

**annual
report
2007**



the co-operative party

This annual report has been produced by The Co-operative Party.

For information or more details, please contact:

The Co-operative Party
77 Weston Street
London SE1 3SD
t: 020 7367 4150
f: 020 7407 4476
e: mail@party.coop
w: www.party.coop

This document is available on our website. To receive an electronic version, please contact Dorota Kseba at d.kseba@party.coop, or telephone 020 7367 4155.

**The Co-operative Party
Annual Report
2007**

Chair's report	1
Organisation	2
A review of the highlights of the year	4 - 5
Celebrating the Party's 90th Anniversary	6
National Politics	7 - 10
Policy	11 - 12
Party organisation & grass roots	13 - 14
Financial accounts	15 - 19
Co-operative Party Fund	20 - 30

CHAIR'S REPORT



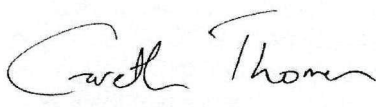
the co-operative party

2007 has been, for the Co-operative Party, the busiest in recent memory. In celebrating our 90th birthday, we have shown the full breadth of the co-operative impact on Government policy making. From enterprise to public services to consumer rights and local democracy, the co-operative sector contributes strongly to the Government's agenda. We have commemorated our distinguished history and demonstrated our bright present and future.

The Party's job has always been to promote co-operative policies and interests in the most effective and credible manner possible. We do this with the support, both financial and moral, of the UK co-operative sector – something that we are both grateful for and rightly proud.

As a result of our work, the contribution that co-operatives and mutuals make to our economy and society is now better understood than ever before. The strong support of our sector from the Government, be it through new legislation, support for co-operative enterprise, new co-operative ideas for public services, or just plain recognition of what we have to offer, is a matter of record.

Looking forward to 2008 with optimism, the Party is in arguably the best position for a generation to influence the direction of our country. With Gordon Brown as Prime Minister, the first of our members ever to occupy 10 Downing Street, and half of his Cabinet members of the Party, the opportunity has never been greater. We enter 2008 in good health and with the wind behind us.



Gareth Thomas MP
Chair, Co-operative Party

ORGANISATION

National Executive Committee

The Party is directed by its National Executive Committee, which meets four times per year.

In 2007, NEC elections were held; and in June 2007 a new NEC was formed to guide the party over the next two years.

National Executive Committee 2005-2007

Eastern	Graeme Watkins	
East Midlands	Roy Mayhew	A, P
London	Gareth Thomas MP (Chair)	S, P
North	Brenda Forster	P
North West	Dave Pownall	P
Scotland	Margaret Smyth	A, P
South	Bob Harber	A
South West	Geraint Day	A, P
West Midlands	John Kennedy	
Wales	Rt Hon. Alun Michael MP	P
Yorks & Humber	George Richardson	
Youth	James Flinders	
OMOV (M)	Michael McGowan	
OMOV (F)	Jeanette Timmins (Vice Chair)	A, S, P
Co-operatives UK	John Anderson	
The Co-operative Group	Len Wardle	A, S
The Westminster Parliamentary Group	Andy Reed MP	
	Sarah McCarthy-Fry MP	

National Executive Committee 2007- 2009

Eastern	George Conchie	P
East Midlands	Roy Mayhew	P
London	Gareth Thomas MP (Chair)	S, P
North	Brenda Forster	P
North West	Dave Pownall	P
Scotland	Margaret Smyth (Vice Chair)	A,S, P
South	Bob Harber	A
South West	Geraint Day	A, P
West Midlands	John Kennedy	
Wales	Rt Hon. Alun Michael MP	P
Yorks & Humber	The Revd Paul Flowers	P
Youth	Kiran Mahil	P
OMOV (M)	Michael McGowan	P
OMOV (F)	Fay Tinnion	
Co-operatives UK	John Anderson	
The Co-operative Group	Len Wardle	A, S
The Co-operative Group (from December 2007)	Jeanette Timmins	A, S
The Westminster Parliamentary Group	Sarah McCarthy-Fry MP	
	Mark Lazarowicz MP	

Key to Sub Committee memberships:

A Audit Sub Committee
S Staffing & Remuneration Sub Committee
P Policy Sub Committee

The Party Staff in 2007 were:

London Office:

General Secretary
Parliamentary Officer
Political Development Officer
Political Development Officer
Policy Officer (from December 2007)
Political Assistant (until October 2007)
Administrative Assistant (until May 2007)
Administrative Assistant (from June 2007)
90th Director

Peter Hunt
Matthew Ball
Martin Tiedemann
Alexandra Baker
Robbie Erbmman
Helen Pyper
Debi Jones
Dorota Kseba
Hilda Carr

Cardiff Office:

Assistant General Secretary
Administrative Assistant

Karen Wilkie
Cheryl Andrews

Glasgow Office:

Secretary, Scottish Co-operative Party
Administrative Assistant

Jim Lee
Linda Mylet

Newcastle Office:

Membership Administrator

Sylvia Hanlon

Party Membership

(As at 31 December)

Region

	2006	2007
Eastern	761	752
East Midlands	510	503
London	1390	1470
National Party	16	13
North	340	321
North West	698	732
Scotland	885	913
South East	454	421
South West	628	639
West Midlands	350	341
Wales	530	530
Yorks & Humber	514	540
Brussels	15	15
Total	7091	7190

THE CO-OPERATIVE PARTY: A REVIEW OF THE

JANUARY 90th Theme - The role of the Third Sector in our society	Publication – In the Public Interest Parliamentary Screening of ‘Black Gold’ movie Reception at 10 Downing Street with Prime Minister Rt. Hon. Tony Blair MP attended by Co-op Societies and Parties
FEBRUARY 90th Theme - Fair and ethical trade	Fair Trade Fortnight – multiple events nationally with Labour/Co-op MPs Wakefield event with Labour DFID Secretary Rt. Hon. Hilary Benn MP & Ed Balls MP, attended by 200 activists.
MARCH 90th Theme - Community based sports	Publication – The People’s Games
APRIL 90th Theme - Consumer and employee involvement in healthcare	Department of Health Social Enterprise Unit up and running Labour DFID Minister Gareth Thomas MP announced £5 million for co-op development in Africa
MAY 90th Theme - Renewable energy and carbon reduction	Joint meeting with RSA on Carbon Neutral Communities, attended by Ed Miliband MP Labour leadership campaign event - Gordon Brown for Britain in Manchester (Co-op Group HQ) for 400 Co-operative Party members Scottish Parliament elections returned largest ever Labour Co-op Group
JUNE 90th Theme - Access to financial services	Labour Economic Secretary Ed Balls MP announced HM Treasury review of Co-operatives and credit union legislation Simon Burgess selected as Labour Co-op PPC for Brighton Kemptown
JULY 90th Theme - The value of employee ownership	Gordon Brown became first Co-operative Party member to be appointed Labour Party Leader and Prime Minister Record number of Labour Co-op Government Ministers appointed by Gordon Brown Gerry Ryan selected as Labour Co-op PPC for Croydon Central Geraint Davies selected as Labour Co-op PPC for Swansea West All Party Parliamentary Group for Employee Ownership established under Labour Co-op MP Sarah McCarthy-Fry Labour Co-op MP Adrian Bailey re-elected as Chair of All Party Building Societies and Financial Mutuals Group.

HIGHLIGHTS OF THE YEAR

AUGUST 90th Theme - Community owned public housing	Cabinet Office Third Sector report into co-ops and mutuals, written by Rt. Hon. Alun Michael MP, published by Labour/Co-op Minister for the Third Sector Phil Hope MP
SEPTEMBER 90th Theme - Co-operative values in schools	<p>90th Anniversary Conference at Westminster Central Hall, attended by Hilary Benn MP, Douglas Alexander MP, Ed Balls MP, plus many other Government ministers</p> <p>Labour DCSF Secretary Ed Balls MP launched the publication 'Co-operative Values Make a Difference' at both the Co-operative and Labour Party conferences. The Co-operative Party's history, 'Serving the People,' was launched with Rt Hon. Alun Michael MP, Sarah Brown and Maggie Darling in Parliament.</p> <p>Labour PM Gordon Brown MP addressed Co-operative Party reception at Labour Party Conference</p> <p>Stephen Twigg selected as Labour Co-op PPC for Liverpool West Derby</p>
OCTOBER 90th Theme - Land Reform	<p>Labour Communities Secretary Hazel Blears MP launched DCLG Community Empowerment document</p> <p>Labour Government supported Private Members Bill becomes law</p> <p>Stella Creasy selected as Labour Co-op PPC for Walthamstow</p>
NOVEMBER	<p>Labour Economic Secretary Kitty Ussher MP visited co-operatives in Manchester</p> <p>HM Treasury began preparations for a draft Credit Unions and Co-operatives Bill</p> <p>Lorraine Barrett AM hosted an event in the National Assembly to celebrate 90 years of the Co-operative Party in Wales.</p>
DECEMBER	<p>Kathryn Smith selected as Labour Co-op PPC for Gravesham</p> <p>HM Treasury published responses to the IPS Legislative Review Consultation</p>

CELEBRATING THE PARTY'S 90TH ANNIVERSARY

Annual Conference held at Westminster Central Hall

Impact – Holding the Conference at the historic venue of Westminster Central Hall, where the Party was founded 90 years ago ensured a strong connection with the history of the Party while placing the event at the centre of UK politics. This had significant positive effects: three Members of Cabinet plus many more Ministers attended the events, and overall delegate numbers increased by a third.

'Co-operative Market'

Impact – This was a new venture and a highly successful one, with more than 200 visitors attending who would not normally see the Conference. There was a strong corporate presence from the Group and other mutual sector partners in the 'Co-operative market place', where mutuals and co-operatives presented their activities and gave delegates and visitors an opportunity to discuss the issues surrounding these models.

Reception in the Atrium, Portcullis House

Impact – It was a particular privilege to have exclusive use of the Atrium at Portcullis House for this high quality event. Over 300 guests attended the reception with special guests Sarah Brown and Maggie Darling. Once again, Co-operative Group branding and attendance was strongly reflected at the event.

90th anniversary publications

Impact – The publications produced for the 90th reflect fully the need for an updated and well regarded history (by Greg Rosen)

plus the continuing co-operative contribution to the policy agenda.

YouGov opinion poll into the value of co-operative action in our society

Impact – The YouGov survey (<http://www.yougov.com/archives/pdf/Topline%20Coop.pdf>) has provided the Party with significant additional evidence for its campaigning work and will feature in many future publications.

NATIONAL POLITICS

PARLIAMENTARY GROUPS

The Westminster, Scottish and Welsh Groups work to an agreed Parliamentary strategy, with defined priorities for implementing the Co-operative political agenda. Each year, Party staff provide the following support for the Parliamentary Groups:

- Produce a draft Parliamentary Strategy for NEC approval
- Service monthly Parliamentary Group meetings
- Brief Parliamentarians on policy issues
- Administer Parliamentary Sub-Groups
- Arrange for Ministers to address the Group
- Ensure liaison between the Group, NEC and the wider movement
- Produce a quarterly activity report for NEC meetings
- Provide liaison between the three Groups
- Provide liaison with Government Ministers and Departments

Westminster

Labour/Co-operative Members of the House of Commons:

Adrian Bailey - West Bromwich West (PPS, Defence, 2006 -)
Alan Keen - Feltham and Heston
Alun Michael - Cardiff South and Penarth (Privy Counsellor)
Andy Love - Edmonton
Andy Reed - Loughborough (PPS, Treasury, 2005 – 2007)
Angela Smith - Basildon (Minister, Communities 2006-2007; PPS,

Prime Minister, 2007 -)
Barry Sheerman - Huddersfield (Chair, Education Select Committee, 2001 -)
David Drew - Stroud
David Lepper - Brighton Pavillion
David Taylor - Leicestershire North West
Don Touhig - Islwyn (Privy Counsellor)
Doug Naysmith - Bristol North West
Ed Balls - Normanton (Minister, Economic Secretary to the Treasury, 2006 -2007; Secretary of State, Children, Schools & Families, 2007 -)
Gareth Thomas - Harrow West (Minister, International Development, 2003 - ; Minister, Business, Enterprise & Regulatory Reform, 2007 -)
Ian Davidson - Glasgow South West
Jim Dobbin - Heywood and Middleton
John McFall – W. Dunbartonshire (Chairman, Treasury Select Committee, 2001 -)
Ken Purchase - Wolverhampton North East
Linda Gilroy - Plymouth Sutton
Linda Riordan - Halifax
Louise Ellman - Liverpool Riverside
Mark Hendrick - Preston (PPS, Foreign Secretary, 2006 – 2007; PPS, Justice, 2007 -)
Mark Lazarowicz - Edinburgh North and Leith (PPS, Scotland Office, 2007 -)
Meg Hillier - Hackney South and Shoreditch (PPS, Communities, 2006 -2007; Minister, Home Office, 2007 -)
Meg Munn - Sheffield Heeley (Minister, Women and Equalities, 2006 – 2007; Minister, Foreign & Commonwealth Office, 2007 -)
Mike Gapes - Ilford South (Chair, Home Affairs Select Committee, 2005 -)
Phil Hope - Corby (Minister, Education and Skills, 2005 – 2007; Minister, Cabinet Office, 2007 - ; Minister, Third Sector, 2007 -)
Sarah McCarthy-Fry - Portsmouth North (PPS, Treasury, 2006 – 2007; PPS, Chief Whip, 2007 -)

Thomas McAvoy - Rutherglen and Hamilton West (Privy Counsellor; Whip)

Labour/Co-operative Members of the House of Lords:

Baroness Nicol

Baroness Thornton

Lord Bassam of Brighton (Whip, 2001 -)

Lord Bilston

Lord Davies of Coity

Lord Foulkes of Cumnock (Privy Counsellor)

Lord Fyfe of Fairfield

Lord Graham of Edmonton (Privy Counsellor)

Lord Moonie

Lord Morris of Manchester (Privy Counsellor)

Lord Thomas of Macclesfield

Lord Tomlinson

Summary of work

The following Ministers attended special Group meetings in 2007:

- Rt Hon Patricia Hewitt MP, as Secretary of State for Health
- Ed Miliband MP, as Minister for the Third Sector
- Phil Hope MP, as Minister for the Third Sector
- Kitty Ussher MP, as Economic Secretary to the Treasury

The following specific issues were engaged by sub-groups:

Meeting with Pfizer re single distribution of pharmaceutical products

Meeting with GMB re Co-op Funeralcare Issues

NHS Foundation Trust Hospitals Review

Phillips Review on Party Funding

Legislation support was provided for:

- Industrial and Provident Societies Legislation Review
- Building Societies (Funding) Mutual Societies (Transfers) Act 2007

In Scotland and Wales, the Co-operative representation was strengthened, with a net gain of one Labour/Co-op MSP, despite disappointing election results for Labour.

Westminster Parliamentary Panel

In 2007 the following candidates were selected as Labour/Co-operative prospective parliamentary candidates:

Simon Burgess – Brighton Kemptown

Stella Creasy – Walthamstow

Geraint Davies – Swansea West

Andrew Pakes – Milton Keynes North

Gerry Ryan – Croydon Central

Kathryn Smith – Gravesham

Stephen Twigg – Liverpool West Derby

Scotland

Labour/Co-operative Members of the Scottish Parliament

Rhona Brankin – Midlothian (Deputy Minister, Health & Community Care, 2005 – 2007; Minister, Communities, 2007 – 2007, Shadow Minister, Education and Lifelong Learning, 2007 –)

Bill Butler – Glasgow Anniesland

Helen Eadie – Dunfermline East

George Foulkes (from May 2007) - Lothians

Cathy Jamieson – Carrick, Cumnock

& Doon Valley (Minister, Justice, 2003 – 2007; Shadow Minister for Parliamentary Business, 2007 - ; Deputy Leader, Labour, 2000 –)

James Kelly (from May 2007) – Glasgow Rutherglen

Johann Lamont – Glasgow Pollok (Deputy

Minister, Justice, 2006 -2007)

Marilyn Livingstone – Kirkcaldy

Christine May (until May 2007) – Central Fife

Frank McAveety – Glasgow Shettleston

Scottish Parliament

The elections in May 2007 led to changes in the MSP Group, with George Foulkes and James Kelly joining while sadly Christine May lost her seat. Helen Eadie MSP was elected Chairperson and James Kelly MSP was elected Vice Chairperson.

The Group adopted a Programme of Action supporting the Co-operative Agenda for the next 4 years.

The MSP Group held a number of meetings with key organisations within the movement including:

- Representatives of the credit union movement to discuss the wider implications of the Farepak crisis and possible credit union solutions
- Supporters Direct in Scotland on progress being made in Scotland with funding. A members' debate was held on this issue
- Scottish Social Enterprise Coalition on Communities Scotland's Social Enterprise Strategy
- Scottish Enterprise and Co-operative Development Scotland to discuss prospects for C:DS under the new administration

The Group made an intervention in the Christmas and New Year's Day Bill Stage 1 debate on behalf of co-ops and supported an amendment to the Bankruptcy and

Diligence Bill to allow the Executive to continue to review the effect of the legislation on credit unions and to make appropriate exemptions in future if required.

Wales

Labour/Co-operative Members of the National Assembly for Wales

Christine Chapman – Cynon Valley

Huw Lewis – Merthyr Tydfil and Rhymney (Deputy Minister, Social Justice & Regeneration, 2003 – 2007; Deputy Minister, Economy & Transport, 2007 – 2007)

John Griffiths – Newport East (Deputy Minister for Skills, 2007 –)

Lorraine Barrett – Cardiff South and Penarth (Commissioner, 2007 –)

National Assembly for Wales

The four Labour and Co-operative AMs were all re-elected on 3 May. However, Labour failed to secure a majority and on 6 July a special Labour Party Wales conference was called to seek approval for a coalition agreement with Plaid Cymru under the terms of the One Wales document.

Much of what the Co-operative Party supported or campaigned to include in Labour's manifesto was retained in the One Wales document e.g.

- Work with Supporters Direct to help give Welsh fans of all sports a greater say in how their clubs are run
- Develop new not-for-profit nursing homes
- Promote the expansion of Community Land Trusts in Wales
- Retaining the commitment to credit

- union development and to access for every secondary school to a credit unit
- The Carbon Neutral Wales commitment, a key part of the Co-operative Party's manifesto, has not been diluted.

The chapter on the economy repeatedly emphasises sustainability, which suggests tipping the balance towards 'local' jobs (including co-ops & social enterprises) rather than inward investment. It also commits the public sector to ensuring greater procurement from SMEs & Welsh businesses. There will be a single investment fund for business support, including support for social enterprises.

In the subsequent government reshuffle, Huw Lewis AM, who had been appointed as a Deputy Minister in May lost this role. John Griffiths remained Deputy Minister for Skills.

In the Assembly, the Group worked to ensure our manifesto aims, as outlined in A Co-operative Agenda for Wales 2007 were prioritised in the programme of the coalition government; meeting relevant ministers and working closely with Co-operatives & Mutuals Wales and the Wales Co-operative Centre to ensure a common approach.

In November, Lorraine Barrett AM and the Co-operative Assembly Group hosted Celebrating 90 Years of the Co-operative Party in Wales in the National Assembly Pierhead Building, Cardiff Bay. The event was chaired by Alun Michael MP and speakers represented the Wales Co-op Centre, The Co-operative, ProMo Cymru, Co-operatives & Mutuals Wales, the Community Mutuals Housing Group, ABCUL and the RSA.

Geraint Davies brought greetings from Swansea, where Co-operative Congress voted to establish the Party. 90 years after that vote, Geraint was welcomed as the prospective Labour & Co-operative Candidate for Swansea West.

The 70+ visitors met exhibitors representing most of the twelve anniversary themes: the role of the third sector – Co-ops & Mutuals Wales; fair & ethical trade – the Co-operative (with samples of fair trade wine, juice & chocolate); renewable energy & carbon reduction – the RSA project in Cardiff South & Penarth; access to financial services – ABCUL; employee ownership – the Wales Co-op Centre; housing – CMHG; education – Dynamix; and the information age – ProMo Cymru (with examples of websites and videos made by and for young people).

POLICY

Each month in 2007 the Party highlighted a particular aspect of co-operative political action. Below are summaries of the themes that were covered.

The Role of the Third Sector

The Co-operative Party believes that Third Sector organisations offer a credible model for the reform of public service delivery, combining the efficiency and innovation of a commercial environment whilst maintaining a public sector ethos and democratic accountability. To ensure a flourishing co-operative contribution to the third sector, Government must play its part in assisting the development of new co-operative organisations.

Fair & Ethical Trade

The Co-operative Party believes that trade is the best tool in the fight against global poverty. Two areas are key to rebalancing the global trading system: fair trade and trade justice. The co-operative movement has led the UK business sector's contribution to ethical trade. This role must be recognised and built upon by all businesses and individuals.

Community sports ownership & participation

The Co-operative Party believes that sport should be accessible to all, and that it should be controlled in the interests of those who participate in its enjoyment. The Party has successfully promoted supporter involvement in football through football supporters' trusts. Now it is time to extend this way of involving people to other mass participation sports and the Olympic Games.

Mutuality in Healthcare

Through NHS Foundation Hospitals and GP out-of-hours mutuals, the co-operative sector has assisted the development of stakeholder focussed health services.

Energy and Carbon Reduction

In keeping with their ethos, co-operative organisations have been at the forefront of attempts to address the impact of business operations on the environment. The Co-operative Party believes that to effectively tackle climate change it will require all companies, communities and individuals to follow their example.

Financial Services

Co-operatives and mutual organisations are able to drive high ethical standards, due to the fact that they exist to serve their members rather than shareholders. The Co-operative Party believes that the benefits they have brought should be recognised; the Party calls on the Government to put them at the centre of policies to improve financial access for the poorest within society, both at home and abroad.

Employee Ownership

Giving employees a say in their business not only provides them with economic gains, but also means happier & more productive staff. The Co-operative Party believes that the benefits of employee ownership should be more widely understood.

Housing

Through housing co-operatives and other mutual organisations, tenants and residents have taken real control over decisions that affect their lives and created strong and cohesive communities. The Community

Mutual and Gateway models for stock transfer now give tenants significantly increased opportunities to contribute to the management of social housing; and can be catalysts for local economic and co-operative regeneration.

Education

The Co-operative movement was founded on its commitment to promoting education. The Co-operative Party, in coalition with the Co-operative Group and the Co-operative College, has been calling for the creation of trust schools using a mutual governance structure. These schools would give key stakeholders a say in how their school is run – putting parents, pupils and staff at the heart of decision making.

The Information Age

The internet only works through the active co-operation of all service providers. High-tech IT businesses are being developed as co-operatives to maximise the benefits for users.

Land Reform

Today, much of the UK's land remains in the ownership of medieval landowners. Co-operatives are the antithesis of feudalism and offer a new way to hold land in common.

Co-operation, New Democracy & Empowerment

By involving citizens in decisions that affect their lives, co-operatives build confidence and trust in our institutions. This approach should be extended across the public and private sectors to ensure social justice for all.

PARTY ORGANISATION & GRASS ROOTS

In September 2006, The Party Support Unit was established to:

- make better use of reduced resources
- drive the recruitment strategy
- provide focussed, equitable, and co-ordinated support to local parties
- ensure at least one quality event is held in each region annually as well as in Scotland and Wales

During 2007 it:

Set up a dedicated website for local party officers – www.party.coop/support

The Party Support section of the website contains the Handbook, the Rule Book, current and archive copies of the Party Support Mailing, the monthly model branch agenda and the model local party newsletter.

Surveyed the support needs of each local Party

Provided regular information for parties and branches through the monthly Party Support Mailings (PSM).

The PSM attempts to consolidate all the information to local parties so that nothing gets lost or overlooked. These are posted to Party Council Secretaries, with a summary and list of enclosures posted separately to all branch secretaries. They are also emailed.

Compiled the Party Officers' Handbook

The Handbook is being continually added to. A list of contents is sent with each PSM, with new or amended sections highlighted. Local Parties can download the chapters

they need from www.party.coop/support or request them from the Cardiff office if they don't have access to the internet.

Established the young members' network

The Party has focussed on new ways of recruitment as well as development, thus over 20% of members recruited to the party in the past 12 months have been under 40, and over 60% of these joined on-line.

Organised or supported weekend schools

The PSU has taken on the organisation of both the Gilsland Spa and the South West weekend school, and has helped with the Stoke Rochford weekend school. Our objective is to develop weekend schools that are funded and supported by the whole region, rather than an individual party.

Convened regional young members' forums

Regional forums have been held in Scotland, Wales and the North West and we will arrange more in 2008, possibly in conjunction with the weekend schools or the regional party support briefings.

Organised Summerfest Youth alongside Summerfest

Summerfest Youth was a great success, with 24 young people aged between 18 and 35 attended from Scotland, Wales and 7 of the 9 English regions.

Produced local campaign guides for the 90th themes

The campaign guides translated each of the 12 90th themes into action for local parties.

Run the Party's unofficial blog Politics for People (see <http://politicsforpeople.blogspot.com/>).

Launched the Co-operative Party Facebook Groups

The Facebook Group has been a tremendous success. There are now almost 400 members, and regional groups have been established. Members of the Facebook Group can be contacted instantly about meetings and campaigns.

Produced join us inserts for young people, Labour Party members and society members

The inserts supplement the join us leaflet and are targeted for use at different events e.g. students' unions, Labour Party events, CG regional members' meetings.

Produced template newsletters

This is an off-the-shelf newsletter for local parties to reproduce. It is updated monthly with national news – parties just need to insert news of local events, campaigns, meetings and contact details.

Run stalls at regional Labour Party events, and the conferences of Compass, Progress and the Fabians

Drafted reports to regional Society members' meetings

This year, the Party Support Unit provided a model annual report to regional members' meetings and a PowerPoint presentation.

FINANCIAL ACCOUNTS

Co-operative Party Fund

Financial Review

The key influence on Party finances in the year has been the impact of the 90th anniversary celebrations. Additional funding of £73,000 was received from the Co-operative Group values and principles committee to assist with a higher profile conference and events throughout the year.

It was also the first full year of new, lower subscription income from the Group, although this was partly offset by an across the board increase in subscriptions.

A one-off windfall of approximately £26,000 was received in respect of an out of court settlement for a legal judgement awarded in the Party's favour ten years ago.

A further one-off increase in income and expenditure was for additional work undertaken for Mutuo in 2007, totalling £79,000.

The reported surplus also includes an adjustment charge, which has been added to the personnel costs in order to comply with FRS17 pension requirements.

Statement of Responsibilities of the Registered Treasurer

The Registered Treasurer is required by the Political Parties, Elections and Referendums Act 2000 to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Party and of its surplus or deficit for that period. In preparing those 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;

- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Party will continue in existence.

Under section 41 of the Political Parties, Elections and Referendums Act 2000 the Registered Treasurer is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Party and to enable him to ensure that the financial statements comply with this Act. He is also responsible for safeguarding the assets of the Party and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

Corporate Governance

The NEC is ultimately responsible for the Party's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Party has established procedures necessary to comply with the provisions of the Turnbull guidance, insofar as applicable to the Co-operative Party, as at the year-end. The review process will continue throughout future years and will be considered regularly by the NEC and its audit sub-committee. The Party has continued to review and report on internal financial controls in accordance with the Co-operatives UK's Corporate Governance Code of Best Practice pre May 2005. The process used by the NEC to review the effectiveness of the system of internal control includes the following:

- A full risk assessment has been carried out to identify and evaluate the risks faced by the Party. Procedures have been established to regularly identify, evaluate and to manage significant risk.
- The Audit Committee reviews the effectiveness of the risk management process.
- A part-time Internal Auditor appointed by Co-operatives UK to report direct to the Party Audit Committee.
- Considering reports from management and external audit on the system of internal control and any material control weaknesses.
- To embed the process within the culture of the Party, all staff have been consulted and engaged in the risk management process.
- The Chair of the Audit Committee reports on all audit committee meetings to the NEC.

The Party has adopted an internal control framework that contains the following key elements:

Internal Control

The NEC is ultimately responsible for the Party's system of internal control and for monitoring its effectiveness. The NEC through its Audit Committee monitors these systems through a review of:

- Monthly and annual accounts
- Reports of Internal Auditor
- Reports of External Auditors

The Audit Committee also reviews steps taken in response to significant findings or identified risks.

The system of internal financial controls are designed to provide reasonable but not absolute assurances regarding:

- The safeguarding of assets

- The maintenance of proper accounting records
- The reliability of financial information
- General responsibility for taking such steps as are reasonably open to it prevent and detect fraud and other irregularities.

However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

Key procedures that have been established and are designed to provide effective internal financial control are:

Control Environment

An organisational structure is in place with clearly defined lines of responsibility for planning, executing, controlling and monitoring business operations. The NEC approves the Party's annual budgets. The Party has a policy of communicating its management accounts on a monthly basis to each member of the Audit Committee. Results are reported against budgets with any significant variances considered by the NEC and remedial action taken where appropriate.

Risk Identification

The NEC and Party management have the primary responsibility for identifying the key risks to the business. The Party operates a risk management process identifying key risks facing the Party. Each risk is assessed for probability and likelihood of occurrence with the existing controls in place or controls required necessary to manage the risk. All risks are logged and categorised with the key risks reported to the Audit Committee and NEC.

Control Procedures

The Party have implemented control procedures designed to ensure complete and accurate accounting for financial

transactions and to limit the potential exposure to loss of assets or fraud. Measures taken include physical controls, segregation of duties, reviews by management and external audit to the extent necessary to arrive at their audit opinions.

Information and Communication

The Party operates a comprehensive membership database and communication takes place through Party Newsletters.

Monitoring

There are clear and consistent procedures in place for monitoring the system of internal financial controls. The Audit Committee meets at least twice a year and, within its remit, reviews the effectiveness of the Party's internal financial controls. The Party utilises the services of an Internal Auditor who carries out a review of control procedures on a regular basis having due regard to the key risks identified. Audit reports will be issued to the appropriate level of management, containing recommendations to improve controls where weaknesses are found, together with management's response.

Auditors

KPMG LLP were re-appointed as auditors on 14 September 2007.

Going Concern

After making all enquiries, the NEC has a reasonable expectation that the Party has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the Party's accounts.

National Executive Committee Certification

The accounts and notes on pages 4 to 14 are hereby signed on behalf of the National Executive Committee.

GARETH THOMAS MP
Chair



PETER HUNT
General Secretary

03 March 2008



Independent Report of the Auditors, KPMG LLP, to the National Executive Committee of the Co-operative Party

We have audited the financial statements of the Co-operative Party for the year ended 31 December 2007 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the National Executive Committee of the Co-operative Party, as a body, 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 National Executive Committee those matters we are required to state to it 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 National Executive Committee, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the National Executive Committee and Auditors

As described in the Statement of Registered Treasurer's Responsibilities on page 1, the Registered Treasurer is responsible for the preparation of financial statements in accordance with applicable law and UK Accounting Standards (UK 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 have been properly prepared in accordance with the accounting policies set out on page 7 and the requirements of the Political Parties, Elections and Referendums Act 2000. We also report to you if, in our opinion, the Report of the Party Officers is not consistent with the financial statements, if the Party has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the financial statements and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit 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 National Executive Committee 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 misstatements whether covered by fraud or other irregularity of error. In forming our opinion we also evaluated the overall adequacy of the

presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the Party as at 31 December 2007 and of the income and expenditure for the year then ended and has been properly prepared in accordance with the accounting policies set out on page 7 and the requirements of the Political Parties, Elections and Referendums Act 2000.

KPMG LLP
Chartered Accountants
Registered Auditor
Manchester
03 March 2008

THE CO-OPERATIVE PARTY FUND

INCOME AND EXPENDITURE ACCOUNT

Year ended 31 December 2007

	Note	2007		2006
		£	£	£
Income				
Subscriptions				
- Co-operative Societies	2	493,473		551,781
- Service Agreements		154,105		153,000
- Individual Members		69,829		56,702
		<u>717,407</u>		<u>761,483</u>
Chargeable Services		260,297		180,000
Annual Conference		51,698		10,904
Grants and Donations	3	73,560		1,300
Constituency Plan Agreements	5	15,380		15,210
Other Income		40,822		2,137
		<u>1,159,164</u>		<u>971,034</u>
Total Income				
Expenditure				
Salaries and wages		386,572	338,479	
Social security costs		42,480	36,766	
Other employment costs		72,466	131,659	
Pension - current service cost		69,000	68,000	
Personnel costs	4	<u>570,518</u>	<u>574,904</u>	
Rent,Rates,Insurance		60,102	58,412	
Light,Heat,Cleaning		4,651	5,089	
Postage,Telephone		27,189	21,526	
Repairs & Renewals		900	2,275	
Printing & Administration		68,069	60,068	
Committees		29,560	28,545	
Staff Travel		39,129	36,041	
Schools,Conferences		112,532	9,587	
Professional Fees		2,321	7,997	
Auditor's Fees - for audit		9,457	9,400	
“ “ - for other work		-	-	
Grants to Party Councils		157,586	153,000	
Constituency Plan Agreements	5	50,140	45,600	
Election Campaign expenses		11,689	(554)	
Depreciation		17,357	19,428	
Miscellaneous		8,394	50,068	
		<u>1,169,594</u>	<u>1,081,386</u>	
Total Expenditure				
Deficit from Party activities before interest		(10,430)	(110,352)	
Interest		5,909	3,605	
Other finance income	11	<u>12,000</u>	<u>13,000</u>	
Surplus/(Deficit) from Party activities before taxation		7,478	(93,747)	
Corporation Tax	6	(1,123)	(705)	
Deficit for the year	10	<u>6,356</u>	<u>(94,452)</u>	

The above relates entirely to continuing operations.

The notes on pages 23 to 30 form part of these financial statements

THE CO-OPERATIVE PARTY FUND

BALANCE SHEET

as at 31 December 2007

	Note	2007	2006
		£	(as restated) £
Fixed Assets			
Tangible Fixed Assets	7	28,593	31,804
Current Assets			
Debtors	8	226,360	302,309
Investments		-	50,000
Cash in hand		57,556	35,580
		<u>283,916</u>	<u>387,889</u>
Creditors			
Amounts falling due within one year	9	(58,386)	(198,926)
Net Current Assets		<u>225,530</u>	<u>188,963</u>
Net Assets excluding pension (liability)/asset		<u>254,123</u>	<u>220,767</u>
Pension (Liability)/Asset	11	(11,000)	129,000
Net assets including pension (liability)/asset		<u>243,123</u>	<u>349,767</u>
Financed by Reserves			
Revenue	10	243,123	349,767
		<u>243,123</u>	<u>349,767</u>

The notes on pages 23 to 30 form part of these financial statements

THE CO-OPERATIVE PARTY FUND

CASH FLOW STATEMENT

Year ended 31 December 2007

	Note	2007 £	2006 £
Net cash outflow from operating activities	15	(18,665)	(63,471)
Returns on investments and servicing of finance	16	5,909	3,605
Taxation Corporation tax		(1,123)	(705)
Capital expenditure and financial investment	17	35,854	(63,601)
Increase/(decrease) in cash		<u>21,975</u>	<u>(124,172)</u>
Reconciliation of net cash flow to movement in net fund			
Net fund at 1 January	18	35,580	159,752
Increase/(decrease) in cash	18	21,975	(124,172)
Net fund at 31 December	18	<u>57,555</u>	<u>35,580</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR YEAR ENDED 31 DECEMBER 2007

		2007 £	2006 £
Surplus/(Deficit) before taxation		7,478	(93,747)
Taxation		(1,123)	(705)
		<u>6,355</u>	<u>(94,452)</u>
Actuarial loss	11	(113,000)	(9,000)
Total gains and losses recognised since last annual report		<u>(106,645)</u>	<u>(103,452)</u>

The notes on pages 23 to 30 form part of these financial statements

THE CO-OPERATIVE PARTY FUND

Notes to the Financial Statements

1. STATEMENT OF ACCOUNTING POLICIES

Basis of Accounting

The financial statements reflect the transactions of the national organisation of the Co-operative Party, including its regional officers. The transactions of local Party organisations and of the political activities of individual Co-operative Societies, which are not under the control of the National Executive Committee, are not included. Grants to local Party organisations are shown as expenditure in the financial statements when they are made.

The financial statements are prepared on the historical cost accounting basis and in accordance with regulations made by the Electoral Commission.

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:

Subscription income is recognised on an accruals basis and includes all amounts receivable for the year.

Grants and donations are recognised in the income and expenditure account when the conditions for receipt have been met.

Investment income is accounted for on an accruals basis.

Depreciation

Fixed assets are depreciated by equal annual instalments over their expected useful economic lives at the following minimum rates:

Fixtures, Fittings and equipment - 20% to 50% per annum.

Motor Vehicles - 25% per annum.

The foregoing rates are used to write off the cost of the various assets over their expected useful life.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Corporation and Deferred Taxation

The Party is liable to tax on investment income. No deferred tax is recognised in the Party's accounts as investment income is taxed on the same basis as it is recognised in the income and expenditure account.

Pensions

Staff are eligible to join a pension scheme operated by Co-operatives UK Limited, which provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of Co-operatives UK Limited, being invested with the Co-operative Insurance Society.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Operating Leases

Rental payable under operating leases are charged to the Income and Expenditure account as they arise.

2. INCOME

Service agreement subscriptions represent management fees for managing the political services of the Co-operative Group Limited.

Society	£	Society	£
Anglia Regional	21,125	Penrith	528
Chelmsford Star	3,057	Plymouth & South West	16,304
East of England	19,387	Raunds	331
Glenhall Housing	111	Scottish Midland	11,061
Midcounties	30,149	Southern	16,782
Midlands	55,957	Co-operative Group	232,772
		United Co-op	85,909
		Total Subscriptions	<u>493,473</u>

3. GRANTS & DONATIONS

	2007 £	2006 £
Coop Group donation	73,000	-
Other grants and donations	560	1,300
	<u>73,560</u>	<u>1,300</u>

4. EMPLOYEES

The average number of staff, who are employed by the Co-operative Party was as follows:

2007		2006	
Full time	Part time	Full time	Part time
10	2	10	2

The costs incurred in respect of these employees were:

	2007 £	2006 £
Wages and salaries	386,572	338,479
Social security costs	42,480	36,766
Pension - current service cost (note 11)	69,000	68,000
Others	72,466	131,659
	<u>570,518</u>	<u>574,904</u>

Others include an amount for consultancy of £59,398 (2006 - £59,587) and £7,496 (2006 - £64,463) for redundancy and compensation payments.

Senior Management remuneration

The total remuneration of the members of the management team was as follows:

	2007 £	2006 £
Salaries	215,929	232,519
Bonus	18,400	-
Pension Contributions	22,241	23,949
Taxable Benefits	5,507	5,507
	<hr/> 262,077	<hr/> 261,975

The remuneration of the General Secretary (who is also the highest paid employee) included above was as follows:

	2007 £	2006 £
Salary	83,130	70,469
Bonus	15,000	-
Pension Contributions	8,562	7,258
Taxable Benefits	11,929	5,507
	<hr/> 118,621	<hr/> 83,234

The taxable benefits stated at £11,929 (2006 - £5,507) is for the provision of a company vehicle up to the 31st October 2007. The General Secretary was gifted the company vehicle by the NEC on the 1st November 2007.

The number of staff whose total emoluments paid or receivable was over £50,000, excluding pension contributions, fell within the following bands:

	2007 Number	2006 Number
£75,001 - £80,000	-	1
£80,001 - £85,000	-	-
£85,001 - £90,000	-	-
£90,001 - £95,000	-	-
£95,001 - £100,000	-	-
£100,001 - £105,000	-	-
£105,001 - £110,000	1	-

The total remuneration paid to the above employee for the year was £118,621 (2006 - £83,234)

The most recent actuarial valuation of the pension scheme was at 30 September 2004.

The Co-operative Party is required to comply with the reporting requirements relating to Financial Reporting Standard 17.

5. CONSTITUENCY PLAN AGREEMENTS

These are agreements entered into between the Co-operative National Executive Committee and the Labour Party Constituencies to which partner Societies Co-operative parties contribute one third of the cost. Payments are made direct to the Constituency Labour Parties.

6. TAXATION

	2007 £	2006 £
Corporation tax	<hr/> 1,123	<hr/> 705

7. TANGIBLE FIXED ASSETS

	Motor Vehicle	Fixtures, Fittings & Equipment	Total
	£	£	£
COST			
1 January 2007	22,548	173,175	195,723
Additions	-	14,146	14,146
Disposal	(22,548)	-	(22,548)
	<u>-</u>	<u>-</u>	<u>-</u>
31 December 2007	<u>-</u>	<u>187,321</u>	<u>187,321</u>
DEPRECIATION			
1 January 2007	18,535	145,384	163,919
Charge for year	4,013	13,344	17,357
Disposal	(22,548)	-	(22,548)
	<u>-</u>	<u>-</u>	<u>-</u>
31 December 2007	<u>-</u>	<u>158,728</u>	<u>158,728</u>
NET BOOK VALUE			
1 January 2007	4,013	27,791	31,804
	<u>-</u>	<u>-</u>	<u>-</u>
31 December 2007	<u>-</u>	<u>28,593</u>	<u>28,593</u>

Capital Commitments

As at 31 December 2006 there were no capital commitments (2006 - £nil).

Capital expenditure authorised but not committed amounts to £nil (2006 - £nil).

8. DEBTORS	2007	2006 (as restated)
	£	£
Trade Debtors	197,409	183,016
Prepayments	25,345	17,020
Other Debtors	3,606	102,273
	<u>226,360</u>	<u>302,309</u>

Trade Debtors are shown after making a provision for bad debts of £ nil (2006 - £ Nil) . Debit balances amounting to £4,333 analysed within accruals in 2006 have been restated to other debtors.

9. CREDITORS	2007	2006 (as restated)
	£	£
Trade Creditors	7,795	10,588
Taxation and Social security	10,279	41,952
Accrued charges	40,312	146,386
	<u>58,386</u>	<u>198,926</u>

A debit balance of £4,333 in accrued charges has been restated to other debtors.

10. RESERVES	2007	2006
	£	£
Revenue reserve		
Balance at 1 January	349,767	453,219
Surplus/(Deficit) for the year	6,356	(94,452)
	<u>-</u>	<u>-</u>
Actuarial loss recognised in the pension scheme	(113,000)	(9,000)
	<u>243,123</u>	<u>349,767</u>
Balance at 31 December	<u>243,123</u>	<u>349,767</u>

	2007 £	2006 £
Profit and loss reserve excluding pension (liability)/asset	223,733	220,767
Net pension (liability)/asset	(11,000)	129,000
Profit and loss reserve including pension (liability)/asset	212,733	349,767

11. PENSION SCHEME

The Co-operative Party (the employer) along with other employers participates in a defined benefit pension scheme (The Co-operatives UK Limited Staff Pension Scheme), the assets of which are held in a separate fund administered by trustees. A funding update was carried out as at 30 September 2006 and updated to 31 December 2007, by a qualified independent actuary. The service cost has been calculated using the Projected Unit method. The major assumptions used by the actuary were (in nominal terms):

	2007	2006	2005
Rate of increase in salaries	5.40%	5.00%	4.80%
Rate of increase in pensions in payment	3.40%	3.00%	2.70%
Rate of increase of pensions in deferment	3.40%	3.00%	2.80%
Discount rate	5.50%	5.10%	4.70%
Inflation assumption	3.40%	3.00%	2.80%

The Employer contributed to the Scheme at the rate of 10.3% of pensionable salaries during the period

The assets in the scheme and the expected rates of return (*) were:

	Year ended 31/12/2007 £000's		Year ended 31/12/2006 £000's		Year ended 31/12/2005 £000's	
Equities	7.0%	308	7.0%	286	6.6%	491
Bonds	4.5%	373	4.5%	300	4.1%	598
Property	7.0%	130	7.0%	112	6.6%	210
Total market value of assets		811		698		1,299
Actuarial value of liability		(822)		(569)		(1,135)
Surplus in the scheme		(11)		129		164
Effect of surplus cap		-		-		-
Recoverable (deficit)/surplus in the scheme		(11)		129		164
Net pension (liability)/asset		(11)		129		164

Note: The market value of the assets and the actuarial value of the liabilities for the year ended 31 December 2007 do not make any allowance for the liabilities in respect of members entitled to deferred pensions and members in receipt of pension as these liabilities have been secured with CIS Limited and the corresponding assets offset one another. This approach is the same as that used for the year ended 31 December 2006.

* The rates quoted on page 27 are the expected net rates of return after allowance for expenses

Analysis of amount charged to operating profit

	2007 £000's	2006 £000's
Current service cost	69	68
Total operating charge	<u>69</u>	<u>68</u>

Analysis of net return on Scheme

	2007 £000's	2006 £000's
Expected return on scheme assets	43	49
Interest on pension liabilities	(31)	(36)
Other finance income	<u>12</u>	<u>13</u>

Analysis of amount recognised in Statement of Total Recognised Gains and Losses (STRGL)

	2007 £000's	2006 £000's
Actual return less expected return on assets	22	124
Experience loss on liabilities	(72)	(123)
Changes in assumptions	(63)	(10)
Actuarial loss recognised in STRGL	<u>(113)</u>	<u>(9)</u>

Movement in surplus during the year

	2007 £000's	2006 £000's
Surplus in scheme at beginning of the year	129	164
Movement in year:		
Current service cost	(69)	(68)
Contributions	30	29
Net return on assets	12	13
Actuarial loss	(113)	(9)
(Deficit)/Surplus in scheme at end of year	<u>(11)</u>	<u>129</u>

11 PENSION SCHEME (continued)

History of experience gains and losses

	2007	2006	2005	2004	2003
Difference between the expected and actual return on scheme assets: amount (£000's)	22	124	87	167	(266)
% of scheme assets	2.7%	17.8%	6.7%	5.6%	(10.0%)
Experience gains and losses on scheme liabilities:					
amount (£000's)	(72)	(123)	32	(264)	232
% of the present value of the scheme liabilities	(8.8%)	(21.6%)	2.8%	(9.5%)	10.4%
Total amount recognised in statement of total recognised gains and losses:					
amount (£000's)	(113)	(9)	(17)	(206)	(213)
% of the present value of the Scheme liabilities	13.7%	(1.6%)	(1.5%)	(7.4%)	(9.5%)

12. OPERATING LEASE COMMITMENTS

At 31 December 2007 the Party had annual commitments under non-cancellable operating leases as follows:

	Land and Buildings 2007 £	Land and Buildings 2006 £
Operating leases expiring:		
in the second to fifth year inclusive	<u>36,425</u>	<u>31,000</u>

13. NATIONAL EXECUTIVE COMMITTEE

The members of the National Executive Committee (NEC) receive no remuneration for their Services as members. They do receive reimbursement for expenses incurred in discharging their responsibilities in accordance with the scales set by the Co-operatives UK. Expenses reimbursed for 2007 were £29,560 (2006 - £28,501). Certain members of the NEC are also members of the boards or governing committees of other bodies in the Co-operative Movement (see note 14). Information regarding transactions between the Party and such bodies is given in note 2.

14. RELATED PARTIES

Communicate Mutuality Limited

As the General Secretary of the Co-operative Party is the Chief Executive of Communicate Mutuality Limited (CM) and the Party also has Len Wardle as a member of the NEC on the board of CM, CM constitutes a related party. In accordance with the disclosure requirements of Financial Reporting Standard 8 'Related Party Disclosure' the following transactions took place during 2007:

The Co-operative Party provided services to Communicate Mutuality Limited totalling £259,000 (2006:£180,000). Amounts remaining outstanding at the year end total £138,567 (2006 £121,354).

Co-operatives UK Limited

Co-operatives UK Limited maintained a fund on behalf of the Party up to 31 December 2005 which amounted to £156,240. The Party, as from 1st January 2006, registered as a separately registered I&P society and as a result all funds were paid over from Co-operatives UK Limited during 2006.

15. RECONCILIATION OF DEFICIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2007 £	2006 £
Deficit for the year before interest	(10,430)	(110,352)
Depreciation charge	17,357	19,428
(Increase)/Decrease in stocks	-	2,928
Decrease/(Increase) in debtors	75,949	(113,884)
(Decrease)/Increase in creditors	(140,541)	99,409
Movement in pension for employer liabilities	39,000	39,000
Net cash outflow from operating activities	<u>(18,665)</u>	<u>(63,471)</u>

16. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2007 £	2006 £
Interest received	5,909	3,605

17. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2007 £	2006 £
Purchase of tangible fixed assets	(14,146)	(13,601)
Purchase of investments	-	(50,000)
Sale of investments	50,000	-
	<u>35,854</u>	<u>(63,601)</u>

18. ANALYSIS OF NET FUND

	1 January 2007 £	Cash Flows £	31 December 2007 £
Cash in hand	35,580	21,976	57,556
Total	<u>35,580</u>	<u>21,977</u>	<u>57,556</u>

The Co-operative Party
77 Weston Street
London SE1 3SD

t: 020 7367 4150
f: 020 7407 4476
e: mail@party.coop
w: www.party.coop