011
Local Government Committee	-	Jim McCabe
Scottish Policy Forum	-	Margaret McCulloch
Constitution Working Group	-	Jillian Merchant

#### **Staffing**

The key permanent member of staff is Colin Smyth who is the Scottish General Secretary and the Registered Treasurer.

#### **Conferences**

The party held a number of conferences and events during the year, including the Spring Conference in March and a special one day conference in October.

#### **Policy Development**

The development of our manifesto for the 2011 Scottish Parliament election continued during the year.

#### **Elections**

During the year we co-ordinated a number of campaigns in Scotland, including the Scottish Parliament election, Council by-elections and the Inverclyde UK Parliament by-election.

#### **Financial Review**

During the year the Scottish Party:

Total income for the year was £735,774  
Total expenditure was £781,569

## THE SCOTTISH LABOUR PARTY

### STATEMENT OF REGISTERED TREASURER'S RESPONSIBILITIES

The Registered Treasurer of the party is responsible for preparing the financial statements in accordance with applicable law and regulations.

The Political Parties, Elections and Referendums Act 2000 requires the Registered Treasurer to prepare financial statements for each financial year. Under that law the Registered Treasurer has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the party and of the surplus or deficit of the party for that period. In preparing these financial statements, the Registered Treasurer is required to:

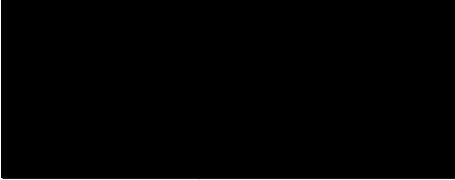
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the party will continue in business.

Section 41 of the Act requires that the Registered Treasurer is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the party at that time and to enable him to ensure that the financial statements comply with the Act. He is also responsible for safeguarding the assets of the party and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Party Officers are aware, there is no relevant audit information of which the party's auditors are unaware, and each officer has taken all the steps that he/she ought to have taken as an officer in order to make himself/herself aware of any relevant audit information and to establish that the party's auditors are aware of that information.

This report was approved by the Party Officers on 7 February 2012.



Colin Smyth  
Registered Treasurer

## **THE SCOTTISH LABOUR PARTY**

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

We have audited the financial statements of the Scottish Labour Party for the year ended 31 December 2011 set out pages 6 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of the Registered Treasurer and auditor**

As explained more fully in the Statement of Registered Treasurer's Responsibilities, the Registered Treasurer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under the section 43 of the Political Parties, Elections and Referendums Act 2000 and report in accordance with that Act.

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 Registered Treasurer; and the overall presentation of the financial statements.

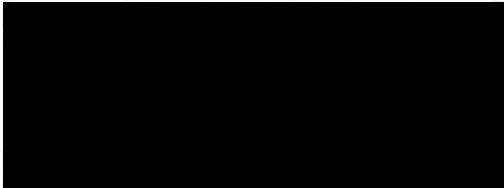
We read all the information in the Report of the Party Officers to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## THE SCOTTISH LABOUR PARTY

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the party's affairs as at 31 December 2011 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Political Parties, Elections and Referendums Act 2000.



Hardie Caldwell LLP

Statutory Auditor

Glasgow

Dated:

7 February 2012

Hardie Caldwell LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

**THE SCOTTISH LABOUR PARTY**  
**INCOME AND EXPENDITURE ACCOUNT**  
**YEAR ENDED 31ST DECEMBER 2011**

	Notes	2011 £	2010 £
<b>Income</b>			
Donation income		287,827	178,083
Membership and subscription fees	3	106,644	115,829
Fundraising	6	76,484	81,420
Conferences		42,831	119,299
Investment income	7	307	390
Notional income	8	19,920	25,675
Campaign income		201,761	186,042
		<hr/>	<hr/>
<b>Total income</b>		<b>735,774</b>	<b>706,738</b>
		<hr/>	<hr/>
<b>Expenditure</b>			
Cost of fundraising		15,623	18,346
Campaign expenditure		502,607	303,387
Staff costs	4	103,656	70,845
Management and administration costs		117,991	97,356
Notional expenditure		19,920	25,675
Conferences		21,772	84,342
		<hr/>	<hr/>
<b>Total expenditure</b>		<b>781,569</b>	<b>599,951</b>
		<hr/>	<hr/>
<b>(Deficit)/surplus before taxation</b>		<b>(45,795)</b>	<b>106,787</b>
Taxation	2	-	-
		<hr/>	<hr/>
<b>(Deficit)/surplus for the year</b>		<b>(45,795)</b>	<b>106,787</b>
		<hr/> <hr/>	<hr/> <hr/>

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

All activities are classed as continuing.



# THE SCOTTISH LABOUR PARTY

## BALANCE SHEET

AS AT 31ST DECEMBER 2011

	Notes	2011 £	2010 £
<b>Current assets</b>			
Debtors	9	54,542	33,209
Cash at bank and in hand		378,296	428,011
		<u>432,838</u>	<u>461,220</u>
<b>Less:-</b>			
<b>Current liabilities</b>			
Creditors: Amount falling due within one year	10	22,653	5,240
		<u>410,185</u>	<u>455,980</u>
<b>Total assets less current liabilities</b>			
<b>Reserves</b>			
General fund	11	<u>410,185</u>	<u>455,980</u>

These financial statements were approved by the Party Officers on 7 February 2012.



Registered Treasurer

Colin Smyth

**THE SCOTTISH LABOUR PARTY**

**CASH FLOW STATEMENT**

**YEAR ENDED 31ST DECEMBER 2011**

	Notes	2011 £	2010 £
Net cash (outflow)/inflow from Party activities before returns on investments and servicing of finance	13	(50,022)	87,109
Returns on investment and servicing of finance			
Interest received		307	390
		-----	-----
<b>(Decrease)/increase in cash</b>	<b>14</b>	<b>(49,715)</b> =====	<b>87,499</b> =====

# THE SCOTTISH LABOUR PARTY

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2011

### 1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, and are in accordance with applicable accounting standards in the United Kingdom and reflect those principles contained in the Statement of Accounts Guidance Notes issued by the Electoral Commission and in existence as at 31 December 2011.

The following principal accounting policies have been applied:

#### **Income recognition**

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

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

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

- Donations, including legacies, are recognised in the income and expenditure account on receipt. Donations of notional income are recognised on receipt at the relevant market value of the donation received with an expense of the same amount being recognised contemporaneously.
- Membership and subscription fees for an accounting period are recognised in the income and expenditure account of that period, as received up to the date of approval of the financial statements.
- Conference income, interest receivable and rental income are recognised in the income and expenditure account on an accruals basis.

#### **Leased assets**

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

# THE SCOTTISH LABOUR PARTY

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

YEAR ENDED 31ST DECEMBER 2011

### 1. ACCOUNTING POLICIES (CONTD.)

#### Liquid resources

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

#### Management and administration costs

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

### 2. BASIS OF TAXATION

The party is treated as an unincorporated association for tax purposes and is therefore liable to corporation tax on its investment income. It also bears tax on any investment transactions that give rise to capital gains. No deferred tax is recognised in the party's individual accounts as any investment income is taxed on the same basis as it is recognised in the income and expenditure account.

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

### 3. MEMBERSHIP AND AFFILIATION FEES

Included within the fees for 2011 is a contribution from the affiliated and party organisations in Scotland.

### 4. PARTICULARS OF EMPLOYEES

	2011	2010
	£	£
Gross Salaries	88,309	58,806
National Insurance Costs	8,785	5,808
Pension Costs	4,070	754
Staff Expenses	<u>2,492</u>	<u>5,477</u>
	<u>103,656</u>	<u>70,845</u>

In 2011 the Scottish Labour Party made a contribution to fifteen employees' salary costs (2010: eleven employees), all other staff costs were paid by the National Labour Party.

**THE SCOTTISH LABOUR PARTY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTD.)**

**YEAR ENDED 31ST DECEMBER 2011**

<b>5. (DEFICIT)/SURPLUS BEFORE TAX</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
This has been arrived after charging :-		
Operating lease charges – equipment	6,490	6,490
	<u>=====</u>	<u>=====</u>
<b>6. FUNDRAISING ACTIVITIES</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Fundraising and Business Events	76,484	81,420
	<u>=====</u>	<u>=====</u>
<b>7. INVESTMENT INCOME</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Interest receivable	307	390
	<u>=====</u>	<u>=====</u>
<b>8. NOTIONAL INCOME</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Relating to Elections :-		
By-Election	-	-
National Elections	13,740	14,449
Unrelated to Elections Income	6,180	11,226
	<u>=====</u>	<u>=====</u>
	19,920	25,675
	<u>=====</u>	<u>=====</u>

## THE SCOTTISH LABOUR PARTY

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

YEAR ENDED 31ST DECEMBER 2011

## 9. DEBTORS

	2011 £	2010 £
Trade Debtors	39,370	33,209
Other Debtors	15,751	-
Prepayments	(579)	-
	<u>54,542</u>	<u>33,209</u>

## 10. CREDITORS: Amounts falling due within one year

	2011 £	2010 £
Trade Creditors	8,941	1,684
Other Creditors	-	2,052
Accruals	13,712	1,504
	<u>22,653</u>	<u>5,240</u>

## THE SCOTTISH LABOUR PARTY

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

## YEAR ENDED 31ST DECEMBER 2011

## 11. RESERVES

	<b>General Fund £</b>
As at 1st January	455,980
Transfer Income and Expenditure Account	(45,795)
	<hr/>
As at 31st December	410,185
	<hr/> <hr/>

## 12. COMMITMENTS UNDER OPERATING LEASES

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

	<b>2011 Other £</b>	<b>2010 Other £</b>
Operating leases which expire:-		
Within one year	-	-
In two to five years	6,490	6,490
Over five years	-	-
	<hr/>	<hr/>
	6,490	6,490
	<hr/> <hr/>	<hr/> <hr/>

## 13. NET CASH (OUTFLOW)/INFLOW FROM OPERATING SURPLUS BEFORE TAX

	<b>2011 £</b>	<b>2010 £</b>
Operating surplus before taxation	(45,795)	106,787
Interest received	(307)	(390)
(Increase) / Decrease in Debtors	(21,333)	(16,721)
Increase / (Decrease) in Creditors	17,413	(2,567)
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating (deficit)/surplus before tax	(50,022)	87,109
	<hr/> <hr/>	<hr/> <hr/>

**THE SCOTTISH LABOUR PARTY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTD.)**

**YEAR ENDED 31ST DECEMBER 2011**

**14. ANALYSIS OF NET FUNDS**

	At 1st Jan 2011 £	Cashflow £	At 31st Dec 2011 £
Bank	412,619	(47,869)	364,750
Petty cash	14	29	43
	<u>412,633</u>	<u>(47,840)</u>	<u>364,793</u>
Short-term deposits	15,378	(1,875)	13,503
	<u><u>428,011</u></u>	<u><u>(49,715)</u></u>	<u><u>378,296</u></u>