

THE SCOTTISH LABOUR PARTY

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2007

HARDIE CALDWELL LLP

Chartered Accountants

Citypoint 2

25 Tyndrum Street

Glasgow

G4 0JY

THE SCOTTISH LABOUR PARTY

FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2007

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THE SCOTTISH LABOUR PARTY

PARTY OFFICERS AND ADVISORS

Party Officers:

Stuart Clark
David Watson
Lesley Quinn

Chairperson
Vice Chairperson
Registered Treasurer

Tenure
March 2008
March 2008

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 2007

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 organisations business. The Terms of Reference for each committee is contained within the party's constitution and the Chair of the respective committees are also listed here:-

Executive	- Stuart Clark
Scottish Policy Forums	- Bristow Muldoon
Constitution and Finance	- Stuart Clark
Local Government Liaison	- Jim McCabe

Staffing

The key permanent member of staff is Lesley Quinn 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 2007 Youth Conference in Glasgow.

Policy Development

The main deliverables were the final statement of Scottish Labour Party Policy as agreed by the Scottish Conference in Oban during November 2006. This statement of policy covers matters devolved to the Scottish Parliament and formed the basis for the drawing of Scottish Labour's 2007 General Election Manifesto.

Elections

During the year we co-ordinated a number of election campaigns at a parliamentary and council level.

Financial Review

During the year the Scottish Party had a

Total income for the year was £1,029,358

Total expenditure was £940,851

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 her to ensure that the financial statements comply with the Act. He/she 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 21 February 2008.



Lesley Quinn
Registered Treasurer

THE SCOTTISH LABOUR PARTY

Independent Auditors 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 2007 on pages 6 to 14. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the Registered Treasurer of the Scottish Labour Party 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 her in an auditors' 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 opinion we have formed.

Respective responsibilities of Registered Treasurer and auditors

As described in the Statement of Registered Treasurer's Responsibilities the Registered Treasurer is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Political Parties, Elections and Referendums Act 2000. We also report to you whether in our opinion the information given in the Report of the Party Officers is consistent with the financial statements. In addition, we report to you if, in our opinion, the party has not kept proper accounting records, if we have not received all the information and explanations we require for our audit.

We read the Report of the Party Officers and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Registered Treasurer in the preparation of the financial statements, and of whether the accounting policies are appropriate to the party's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

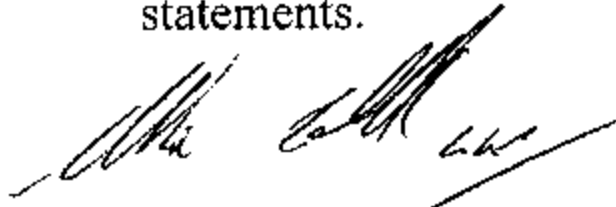
THE SCOTTISH LABOUR PARTY

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

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 party's affairs as at 31 December 2007 and its surplus for the year then ended;
- the financial statements have been properly prepared in accordance with the requirements of the Political Parties, Elections and Referendums Act 2000; and
- the information provided in the Report of the Party Officers is consistent with the financial statements.



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

Dated : 21 February 2008

THE SCOTTISH LABOUR PARTY
INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 31ST DECEMBER 2007

	Notes	2007 £	Restated 2006 £
Income			
Donation income		555,976	71,241
Membership and subscription fees	3	114,403	123,076
Fundraising	6	118,541	7,716
Conferences		42,146	127,714
Investment income	7	6,837	5,388
Notional income	8	129,310	17,269
Campaign income		62,145	45,693
Other Income	9	-	500
		<hr/>	<hr/>
Total income		1,029,358	398,597
		<hr/>	<hr/>
Expenditure			
Cost of fundraising		25,982	1,190
Campaign expenditure		638,014	64,660
Staff costs	4	31,266	17,383
Management and administration costs		94,767	209,935
Notional expenditure		129,310	17,269
Conferences		21,512	161,261
		<hr/>	<hr/>
Total expenditure		940,851	471,698
		<hr/>	<hr/>
Surplus/ Deficit before taxation	5	88,507	(73,101)
Taxation		-	-
		<hr/>	<hr/>
Surplus/ Deficit for the year		<u>88,507</u>	<u>(73,101)</u>

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.

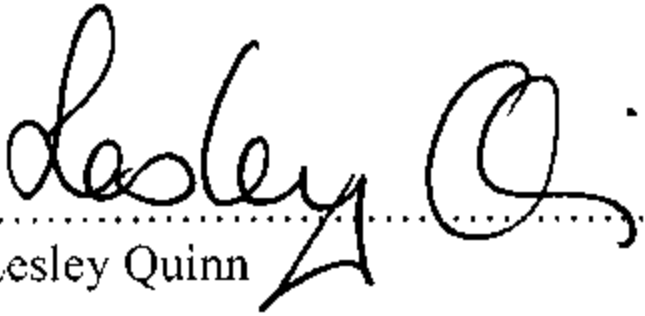
THE SCOTTISH LABOUR PARTY

BALANCE SHEET

AS AT 31ST DECEMBER 2007

	Notes	2007 £	Restated 2006 £
Current assets			
Debtors	10	36,919	48,546
Cash at bank and in hand		303,918	201,195
		<u>340,837</u>	<u>249,741</u>
Less:-			
Current liabilities			
Creditors: Amount falling due within one year	11	11,937	9,348
		<u>328,900</u>	<u>240,393</u>
Total assets less current liabilities		<u>328,900</u>	<u>240,393</u>
Reserves			
General fund	12	328,900	240,393
		<u>328,900</u>	<u>240,393</u>

These financial statements were approved by the Party Officers on 21 February 2008.



 Registered Treasurer

Lesley Quinn

THE SCOTTISH LABOUR PARTY

CASH FLOW STATEMENT

YEAR ENDED 31ST DECEMBER 2007

	Notes	2007 £	Restated 2006 £
Net cash inflow/ (outflow) from Party activities before returns on investments and servicing of finance	14	95,886	(110,298)
Returns on investment and servicing of finance			
Interest received		6,837	5,388
		—————	—————
Increase /(decrease) in cash	15	102,723 =====	(104,910) =====

The notes on pages 9 to 14 form part of these financial statements

THE SCOTTISH LABOUR PARTY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2007

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 2007.

Prior year adjustment

During the year it was clarified that a deposit account thought to be under the control of the Labour Party was actually controlled by the Scottish Labour Party. As a result the deposit account is now accounted for in the financial statements of the Scottish Labour Party and a prior year adjustment has been made, restating the 2006 balances to reflect this.

Fees received from MPs and MSPs, previously shown as Donations have been reclassified in the Income & Expenditure Account as Membership and subscription fees. A prior year adjustment has been made, restating the 2006 figures, to reflect these.

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 2007

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 2007 is a contribution from the affiliated and party organisations in Scotland.

4. PARTICULARS OF EMPLOYEES

	2007	2006
	£	£
Gross Salaries	18,569	13,833
National Insurance Costs	2,306	1,750
Pension Costs	2,306	1,800
Staff Expenses	<u>8,085</u>	<u> </u>
	<u>31,266</u>	<u>17,383</u>

In 2007 the Scottish Labour Party made a contribution to 3 employee's salary costs (2006 one employee), all other staff costs were paid by the Labour Party.

THE SCOTTISH LABOUR PARTY

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

YEAR ENDED 31ST DECEMBER 2007

5. SURPLUS BEFORE TAX

	2007 £	2006 £
This has been arrived after charging :-		
Auditors' remuneration – audit services	-	5,312
Operating lease charges – equipment	1,170	6,035

Note: *Annual auditors' remuneration is paid from National Labour Party's budget.*

6. FUNDRAISING ACTIVITIES

	2007 £	2006 £
Fundraising and Business Events	118,541	7,716
	<u>=====</u>	<u>=====</u>

Note: No dinner in 2006.

7. INVESTMENT INCOME

	2007 £	Restated 2006 £
Interest receivable	6,837	5,388
	<u>=====</u>	<u>=====</u>

8. NOTIONAL INCOME

	2007 £	2006 £
Relating to Election's :-		
By-Election	-	17,269
National Elections	111,962	-
Unrelated to Elections Income	17,348	-
	<u>=====</u>	<u>=====</u>
	129,310	17,269
	<u>=====</u>	<u>=====</u>

THE SCOTTISH LABOUR PARTY

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

YEAR ENDED 31ST DECEMBER 2007

9. OTHER INCOME

	2007	2006
	£	£
Rent received	-	500
	<u> </u>	<u> </u>
	-	500
	<u> </u>	<u> </u>

10. DEBTORS

	2007	2006
	£	£
Trade Debtors	36,919	47,252
Other Debtors	-	1,294
	<u> </u>	<u> </u>
	36,919	48,546
	<u> </u>	<u> </u>

11. CREDITORS: Amounts falling due within one year

	2007	2006
	£	£
Trade Creditors	8,019	9,348
Other Creditor	3,918	-
	<u> </u>	<u> </u>
	11,937	9,348
	<u> </u>	<u> </u>

THE SCOTTISH LABOUR PARTY

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

YEAR ENDED 31ST DECEMBER 2007

12. RESERVES

		General Fund £
As at 1st January		180,885
Deposit Account	1	<u>59,508</u>
As at 1 January restated		240,393
Transfer from Income and Expenditure Account		88,507
		<hr/>
As at 31st December		<u><u>328,900</u></u>

13. COMMITMENTS UNDER OPERATING LEASES

As at 31st December 2007, the party had annual commitments under non-cancellable operating leases as set out below:-

	2007 Other £	2006 Other £
Operating leases which expire:-		
Within one year	-	4,865
In two to five years	1,170	1,170
Over five years	-	-
	<hr/>	<hr/>
	<u>1,170</u>	<u>6,035</u>
	<u><u>1,170</u></u>	<u><u>6,035</u></u>

14. NET CASH INFLOW FROM OPERATING SURPLUS BEFORE TAX

	2007 £	Restated 2006 £
Operating surplus / (deficit) before taxation	88,507	(73,101)
Interest received	(6,837)	(5,388)
Increase / (Decrease) in Debtors	11,627	(35,220)
Increase / (Decrease) in Creditors	2,589	3,411
	<hr/>	<hr/>
Net cash inflow / (outflow) from operating Surplus / (Deficit) before tax	<u>95,886</u>	<u>(110,298)</u>
	<u><u>95,886</u></u>	<u><u>(110,298)</u></u>

THE SCOTTISH LABOUR PARTY

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

YEAR ENDED 31ST DECEMBER 2007

15. ANALYSIS OF NET FUNDS

	At 1st Jan 2007 £	Cashflow £	At 31st Dec 2007 £
Bank	195,162	97,242	292,404
Petty cash	159	421	580
	<u>195,321</u>	<u>97,663</u>	<u>292,984</u>
Short-term deposits	5,874	5,060	10,934
	<u>201,195</u>	<u>102,723</u>	<u>303,918</u>