



# Political Parties, Elections and Referendums Act 2000

## 2000 CHAPTER 41

### PART III

#### ACCOUNTING REQUIREMENTS FOR REGISTERED PARTIES

##### *Accounting records*

#### **41 Duty to keep accounting records**

- (1) The treasurer of a registered party must ensure that accounting records are kept with respect to the party which are sufficient to show and explain the party's transactions.
- (2) The accounting records must be such as to—
  - (a) disclose at any time, with reasonable accuracy, the financial position of the party at that time; and
  - (b) enable the treasurer to ensure that any statement of accounts prepared by him under section 42 complies with the requirements of regulations under subsection (2)(a) of that section.
- (3) The accounting records must in particular contain—
  - (a) entries showing from day to day all sums of money received and expended by the party, and the matters in respect of which the receipt and expenditure take place; and
  - (b) a record of the assets and liabilities of the party.
- (4) The treasurer must ensure that any accounting records made for the purposes of this section in respect of the party are preserved for at least six years from the end of the financial year of the party in which they are made.
- (5) Where a party ceases to be registered within the period of six years mentioned in subsection (4) as it applies to any accounting records, the obligation to ensure that

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those records are preserved in accordance with that subsection shall continue to be discharged by the last treasurer of the party unless—

- (a) the Commission consent in writing to the records being destroyed, or
  - (b) the Commission direct in writing that the records may be otherwise disposed of and the records are disposed of in accordance with the direction.
- (6) In this Part “financial year”, in relation to a registered party, means such period as may be determined by the Commission under subsection (7), whether in relation to—
- (a) registered parties generally,
  - (b) any description of registered parties which includes the party, or
  - (c) the party itself.
- (7) The Commission may determine that the period which is to be a financial year of a registered party shall be—
- (a) a period of twelve months specified by the Commission, or
  - (b) a shorter period specified by them for any transitional purposes;
- and different determinations may be made under this subsection in respect of financial years beginning on different dates.
- (8) The Commission shall notify registered parties of any determination under subsection (7) which affects them.
- (9) Nothing in this Part applies in relation to a minor party.

### *Statements of accounts*

## **42 Annual statements of accounts**

- (1) The treasurer of a registered party shall prepare a statement of accounts in respect of each financial year of the party.
- (2) A statement of accounts under this section must—
- (a) comply with such requirements as to its form and contents as may be prescribed by regulations made by the Commission; and
  - (b) be approved—
    - (i) by the management committee of the party, if there is one, and
    - (ii) otherwise by the registered leader of the party.
- (3) Regulations under subsection (2)(a) may in particular—
- (a) require any such statement to be prepared in accordance with such methods and principles as are specified or referred to in the regulations;
  - (b) specify information which is to be provided by way of notes to the accounts.
- (4) Without prejudice to the generality of paragraph 22(7) of Schedule 1 (power to make different provision for different cases), regulations under subsection (2)(a) may impose different requirements—
- (a) according to whether the gross income or total expenditure of a party—
    - (i) does not exceed £5,000,
    - (ii) exceeds £5,000 but not £250,000, or
    - (iii) exceeds £250,000;

- (b) in respect of (on the one hand) parties registered in the Great Britain register and (on the other) those registered in the Northern Ireland register.
- (5) Any special provision made by regulations under subsection (2)(a) in respect of parties registered in the Northern Ireland register shall, however, only have effect in relation to any financial year of a party so registered during any part of which there is an order in force under section 70(1); and, in the case of any other financial year of a party so registered, any provision made by such regulations in respect of parties registered in the Great Britain register shall have effect in relation to that financial year of the party as if it were registered in that register.
- (6) The treasurer of a registered party shall ensure that any statement of accounts prepared under this section in respect of the party is preserved for at least six years from the end of the financial year to which the statement relates.
- (7) Subsection (5) of section 41 shall apply in relation to the preservation of any such statement as it applies in relation to the preservation of any accounting records (the references to subsection (4) of that section being read as references to subsection (6) above).
- (8) In this Part “gross income” means gross recorded income from all sources.

#### **43 Annual audits**

- (1) Where a registered party’s gross income or total expenditure in any financial year exceeds £250,000, the accounts of the party for that year must be audited by a qualified auditor.
- (2) Where—
  - (a) a registered party’s gross income or total expenditure in any financial year does not exceed £250,000, but
  - (b) the Commission consider it desirable that the accounts of the party for that year should be audited,the Commission may (at any time) give the treasurer of the party a direction requiring those accounts to be audited by a qualified auditor.
- (3) An audit under this section must be carried out—
  - (a) by the end of the period of six months from the end of the financial year in question, if the audit is required by subsection (1), or
  - (b) by the later of—
    - (i) the end of the period of six months from the end of the financial year in question, and
    - (ii) the end of the period of three months from the date of the direction under subsection (2),if the audit is required by such a direction.
- (4) If it appears to the Commission that any accounts required to be audited by virtue of—
  - (a) subsection (1), or
  - (b) a direction under subsection (2),have not been duly audited by the time mentioned in subsection (3)(a) or (b) (as the case may be), the Commission may appoint a qualified auditor to audit those accounts.

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- (5) The expenses of any audit carried out by an auditor appointed by the Commission, including the auditor's remuneration, may be recovered by the Commission from the funds of the party concerned as a debt due to the Commission.
- (6) The Commission may by regulations make provision with respect to—
  - (a) the appointment of auditors to carry out audits under this section;
  - (b) the duties of auditors so appointed; and
  - (c) the removal or resignation of such auditors and matters connected with their removal or resignation.
- (7) Regulations under subsection (6)(c) may make provision requiring such person as is specified in the regulations to deliver to the Commission, in a case where such an auditor is removed or resigns, a copy of such document relating to the auditor's removal or resignation as is so specified; and any such person commits an offence if he fails to comply with any such requirement.
- (8) Subsection (6)(a) does not apply in relation to the appointment of auditors by the Commission under subsection (4).

#### **44 Supplementary provisions about auditors**

- (1) An auditor appointed to carry out an audit under section 43—
  - (a) has a right of access at all reasonable times to the party's books, documents and other records; and
  - (b) is entitled to require from the treasurer or any other officer of the party, or from any former treasurer or officer of the party, such information and explanations as he thinks necessary for the performance of his duty as auditor.
- (2) If any person fails to provide an auditor with any access, information or explanation to which the auditor is entitled by virtue of subsection (1), the Commission may give that person such written directions as they consider appropriate for securing that the default is made good.
- (3) A person guilty of disobedience to any directions of the Commission under subsection (2) may, on the application of the Commission to the High Court or the Court of Session, be dealt with as for disobedience to an order of that Court.
- (4) A person commits an offence if he knowingly or recklessly makes to an auditor appointed to carry out an audit under section 43 a statement (whether written or oral) which—
  - (a) conveys or purports to convey any information or explanation to which the auditor is entitled by virtue of subsection (1), and
  - (b) is misleading, false or deceptive in a material particular.

#### **45 Delivery of statements of accounts etc. to Commission**

- (1) The treasurer of a registered party shall, if the party's accounts for a financial year are not required to be audited by virtue of section 43(1) or (2), within 3 months of the end of that financial year deliver to the Commission—
  - (a) the statement of accounts prepared for that year under section 42; and
  - (b) the notification required to be sent with that statement by virtue of section 32(1).

- (2) If a registered party's accounts for a financial year are required to be audited by virtue of section 43(1) or (2), the treasurer of the party shall, no later than 7 days after the end of the period allowed under section 43(3) for the audit of the accounts, deliver to the Commission—
  - (a) the documents mentioned in paragraphs (a) and (b) of subsection (1); and
  - (b) a copy of the auditor's report (unless the auditor was appointed by the Commission under section 43(4)).
- (3) If for any special reason the Commission think it fit to do so they may, on an application made to them before the end of the period otherwise allowed under this section for delivering a party's documents within subsection (1) or (2) for any financial year, by notice extend that period by a further period specified in the notice.
- (4) Any documents delivered to the Commission under this section shall be kept by the Commission for such period as they think fit.

#### **46 Public inspection of parties' statements of accounts**

Where the Commission receive any statement of accounts under section 45, they shall—

- (a) as soon as reasonably practicable after receiving the statement, make a copy of the statement available for public inspection; and
- (b) keep any such copy available for public inspection for the period for which the statement is kept by them or, if they so determine, during such shorter period as they may specify.

#### **47 Criminal penalty for failure to submit proper statement of accounts**

- (1) If in the case of a registered party—
  - (a) any requirements of regulations under section 42(2)(a) are not complied with in relation to any statement of accounts delivered to the Commission under section 45, or
  - (b) any statement of accounts, notification or auditor's report required to be delivered to the Commission under that section is not delivered to them before the end of the relevant period,the person who was the treasurer of the party immediately before the end of that period is guilty of an offence.
- (2) It is a defence for a person charged with an offence under subsection (1) to prove that he took all reasonable steps, and exercised all due diligence, to ensure (as the case may be)—
  - (a) that the requirements mentioned in subsection (1)(a) were complied with in relation to the statement of accounts, or
  - (b) that the document mentioned in subsection (1)(b) would be delivered to the Commission before the end of the relevant period.
- (3) It is also a defence for a person charged with an offence under subsection (1) to prove—
  - (a) that any failure to comply with the requirements mentioned in subsection (1) (a) was attributable to things done or omitted to be done at a time before he became the treasurer of the party, and

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- (b) that he took all reasonable steps, and exercised all due diligence, to overcome the consequences of the acts or omissions.
- (4) In this section “the relevant period” means the period allowed by section 45(1) or (2) for delivering the statement, notification or report to the Commission or, if that period has been extended (or further extended) under section 45(3), that period as so extended.

#### *Revision of statements of accounts*

### **48 Revision of defective statements of accounts**

- (1) If it appears to the treasurer of a registered party that any statement of accounts for any financial year of the party has not complied with any requirements of regulations under section 42(2)(a) (“the prescribed requirements”), he may prepare a revised statement of accounts.
- (2) Where that statement of accounts has been delivered to the Commission, the revisions shall be confined to—
  - (a) the correction of those respects in which the statement did not comply with the prescribed requirements, and
  - (b) the making of any necessary consequential alterations.
- (3) If it appears to the Commission that there is, or may be, a question whether any statement of accounts delivered to them under section 45 complies with the prescribed requirements, they may give notice to the treasurer of the party in question indicating the respects in which it appears to them that such a question arises or may arise.
- (4) The notice shall specify a period of not less than one month for the treasurer to give the Commission an explanation of the statement of accounts or prepare a revised statement.
- (5) If at the end of the specified period, or such longer period as the Commission may allow, it appears to the Commission—
  - (a) that no satisfactory explanation of the statement of accounts has been given, and
  - (b) that the statement has not been revised so as to comply with the prescribed requirements,they may, if they think fit, make an application to the court under subsection (6).
- (6) The Commission may under this subsection make an application to the court—
  - (a) for a declaration or declarator that the statement of accounts does not comply with the prescribed requirements, and
  - (b) for an order requiring the treasurer of the party to prepare a revised statement of accounts.
- (7) If the court orders the preparation of revised accounts, it may—
  - (a) give such directions as it thinks fit;
  - (b) order that all or part of the costs (or in Scotland expenses) of and incidental to the application are to be borne by the registered leader and the treasurer of the party.

- (8) Where the court makes an order under paragraph (b) of subsection (7) it shall have regard to whether the officers mentioned in that paragraph knew or ought to have known that the statement did not comply with the prescribed requirements, and it may—
- (a) order the payment of different amounts by different officers;
  - (b) exclude one of the officers from the order; or
  - (c) exclude both officers from the order and instead order the payment of all or part of the costs (or expenses) mentioned in that paragraph out of the funds of the party.
- (9) The Commission may by regulations make provision with respect to the application of provisions of this Part in relation to the preparation and auditing of revised statements of accounts, and their delivery to the Commission, and may in particular make provision—
- (a) for any matter for which provision may be made by regulations under section 43(6);
  - (b) for disapplying, to such extent or in such circumstances (or both) as regulations under this subsection may specify, any of the provisions of section 47(1).
- (10) Section 46 applies in relation to any revised statement of accounts received by the Commission in accordance with regulations under subsection (9) as it applies in relation to any statement of accounts received by them under section 45.
- (11) The provisions of this section apply equally to statements of accounts that have already been revised, in which case the references to revised statements of accounts shall be read as references to further revised statements.
- (12) In this section “the court”—
- (a) in relation to England and Wales or Northern Ireland, means a county court; and
  - (b) in relation to Scotland, means the sheriff.

#### *Parties with accounting units*

### **49 Division of responsibilities in case of party with accounting units**

Where a registered party is a party with accounting units, sections 41 to 48 have effect in accordance with Schedule 5, which makes provision for securing that—

- (a) financial matters relating to the party exclusive of those relating to any accounting unit, and
  - (b) financial matters relating to any such unit,
- are dealt with separately for the purposes of this Part.