

# Annual Accounts Guide

## You Need:

- **Bookkeeping** (bank statements, invoices, bills, Paypal / Stripe records etc.)
- Bank statement for **January** this year - to include any relevant transactions
- The **previous year's** Annual Accounts
- **Expenses** claims from members: donated / paid / yet to be paid
- The [accounts template](#)
- Year-end records of **branches** within your local party that have their own bank account. Please contact [compliance@libdems.org.uk](mailto:compliance@libdems.org.uk) for the branch accounts template.

## Changes in Treasurer

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

Constitutionally, they are required to [handover](#) the financial records for the last seven 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**.



## 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 **fines** from the Electoral Commission.

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## You Must Use the Template Provided!

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

**You are required to use the template provided by HQ which has been created to meet the Electoral Commission’s requirements.**

Also, the accounts could potentially be seen by the general public, enforcement agencies, opposition parties and the media - 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 example, a **reporting deadline for branches** to send you their year-end accounts so you can include their figures with yours.

Email [compliance@libdems.org.uk](mailto:compliance@libdems.org.uk) for the **branch accounts template** to pass onto your branch treasurers.

Note for local parties in England: there have been changes to branch bank accounts in the new Model Constitution (2022).

## 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.

You just need to add items paid in cash and free gifts to the bank figures.

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### Fixed Asset Register

This is a new section within *Input Sheet 4* of the accounts template to list all items valued in the *Fixed Assets & Investments* table. Whilst using the register is not compulsory, it's a useful reference point for the current and future year-end accounts.

Remember to report fixed assets at their original purchase price and slowly write their value down over a number of years via depreciation. **Only list fixed asset items that are to be used over several years.** You should have a policy as to the minimum cost for inclusion - some local parties only declare fixed assets worth £500 or above. Items of a lower value are just shown as normal expenses in the year of purchase.



### 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**

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## 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



### 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?

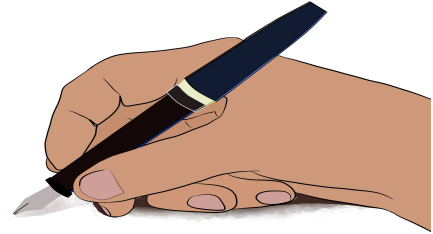
If the accounts still don't balance, use the **cash accounting** method in the "*print*" tab to check the amount it goes up / down by is equal to the surplus (profit) or deficit (loss) on the income and expenses section. Do email us if you continue to have problems.

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## 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 "Accounts To 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 / typed signatures so they must be **handwritten**
- 3) Wrong **template** used
- 4) Overuse of the **miscellaneous** income and expenditure sections
- 5) **Balance** - the figures don't add up

## 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](mailto: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.

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## 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. Copy of the English Model Constitution can be found at the bottom of the *AGM Guide* [here](#).

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 that the accounts match the bookkeeping, so it's not an audit.

Further guidance on independent inspections can be found [here](#).

If there's no one available, ask a treasurer from a neighbouring area to inspect. Any problems, contact [compliance@libdems.org.uk](mailto:compliance@libdems.org.uk) and we will try to put you in touch with someone who can act as your accounts examiner.

## 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](mailto: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 is not suitable.

