

Annual Accounts 2022 Guide

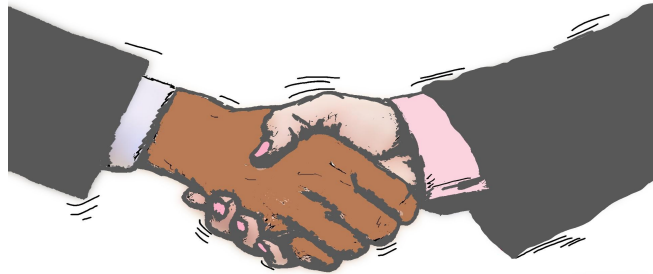
You Need:

- **Bookkeeping** (bank statements, invoices, bills, Paypal/Stripe records etc.)
- Bank statement for **January 2023** - to include any relevant transactions
- The **2021** Annual Accounts
- **Expenses** claims from members: donated / paid / yet to be paid
- The accounts [template](#)
- Year-end records for **branches (within local parties)** that have their own bank account - use this [template](#) for consistent reporting

Changes in Treasurer

Usually, the **outgoing treasurer** does the accounts.

Constitutionally, they are required to **handover** the financial records for the last six years and the Electoral Commission has a legal right to inspect the bookkeeping.



The **incoming treasurer** is responsible for emailing the accounts to HQ by **15th March 2023**.



Deadline

The deadline for sending your accounts to us is **15th March**. This allows time to review, follow-up queries and prepare for submission to the Electoral Commission.

Where income / expenses are **over £250,000**, **draft accounts** are due by **15th March** and professionally **audited** accounts by **31st May**.

Internal **sanctions** (as per the Party's Escalation Policy) can be brought against an accounting unit and its officers due to lateness or non-submission. They're also liable to pay any **fin**es from the Electoral Commission.

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You Must Use the Template Provided!

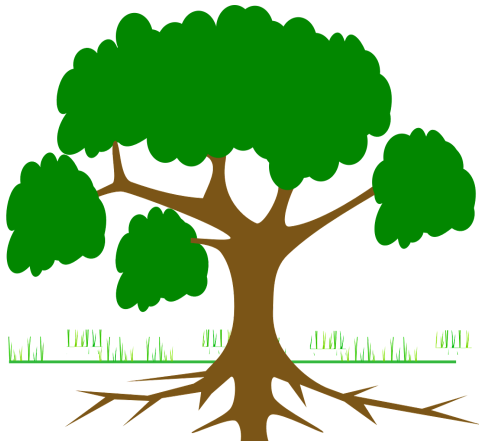
All local parties, regions, SAOs etc. are collectively known as “the accounting units of the Liberal Democrats.”

You are required to use the template provided by HQ and created to meet the Electoral Commission’s requirements.

Also, the accounts could potentially be seen by enforcement agencies, the general public, the Media and opposition parties - the template is designed to show only what is necessary.



For your AGM and members, you can supplement your accounts with a treasurer’s report containing further details.



Branches with Bank Accounts

Local party treasurers are responsible for all financial activity and reporting in their branches.

Controls should be in place to ensure all financial transactions in a branch are compliant.

For instance, a **reporting deadline for branches** to send you their year-end accounts so you can include their figures with yours.

Use our **template** for this to pass onto your branch treasurers.

Cash Accounting vs. Accruals Accounting

Either is fine, however **cash accounting is easier** as it shows money going in / out as per your bank statements, ignoring activity outside of the year.

For example, you receive a printing bill in December and pay in January - the bill isn’t accounted for until the following year, when it is paid.

Just add items paid in cash and free gifts to the bank figures.

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Raffles and Donated Prizes

Money received from raffles is **fundraising income**.

Prizes donated for free are '*gifts in kind*'

- if their value is over £100, we recommend recording them on Lighthouse as a donation
- if worth £500 or more, this is a **notional donation** and you must prove the donor is permissible by law and report on Lighthouse as a donation
- in the accounts, record donated prizes as **donation income** and a **fundraising expense**
- prizes bought or reimbursed to a member via expense claims are **fundraising expenses**



100 Clubs and Other Prize Draw Clubs

- Internal:
 - uses the **local party's bank account**
 - ticket sales are **fundraising income**
 - prizes, admin costs, lottery licence etc are **fundraising expenses**
- External:
 - **bank account in their name** and their **own management committee**
 - the local party's share of the profits from the club are reported as a **donation**
 - if amount is above the **reporting threshold** you must enter it on Lighthouse
 - to prove the club is a **permissible donor**, obtain a copy of the Club's constitution / rules to show it is 'trading' in the UK and has the right to donate money to the Lib Dems



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Balance Issues

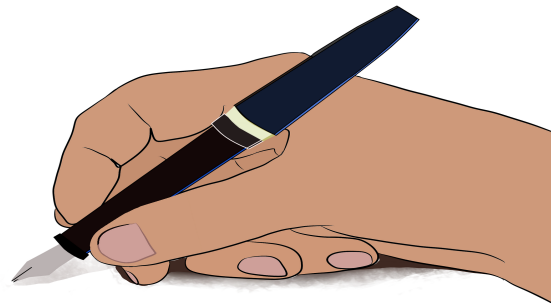
1. Is the **opening reserved figure** missing?
2. Are there **typos?** e.g. comma instead of a dot to delineate pounds and pence or missing / additional zeros or other digits in the figures?
3. **Rounding** in error to the nearest pound instead of inputting pounds and pence?

If the accounts still don't balance, use the **cash accounting** method in the "*print*" tab to check the amount it goes up / down by is equal to the surplus (profit) or deficit (loss) on the income and expenses section. Do email us if you continue to have problems.

Signatures

The Electoral Commission's minimum requirement is the **Treasurer's signature** (either the accounting year's treasurer or the current treasurer).

Accounts don't need to be inspected before they go to HQ, they just need approval from your Executive.



Common Reasons for Rejection



- 1) No **overview** notes (see "*Print*" tab in template)
- 2) Unsigned / digital **signatures**
 - accounts must be agreed and signed off (**by hand**) before sending
 - the Electoral Commission does not accept digital signatures
- 3) Different **template** used
- 4) Overuse of the **miscellaneous** income and expenditure sections
- 5) **Balance** - the figures don't add up

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Sending to HQ - Please Do Not Post!

In 2020, the Electoral Commission ended the requirement for paper accounts.

Also, the Compliance Team works from home, so please do not post anything to us.

Email the following to compliance@libdems.org.uk by **15th March**:

- your **accounts**
- the completed template **spreadsheet**
- a scan of the **signature** page (signed by the treasurer as a minimum, by hand!)

Keep the original signed copy for seven years, as per other financial records.



Independent Examiner

Accounts don't need inspection in order to submit to HQ by the deadline. This isn't required by the Electoral Commission, however it is good practice to get the examination done before **15th March** to avoid delaying submission.

For income / expenses of £250,000 or under, the accounts need inspection as an assurance to your local party members (a constitutional rather than legal requirement) and done in time for your AGM.

NOTE: (English local parties only) - the new Model Constitution (2022) requires inspection before accounts are agreed by the Executive. Please do this before the deadline.

The examiner should be **independent** from the control of the finances - so not people on your Executive, an election agent etc. or close family. An accountant is not required as the purpose is to check the accounts match the bookkeeping, so it's not an audit.

If there's no one available, ask a treasurer from a neighbouring area to inspect.

Any problems, contact compliance@libdems.org.uk and we will try to put you in touch with someone who can act as your accounts examiner.

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Auditor

For accounts with income / expenditure **over £250,000**, this is a legal requirement and the **audit report must be submitted with the accounts** to HQ for the Electoral Commission.

Auditors are professional accountants regulated by one of the main accountancy bodies and fees are typically over £3000.

If you need an auditor, email us immediately: compliance@libdems.org.uk and we'll provide a list of auditors who understand political accounts and audit other local parties.

This is different to limited company accounts so a general auditor isn't suitable.