

THE SCOTTISH LABOUR PARTY

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2010

HARDIE CALDWELL LLP

Chartered Accountants

Citypoint 2

25 Tyndrum Street

Glasgow

G4 0JY

THE SCOTTISH LABOUR PARTY

FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2010

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THE SCOTTISH LABOUR PARTY

PARTY OFFICERS AND ADVISORS

Party Officers:			Tenure
	Claudia Beamish	Chairperson	13 Nov 2010
	Philomena Muggins	Vice Chairperson	13 Nov 2010
	Philomena Muggins	Chairperson	Present
	Victoria Jamieson	Vice Chairperson	Present
	Colin Smyth	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 2010

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:-

Executive	-	Claudia Beamish until 13 November 2010
	-	Philomena Muggins from 13 November 2010
Scottish Policy Forum	-	Margaret McCulloch
Constitution Working Group	-	Stuart Clark until November 2010
Local Government	-	Jim McCabe

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.

Policy Development

The development of our manifesto for the 2011 Scottish Parliament election continued during 2010. Building on the first year Scottish Policy Forum (SPF) consultation, the second stage consultation document was launched at the special one day Spring Conference in March. Following a widespread consultation process, with submissions from party units, affiliates, members and outside bodies, the SPF considered the submissions and published their final year document 'Ideas for a Fairer Scotland' for debate at the full Scottish Labour Party Conference in October 2010. This was the culmination of the biggest policy consultation process ever conducted by a political party in Scotland.

Elections

During the year we co-ordinated a number of campaigns in Scotland, including the UK General Election and Council by-election campaigns.

Financial Review

During the year the Scottish Party:

Total income for the year was £706,738
Total expenditure was £599,951

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:

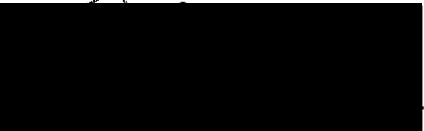
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the party will continue in business.

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 23 February 2011


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 2010 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

**Independent Auditors Report to the Registered Treasurer of the Scottish Labour Party
(continued)**

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 2010 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:

23 February 2011

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 2010

	Notes	2010 £	2009 £
Income			
Donation income		178,083	13,968
Membership and subscription fees	3	115,829	140,704
Fundraising	6	81,420	92,034
Conferences		119,299	118,671
Investment income	7	390	639
Notional income	8	25,675	6,830
Campaign income		186,042	14,876
		<hr/>	<hr/>
Total income		706,738	387,722
		<hr/>	<hr/>
Expenditure			
Cost of fundraising		18,346	28,585
Campaign expenditure		303,387	56,456
Staff costs	4	70,845	31,583
Management and administration costs		97,356	103,099
Notional expenditure		25,675	6,830
Conferences		84,342	81,372
		<hr/>	<hr/>
Total expenditure		599,951	307,925
		<hr/>	<hr/>
Surplus before taxation	5	106,787	79,797
Taxation		-	-
		<hr/>	<hr/>
Surplus for the year		106,787	79,797
		<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.

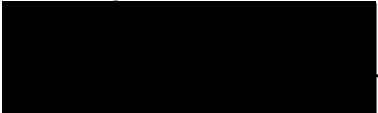
THE SCOTTISH LABOUR PARTY

BALANCE SHEET

AS AT 31ST DECEMBER 2010

	Notes	2010 £	2009 £
Current assets			
Debtors	9	33,209	16,488
Cash at bank and in hand		428,011	340,512
		<hr/>	<hr/>
		461,220	357,000
Less:-			
Current liabilities			
Creditors: Amount falling due within one year	10	5,240	7,807
		<hr/>	<hr/>
Total assets less current liabilities		455,980	349,193
		<hr/> <hr/>	<hr/> <hr/>
Reserves			
General fund	11	455,980	349,193
		<hr/> <hr/>	<hr/> <hr/>

These financial statements were approved by the Party Officers on 23 February 2011


 Registered Treasurer
 Colin Smyth

THE SCOTTISH LABOUR PARTY

CASH FLOW STATEMENT

YEAR ENDED 31ST DECEMBER 2010

	Notes	2010 £	2009 £
Net cash inflow from Party activities before returns on investments and servicing of finance	13	87,109	83,298
Returns on investment and servicing of finance			
Interest received		390	639
		<hr/>	<hr/>
Increase in cash	14	<u>87,499</u>	<u>83,937</u>

THE SCOTTISH LABOUR PARTY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2010

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 2010.

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 2010

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 2010 is a contribution from the affiliated and party organisations in Scotland.

4. PARTICULARS OF EMPLOYEES

	2010 £	2009 £
Gross Salaries	58,806	26,687
National Insurance Costs	5,808	2,564
Pension Costs	754	873
Staff Expenses	<u>5,477</u>	<u>1,459</u>
	<u>70,845</u>	<u>31,583</u>

In 2010 the Scottish Labour Party made a contribution to eleven employees' salary costs (2009: five 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 2010

5. SURPLUS BEFORE TAX

	2010 £	2009 £
This has been arrived after charging :-		
Operating lease charges – equipment	6,490	7,324

6. FUNDRAISING ACTIVITIES

	2010 £	2009 £
Fundraising and Business Events	81,420	92,034

7. INVESTMENT INCOME

	2010 £	2009 £
Interest receivable	390	639

8. NOTIONAL INCOME

	2010 £	2009 £
Relating to Elections :-		
By-Election	-	3,980
National Elections	14,449	-
Unrelated to Elections Income	11,226	2,850
	25,675	6,830

THE SCOTTISH LABOUR PARTY

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

YEAR ENDED 31ST DECEMBER 2010

9. DEBTORS

	2010 £	2009 £
Trade Debtors	33,209	16,488
	<u>33,209</u>	<u>16,488</u>
	<u>33,209</u>	<u>16,488</u>

10. CREDITORS: Amounts falling due within one year

	2010 £	2009 £
Trade Creditors	1,684	2,038
Other Creditors	2,052	5,769
Accruals	1,504	-
	<u>5,240</u>	<u>7,807</u>
	<u>5,240</u>	<u>7,807</u>

THE SCOTTISH LABOUR PARTY

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

YEAR ENDED 31ST DECEMBER 2008

11. RESERVES

	General Fund £
As at 1st January	349,193
Transfer Income and Expenditure Account	106,787
	<hr/>
As at 31st December	455,980
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12. COMMITMENTS UNDER OPERATING LEASES

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

	2010 Other £	2009 Other £
Operating leases which expire:-		
Within one year	-	-
In two to five years	6,490	7,324
Over five years	-	-
	<hr/>	<hr/>
	6,490	7,324
	<hr/> <hr/>	<hr/> <hr/>

13. NET CASH INFLOW FROM OPERATING SURPLUS BEFORE TAX

	2010 £	2009 £
Operating surplus before taxation	106,787	79,797
Interest received	(390)	(639)
(Increase) / Decrease in Debtors	(16,721)	36,198
Increase / (Decrease) in Creditors	(2,567)	(32,058)
	<hr/>	<hr/>
Net cash inflow from operating Surplus before tax	87,109	83,298
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THE SCOTTISH LABOUR PARTY

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

YEAR ENDED 31ST DECEMBER 2010

14. ANALYSIS OF NET FUNDS

	At 1st Jan 2010 £	Cashflow £	At 31st Dec 2010 £
Bank	326,311	86,308	412,619
Petty cash	61	(47)	14
	<u>326,372</u>	<u>86,261</u>	<u>412,633</u>
Short-term deposits	14,140	1,238	15,378
	<u>340,512</u>	<u>87,499</u>	<u>428,011</u>