



Annual Report 2008

Also available at www.party.coop
or from 77 Weston Street, London SE1 3SD

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.

Chair's Report



2008 was a year of great achievement for the Co-operative Party.

Continuing legislative reform on behalf of the co-operative movement, more effective engagement with Government Ministers on relevant policy issues, the encouragement of government initiatives across a range of areas including education and housing and the impact of our campaigning activities all contributed to a very successful 12 months.

A long-standing and loyal membership, together with the backing of a supportive co-operative movement and a Government which counts among its members a historically high number of Labour and Co-operative MPs were the foundations of the Party's success in 2008.

As we look to the future and the uncertainty of the global economy, there are many challenges for the Co-operative Party in developing new policy ideas, promoting new forms of mutuality and co-operation and campaigning on the issues that matter to the co-operative movement.

There has never been a time in which co-operative and mutual values are more important and the Co-operative Party will continue to be an effective political voice for those values in 2009 and beyond.

A handwritten signature in black ink, which appears to read 'Gareth Thomas'.

Gareth Thomas MP
Chair, the Co-operative Party

Organisation

National Executive Committee

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

National Executive Committee 2007-2009

Eastern	George Conchie	P
East Midlands	Cllr 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 (until June 2008) Richard Bickle (from September 2008)	
Wales	Rt. Hon Alun Michael MP	P
Yorks & Humber	Cllr 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 Jeanette Timmins	A, S
The Westminster Parliamentary Group	Sarah McCarthy-Fry MP (until October 2008) Mark Lazarowicz MP Don Touhig MP (from October 2008)	

Key to Sub-Committee memberships:

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

Party Staff

The Party Staff in 2008 were:

London Office:

General Secretary	Peter Hunt (until March 2008) Karen Wilkie (acting from March to July 2008) Michael Stephenson (from July 2008)
Parliamentary Officer	Matthew Ball (until March 2008)
Political Development Officer	Martin Tiedemann (Campaigns & Communications Officer from October 2008)
Political Development Officer	Alexandra Baker (Parliamentary Officer from October 2008)
Policy Officer	Robbie Erbmann
Administrative Assistant	Dorota Kseba

Cardiff Office:

Deputy General Secretary	Karen Wilkie
Administrative Assistant	Cheryl Andrews

Glasgow Office:

Secretary, Scottish Co-operative Party	Jim Lee
Administrative Assistant	Linda Mylet

Newcastle Office:

Membership Administrator	Sylvia Hanlon
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Party Membership

(As at 31 December)

Region	2007	2008
Eastern	752	723
East Midlands	503	471
London	1470	1452
National Party	13	33
North	321	300
North West	732	752
Scotland	913	889
South East	421	410
South West	639	567
West Midlands	341	362
Wales	530	420
Yorks & Humber	543	482
Brussels	15	16
Total	7193	6877

The Co-operative Party: A review of the highlights of the year

In 2008 the Co-operative Party helped deliver a number of significant achievements for the co-operative movement.

Government Review of IPS law

The Co-operative Party played a key role in ensuring the completion of the review of legislation governing IP societies and credit unions. Treasury Minister Kitty Ussher released the Government's report at a meeting of Co-operative Party MPs in June.

This historic achievement provided an enormous boost to the entire co-operative sector, ensuring a level playing field for co-operatives and providing reforms that will save the sector millions of pounds. Legislative Reform Orders were prepared in Autumn 2008 and will be laid before Parliament in 2009.

Private Member's Bill on Co-operative and Community Benefit Societies and Credit Unions

The Co-operative Party successfully secured the support of the MP for Croydon North Malcolm Wicks for a Private Member's Bill to end all legislative obstacles facing the co-operative sector.

The Bill will complement the Ussher Review and represents the culmination of 10 years work by the Co-operative Party on several Private Member's Bills to ensure a fairer deal for the sector.

Building Societies (Funding) and Mutual Societies (Transfers) Act

The Co-operative Party helped ensure the completion of secondary legislation to put this act into effect. The legislation makes it possible for different categories of mutuals to transfer to each other without demutualising and represents a major reform for the sector.

Pilot programme of Co-operative Trust Schools

The Co-operative Party played a crucial role in the Government's decision to announce a pilot programme of 100 co-operative trust schools.

Working with the Secretary of State for Children, Schools and Families, Ed Balls, the Party secured a commitment from the Government for the new initiative which was announced at the Co-operative Party Annual Conference in September.

Parliamentary Seminars for the co-operative sector

In Autumn 2008 the Co-operative Party began a series of high level policy seminars at the House of Commons on issues of relevance to the co-operative movement.

The first of these seminars on consumer legislation with Treasury Minister Stephen Timms was well attended. Subsequent seminars were scheduled on co-operative housing (with Housing Minister Margaret Beckett) and on Co-operative Trust Schools (with Secretary of State Ed Balls and House of Commons Education Select Committee Chair Barry Sheerman).

Establishment of the Friends of the Co-operative Ideal group of Parliamentary representatives

In late 2008 the Co-operative Party established a new group of Parliamentary representatives to promote the interests of the Co-operative movement.

Beyond the 29 Labour/Co-operative Party MPs in the House of Commons there are a significant number of Members of Parliament who are members of the Co-operative Party and who are willing and able to support the co-operative sector. This includes nearly 200 Members of the House of Commons (including Prime Minister Gordon Brown) and a significant number of Members of the House of Lords, Scottish Parliament and Welsh Assembly.

The new group is drawn from these numbers and its members have formally pledged to support the co-operative movement. This is a major boost for the sector as it represents a new means of pooling their authority and advice in a number of campaigns and other activities that will directly benefit the sector.

Co-operative Party Youth Committee

In September 2008 the Party's new Youth Committee met for the first time. This important initiative will help contribute to a growing membership base and help develop the activists the Party needs to successfully take forward the values and principles of the movement into the future.

Its aims are to:

- Recruit more young people into the Party
- Involve young people more effectively in all party activities
- Build a strong youth presence in all party structures
- Generate new ideas for policy & campaigning informed by the views of young people and reflecting their interests

The Committee has already enjoyed some success in meeting these aims and has planned a number of activities for 2009.

New Campaigns

In 2008 the Co-operative Party began a new approach to campaigning. This initiative, which began in the Summer with the "People's Rail" campaign, was designed to use the political resources and expertise of the Party to promote issues of importance to the co-operative sector.

People's Rail, which was taken up by many members of the Party, secured significant media coverage and had an impact on the decision of Annual General Meeting of Network Rail to formally review its corporate governance structure.

This campaign will continue in 2009 and has helped informed the Party's strategy on future campaigns it will be conducting.

Improved communications

In Autumn 2008 the Co-operative Party began an overhaul and improvement of its communications with its key stakeholders.

Improvements have been made to the Party's Website (with further improvements to follow), a new Media Monitor and Parliamentary Update is now prepared and distributed weekly and the Party is conducting an audit of its communications outputs and stakeholder engagement to ensure that we are as effective as possible in updating the movement about our activities on their behalf.

2008: month-by-month

<p>JANUARY</p> <p>Co-operative Party South West Weekend School, Torquay</p>	<p>FEBRUARY</p> <p>Co-operative Party North East Weekend School, Gilsland Spa</p> <p>Co-operative Party fringe meeting at Welsh Labour Party Conference with Leighton Andrews AM, Deputy Minister for Regeneration</p> <p>Co-operative Party moves motion on co-operatives in local provision of services at Welsh Labour Party Conference</p>
<p>MARCH</p> <p>Release of Co-operative Party Manifesto for London elections</p> <p>Adjournment debate in House of Commons organised by Co-operative Party MP Sarah McCarthy-Fry</p> <p>Midlands Regional Forum event on co-operatives and personalisation of public services</p>	<p>APRIL</p> <p>Co-operative Party's <i>New Mutualism</i> published, focussing on consumer affairs, with articles by Ed Balls MP, Andy Burnham MP and Lord Berkeley, news on the new co-operative school in Reddish Vale and a review of NHS Foundation Trusts and co-operative housing</p> <p>Co-operative Party campaigning event on a democratic railway, Swindon</p> <p>Establishment of first co-operative trust school, Reddish Vale</p>
<p>MAY</p> <p>Co-operative Party MP Louise Ellman is appointed Chair of the House of Commons Transport Select Committee</p> <p>Seven Labour & Co-operative Members of the Greater London Assembly elected</p> <p>Selection of Claudia Beamish as Labour & Co-operative PPC for Dumfriesshire, Clydesdale and Tweeddale</p>	<p>JUNE</p> <p>Release of HM Treasury Review of co-operative and credit union legislation</p> <p>Release of Party publication <i>The People's Rail – a mutually run, publicly accountable Network Rail</i> and launch of People's Rail campaign.</p> <p>Co-operative Party member of the House of Lords Lord Graham of Edmonton ensures passage through Parliament of legal definition of Community Land Trusts</p>

<p>JULY</p> <p>Labour Party National Policy Forum agrees to policy initiatives proposed by Co-operative Party</p>	<p>AUGUST</p> <p>Co-operative Party Summerfest and Summerfest Youth held in St Andrews, Scotland</p>
<p>SEPTEMBER</p> <p>Co-operative Party Annual Conference at Westminster Central Hall attended by Cabinet Ministers Ed Balls, Douglas Alexander, Hilary Benn, Ed Miliband and Andy Burnham. Several other Government Ministers and Chairs of Parliamentary Select Committees attended.</p> <p>Announcement by the Secretary of State for Children, Schools and Families Rt Hon Ed Balls MP of pilot programme of 100 co-operative trust schools.</p> <p>Prime Minister Rt Hon Gordon Brown MP and wife Sarah attend Co-operative Party reception at Labour Party Annual Conference in Manchester.</p> <p>Fringe event on People's Rail campaign at Labour Party Conference in Manchester</p> <p>Establishment of Co-operative Party Youth Committee</p>	<p>OCTOBER</p> <p>Co-operative Party Parliamentary seminar on consumer legislation with Financial Secretary to the Treasury Rt Hon Stephen Timms MP</p> <p>Northern Co-operative Party Weekend School, Stainborough, Yorkshire</p>
<p>NOVEMBER</p> <p>Media Monitor and Parliamentary Update for key stakeholders begins</p> <p>Scottish Co-operative Party Conference, Glasgow</p> <p>Co-operative reception with Rt Hon John Prescott MP at Labour Party North West Conference, Southport</p> <p>Co-operative AMs participate in Welsh Assembly Debate on Co-operatives and Enterprise</p>	<p>DECEMBER</p> <p>Co-operative Party document <i>New Foundations – unlocking the potential for affordable homes</i> completed</p> <p>Establishment of the Friends of the Co-operative Ideal</p> <p>Labour MP and Co-operative Party member Malcolm Wicks agrees to introduce Private Member's Bill on Co-operative and Community Benefit Societies and Credit Unions</p> <p>Co-operative Party article published in Local Government Association document on responses to credit crunch</p>

National Politics

Parliamentary Groups

In 2008 the Party continued to work on behalf of the Westminster, Scottish and Welsh Parliamentary Groups, with defined priorities for implementing the Co-operative political agenda.

Party staff provide the following support for the Parliamentary Groups:

- A Parliamentary Strategy for Westminster, Scotland and Wales
- Servicing monthly Parliamentary Group meetings
- Organising regular Parliamentary seminars on relevant issues for Parliamentarians and senior representatives of the Group and the broader movement
- Briefing Parliamentarians on relevant policy issues
- Parliamentary Sub-Groups administration
- Arranging for Ministers to address Groups
- Providing a weekly comprehensive analysis of events in the Parliament that are relevant to the co-operative movement
- Ensuring liaison between the Group, NEC and the wider movement
- Producing a quarterly activity report for NEC meetings
- Providing liaison with Government Ministers and Departments

Westminster

Labour/Co-operative Members of the House of Commons

Adrian Bailey - West Bromwich West
Alan Keen - Feltham and Heston
Alun Michael - Cardiff South and Penarth
Andy Love - Edmonton
Andy Reed - Loughborough
Angela Smith - Basildon
Barry Sheerman - Huddersfield
David Drew - Stroud
David Lepper - Brighton Pavilion
David Taylor - Leicestershire North West
Don Touhig - Islwyn
Doug Naysmith - Bristol North West
Ed Balls - Normanton
Gareth Thomas - Harrow West
Ian Davidson - Glasgow South West
Jim Dobbin - Heywood and Middleton
John McFall - W. Dunbartonshire
Ken Purchase - Wolverhampton NE
Linda Gilroy - Plymouth Sutton
Linda Riordan - Halifax
Louise Ellman - Liverpool Riverside
Mark Hendrick - Preston

Mark Lazarowicz - Edinburgh N & Leith
Meg Hillier - Hackney South and Shoreditch
Meg Munn - Sheffield Heeley
Mike Gapes - Ilford South
Phil Hope - Corby
Sarah McCarthy-Fry - Portsmouth North
Thomas McAvoy - Rutherglen and Hamilton West

Labour/Co-operative Members of the House of Lords

Baroness Nicol
Baroness Thornton
Lord Bassam of Brighton
Lord Bilston
Lord Davies of Coity
Lord Foulkes of Cumnock
Lord Fyfe of Fairfield
Lord Graham of Edmonton
Lord Moonie
Lord Morris of Manchester
Lord Thomas of Macclesfield
Lord Tomlinson

2008 was a very successful year for Co-operative Party Parliamentary activity

- The Co-operative Party provided support for the Industrial and Provident Societies Legislation Review, the Building Societies (Funding) Mutual Societies (Transfers) Act 2007 and the Private Member's Bill on Co-operative and Community Benefit Societies and Credit Unions
- A Ministerial re-shuffle resulted in new appointments in the Government for Co-operative Party MPs Sarah McCarthy-Fry, Gareth Thomas, Phil Hope and Tommy McAvoy. We now have the highest ever representation of Co-operative Party MPs in Government
- Co-operative Party MP Louise Ellman was appointed Chair of the House of Commons Transport Committee
- Co-operative MPs secured a number of Adjournment Debates and Early Day Motions on issues of relevance to the co-operative movement

Scotland

Labour/Co-operative Members of the Scottish Parliament

Rhona Brankin – Midlothian	James Kelly – Glasgow Rutherglen
Bill Butler – Glasgow Anniesland	Johann Lamont – Glasgow Pollok
Helen Eadie – Dunfermline East	Marilyn Livingstone – Kirkcaldy
George Foulkes – Lothians	Frank McAveety – Glasgow Shettleston
Cathy Jamieson – Carrick, Cumnock & Doon Valley	

After the electoral defeat of 2007, the MSP Group decided in 2008 to focus on consolidation and strategic planning for the future. The MSP Group has adopted a Programme of Action designed to implement as much of the Co-operative Agenda as possible over the 4 years of this Parliament.

The following were the highlights of 2008:

- The MSP Group received presentations from Terry Currie, Head of Growing Business, Scottish Enterprise, and Ian Hughes, CEO, Co-operative Development Scotland.
- The MSP Group was instrumental in setting up of a Cross Party Group on Co-operatives.
- The MSP Group met with representatives of Co-operative Housing in Scotland and CDS to discuss issues of interest to the co-operative housing sector.
- Labour in the Scottish Parliament held a debate on housing led by Johann Lamont MSP. James Kelly MSP made a speech on housing co-operatives.
- Frank McKillop, Policy Officer, ABCUL, met with the MSP Group and outlined the work he was carrying out in Scotland together with his future plans. The MSP Group agreed to support ABCUL's request to set up a Cross Party Group on Credit Unions.
- The MSP Group agreed to work more closely with Co-operation and Mutuality Scotland. The MSP Group met Richard McCready, CMS Policy and Information Officer, and Susan Small, CMS Development Officer.
- James Picardo, Jubilee Scotland, made a presentation to the MSP Group.

Wales

There are four Labour and Co-operative AMs in the National Assembly:

- Lorraine Barrett (Cardiff South & Penarth) – Commissioner and Chair of the Co-operative Assembly Group
- Christine Chapman (Cynon Valley)
- John Griffiths (Newport East) – Deputy Minister for Skills
- Huw Lewis (Methyr Tydfil & Rhymney)

Several policies advocated in the Co-operative Agenda for Wales or promoted by the Party remained as commitments in the One Wales Agreement, and were at various stages of implementation in 2008:

- Credit union access for every secondary school child by 2011;
- Funding of £350,000 has been allocated to the Wales Co-operative Centre to develop the capacity of 25 credit unions to take deposits of child trust fund accounts;
- Consultations by officials with the Scottish Government on replicating support for Supporters Direct in Wales were completed;
- A new budget of £100k per annum was been allocated to promote the expansion of community land trusts

Commitment to review the governance of public service bodies ranks #4 (of 228) in the One Wales Delivery Plan), so there are significant opportunities to promote user and employee led models.

In November, a government tabled debate on co-operatives and enterprise had strong cross party support. During the debate, the Deputy Minister for Regeneration announced the establishment of a community asset transfer fund, with a capital budget over three years of £8m. He also announced a new ministerial advisory group on social enterprise.

Lorraine Barrett announced that she would not be standing in the elections in 2011.

Toward the end of 2008 the procedure for the Assembly Panel 2011 commenced. The Wales Council of the Co-operative Party agreed to adopt new rules for the Panel, and existing members of the Assembly will be eligible to apply.

Policy Forums, open to all members, continued in 2008; and in December members discussed contributions to the Co-operative Party manifesto. The Co-operative Party's manifesto will form the basis for the Party's Assembly manifesto for 2011, which policy forums will begin work on in 2009.

Party Support

The Party Support Unit works with Party members to:

- make better use of reduced resources
- drive the recruitment strategy
- provide focussed, equitable, and co-ordinated support to local parties
- ensure quality events are held in each region annually plus Scotland and Wales

In 2008 the PSU provided the following services:

- Guidance to local officers, by phone, email, letter and in person
- 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.

- Surveying the support needs of each local Party
- Providing regular information for parties and branches through the monthly Party Support Mailings (PSM)

The PSM consolidates 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.

- Party Officers' Handbook

Local Parties can download the chapters they need from www.party.coop/support or request them from the Cardiff office if they do not have access to the internet.

- A new Youth Committee

The Party has given a major emphasis to recruiting new members under 40 years of age. The establishment of the Committee in 2008 has had an impact in increasing the number of young members and using online methods to attract and retain them.

- Regional Party Support training days
- Weekend schools

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

- Regional young members' forums

These are now taking place in most regions, often in conjunction with the weekend schools or regional party support days.

- Summerfest Youth alongside Summerfest

Summerfest Youth was a great success in 2008. In its second year, we have seen increases in the number of 18-35 year olds attending from Scotland, Wales and the English regions.

- Running the Party's unofficial blog Politics for People (see <http://politicsforpeople.blogspot.com/>).
- Co-operative Party Facebook Groups
The Facebook Group now has around 600 members, regional groups have been established and a new Group for the People's Rail campaign has attracted more than 640 members.
- Producing join us inserts for young people, Labour Party members and society members
These supplement the join us leaflet and are targeted for use at different events e.g. students' unions, Labour Party events, CG regional members' meetings.
- Template newsletters
These are off-the-shelf newsletter for local parties to reproduce. They are updated monthly with national news for parties to insert news of local events, campaigns, meetings and contact details.
- Running stalls at regional Labour Party events, and the conferences of Compass, Progress and the Fabians
- Drafting reports to regional Society members' meetings
The Party provides a model annual report to regional members' meetings and a PowerPoint presentation.

Financial Accounts

Co-operative Party Limited (Reg No 30027R)

Financial Review

Staff changes had an impact on the party's finances in 2008 with two senior staff members leaving. Some reductions in societies' subscriptions also had an impact.

This year's Annual Conference was conducted in a similar style to the 90th anniversary event in 2007 but was achieved with less resources. The £73,000 kindly provided by the Co-operative Group for Annual Conference in 2007 was a one-off payment in recognition of the 90th anniversary.

Statement of Responsibilities of the Board

The Board are responsible for preparing the financial statements of the Co-operative Party Limited in accordance with applicable law and regulations.

Industrial and Provident Society Law requires the Board to prepare financial statements for each financial year. Under that law the Board have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the Co-operative Party Limited and of the income and expenditure of Co-operative Party Limited for that period.

In preparing those financial statements, the Board are 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 Co-operative Party Limited will continue in business.

The Board are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the society and enable them to ensure that its financial statements comply with the Industrial and Provident Society Acts. They have general responsibility for taking such steps as is reasonably open to them to safeguard the assets of the society and to prevent and detect fraud and other irregularities

Corporate Governance

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.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

KPMG LLP were re-appointed as auditors on 2 March 2009.

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.



MICHAEL STEPHENSON
General Secretary



GARETH THOMAS
Chair

Independent Report of the Auditors, KPMG LLP, to the Members of the Co-operative Party Limited

We have audited the financial statements of the Co-operative Party Limited 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 Society's Members as a body, in accordance with section 9, of the Friendly and Industrial and Provident Society Act 1968. Our audit work has been undertaken so that we might state to the Society's Members those matters we are required to state to them 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 Society's Members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Board and Auditors

As described in the Statement of Board Responsibilities on page 1, the Board 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 Industrial and Provident Societies Acts 1965 to 2002. We also report to you if, in our opinion, the Report of the Board is not consistent with the financial statements, if the Society 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 Board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Society'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 the society's affairs as at 31 December 2008 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002.

KPMG LLP
Chartered Accountants
Registered Auditor
Manchester
27 February 2009

CO-OPERATIVE PARTY LIMITED

INCOME AND EXPENDITURE ACCOUNT

Year ended 31 December 2008

	Note	2008		2007	
		£	£	£	£
Income					
Subscriptions					
- Co-operative Societies	2	646,201		493,473	
- Service Agreements		170,363		154,105	
- Individual Members		<u>95,715</u>		<u>69,829</u>	
			912,279		717,407
Chargeable Services			30,000		260,297
Annual Conference			13,597		51,698
Grants and Donations	3		-		73,560
Constituency Plan Agreements	5		22,279		15,380
Other Income			<u>5,328</u>		<u>40,822</u>
Total Income			<u>983,483</u>		<u>1,159,164</u>
Expenditure					
Salaries and wages		295,045		386,572	
Social security costs		32,485		42,480	
Other employment costs		52,370		72,466	
Pension - current service cost		<u>50,000</u>		<u>69,000</u>	
Personnel costs	4		429,900		570,518
Rent,Rates,Insurance		55,752		60,102	
Light,Heat,Cleaning		1,390		4,651	
Postage,Telephone		21,491		27,189	
Repairs & Renewals		94		900	
Printing & Administration		62,671		68,069	
Committees		11,617		29,560	
Staff Travel		38,842		39,129	
Schools,Conferences		57,279		112,532	
Professional Fees		53,864		2,321	
Auditor's Fees - for audit		9,883		9,457	
" " - for other work		2,938		-	
Grants to Party Councils		170,911		157,586	
Constituency Plan Agreements	5	52,999		50,140	
Election Campaign expenses		17,350		11,689	
Depreciation		12,787		17,357	
Miscellaneous		<u>8,450</u>		<u>8,394</u>	
Total Expenditure			<u>1,008,218</u>		<u>1,169,594</u>
Deficit from Party activities before interest, exceptional item and taxation			(24,735)		(10,430)
Interest			5,903		5,909
Other finance income	11		0		12,000
Gain on Pension curtailment	11		74,000		0
Surplus from Party activities before taxation			<u>55,168</u>		<u>7,479</u>
Corporation Tax	6		(1,686)		(1,123)
Surplus for the year	10		<u>53,482</u>		<u>6,356</u>

The above relates entirely to continuing operations.

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

CO-OPERATIVE PARTY LIMITED

BALANCE SHEET

as at 31 December 2008

	Note	2008		2007	
		£	£	£	£
Fixed Assets					
Tangible Fixed Assets	7		18,208		28,593
Current Assets					
Debtors	8	167,900		226,360	
Investments		100,000		-	
Cash in hand		58,363		57,556	
		<u>326,263</u>		<u>283,916</u>	
Creditors					
Amounts falling due within one year	9	(82,866)		(58,386)	
Net Current Assets			<u>243,397</u>		<u>225,530</u>
Net Assets excluding pension liability			<u>261,605</u>		<u>254,123</u>
Pension Liability	11		0		(11,000)
Net assets including pension liability			<u>261,605</u>		<u>243,123</u>
Financed by					
Reserves					
Revenue	10		261,605		243,123
			<u>261,605</u>		<u>243,123</u>

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

CO-OPERATIVE PARTY LIMITED

CASH FLOW STATEMENT

Year ended 31 December 2008

	Note	2008 £	2007 £
Net cash Inflow/(outflow) from operating activities	15	98,992	(18,665)
Returns on investments and servicing of finance	16	5,903	5,909
Taxation			
Corporation tax		(1,686)	(1,123)
Capital expenditure and financial investment	17	(2,402)	35,854
Cash inflow before use of liquid resources		<u>100,807</u>	<u>21,975</u>
Management of liquid resources	18	(100,000)	0
Increase in cash		<u>807</u>	<u>21,975</u>
Reconciliation of net cash flow to movement in net fund			
Net fund at 1 January		57,556	35,581
Increase in cash		807	21,975
Change in liquid resources		100,000	0
Net fund at 31 December		<u>158,363</u>	<u>57,556</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR YEAR ENDED 31 DECEMBER 2008

		2008 £	2007 £
Surplus before taxation		55,168	7,478
Taxation		(1,686)	(1,123)
		<u>53,482</u>	<u>6,355</u>
Actuarial gain/(loss)	11	76,000	(113,000)
Effect of surplus cap in pension scheme	11	(111,000)	0
Total gains and losses recognised since last annual report		<u>18,482</u>	<u>(106,645)</u>

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

CO-OPERATIVE PARTY LIMITED

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 and applicable accounting standards.

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

Until 31 December 2008 staff were eligible to join a pension scheme operated by Co-operatives UK Limited, which provided 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 accruals ceased on 31 December 2008. From 1 January 2009 the Party were accepted into the Co-operative Group PACE scheme. All the assets and liabilities, in relation to the accrued benefits, are to be transferred over to the PACE scheme on or after 2 March 2009.

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

Rentals 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	10,000	Midcounties	31,656
Chelmsford Star	3,210	Midlands	59,123
Co-operative Forum (NI)	50	Plymouth & South West	16,304
Co-operative Press	50	Scottish Midland	11,614
East of England	20,356	Southern	17,621
Glenhall Housing	117	Co-operative Group	476,100
		Total Subscriptions	<u>646,201</u>

3. GRANTS & DONATIONS

	2008	2007
	£	£
Coop Group donation	0	73,000
Other grants and donations	<u>0</u>	<u>560</u>
	<u>0</u>	<u>73,560</u>

4. EMPLOYEES

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

2008		2007	
Full time	Part time	Full time	Part time
8	2	10	2

The costs incurred in respect of these employees were:

	2008	2007
	£	£
Wages and salaries	295,045	386,572
Social security costs	32,485	42,480
Pension - current service cost (note 11)	50,000	69,000
Others	52,370	72,466
	<u>429,900</u>	<u>570,518</u>

Others include an amount for consultancy of £35,521 (2007 - £59,398) and £nil (2007 - £7,496) for redundancy and compensation payments.

4. EMPLOYEES (continued)

Senior Management remuneration

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

	2008	2007
	£	£
Salaries	152,967	215,929
Bonus	-	18,400
Pension Contributions	12,396	22,241
Taxable Benefits	-	11,439
	<u>165,363</u>	<u>268,009</u>

The remuneration of the General Secretary included above was as follows:

	2008	2007
	£	£
Salary	46,017	83,130
Bonus	-	15,000
Pension Contributions	1,489	8,562
Taxable Benefits	-	11,929
	<u>47,506</u>	<u>118,621</u>

The above salary is split as follows

Peter Hunt (left 3 March 2009) £ 16,083 and

Michael Stephenson (commenced 20 July 2008) £ 29,934

The taxable benefits stated at £nil (2007 - £11,929) 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.

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

	2008	2007
	£	£
Corporation tax	<u>1,686</u>	<u>1,123</u>

7. TANGIBLE FIXED ASSETS

	Fixtures, Fittings & Equipment £	Total £
COST		
1 January 2008	187,321	187,321
Additions	2,402	2,402
31 December 2008	<u>189,723</u>	<u>189,723</u>
DEPRECIATION		
1 January 2008	158,728	158,728
Charge for year	12,787	12,787
31 December 2008	<u>171,515</u>	<u>171,515</u>
NET BOOK VALUE		
1 January 2008	28,593	28,593
31 December 2008	<u>18,208</u>	<u>18,208</u>

Capital Commitments

As at 31 December 2008 there were no capital commitments (2007 - £nil).

Capital expenditure authorised but not committed amounts to £nil (2007 - £nil).

8. DEBTORS

	2008	2007
	£	£
Trade Debtors	153,883	197,409
Prepayments	13,465	25,345
Other Debtors	552	3,606
	<u>167,900</u>	<u>226,360</u>

Debit balances amounting to £ nil (2007 - £4,333) analysed within accruals in 2007 have been restated to other debtors.

9. CREDITORS

	2008	2007
	£	£
Trade Creditors	24,792	7,795
Taxation and Social security	9,847	10,279
Accrued charges	48,227	40,312
	<u>82,866</u>	<u>58,386</u>

A debit balance of £ nil (2007 £4,333) in accrued charges has been restated to other debtors.

10. RESERVES

	2008 £	2007 £
Revenue reserve		
Balance at 1 January	243,123	349,767
Surplus for the year	53,482	6,356
Actuarial gain/(loss) recognised in the pension scheme	76,000	(113,000)
Effect of surplus cap in the pension scheme	(111,000)	0
Balance at 31 December	<u>261,605</u>	<u>243,123</u>
Profit and loss reserve excluding pension liability	262,830	254,123
Net pension liability	0	(11,000)
Profit and loss reserve including pension liability	<u>262,830</u>	<u>243,123</u>

11. PENSION SCHEME

The Co-operative Party is part of a defined benefit scheme operated by Co-operatives UK, as the principal employer, along with one other participating employer, the Co-operative College. (The current practice of increasing pensions in line with inflation is included in the measurement of the defined benefit obligation).

	At year-end 31/12/2008 £ 000's	At year-end 31/12/2007 £ 000's
Change in benefit obligation		
Benefit obligation at beginning of year	822	569
Current service cost	50	69
Interest cost	30	31
Plan participants' contributions	14	19
Actuarial losses	114	136
Benefit improvement *	25	0
Curtailments	(74)	0
Benefits paid	(630)	(2)
Benefit obligation at end of year	<u>351</u>	<u>822</u>
Analysis of defined benefit obligation		
Plans that are wholly unfunded	351	822
	<u>0</u>	<u>0</u>
Total	<u>351</u>	<u>822</u>
Change in plan assets		
Fair value of plan assets at beginning of year	811	698
Expected return on plan assets	30	43
Actuarial gains **	190	23
Employer contribution	22	30
Member contributions	14	19
Benefits paid	(630)	(2)
Fair value of plan assets at end of year	<u>437</u>	<u>811</u>
Funded status	86	(11)
Effect of surplus cap	(86)	0
Net amount recognised	<u>0</u>	<u>(11)</u>

11. PENSION SCHEME (continued)

	Year to 31/12/2008 £000's	Year to 31/12/2007 £000's
Components of pension cost		
Current service cost	50	69
Interest cost	30	31
Expected return on plan assets	(30)	(43)
Effect of curtailments or settlements	(74)	0
Total pension cost recognised in the P&L account	(24)	57
Actuarial (gains)/losses immediately recognised	(76)	113
Effect of surplus cap	111	0
Total pension cost recognised in the STRGL	35	113
Cumulative amount of actuarial(gains)/losses immediately recognised	380	464
Plan assets		
The weighted-average asset allocation at the year-end were as follows:		
Asset category	31/12/2008	31/12/2007
Equities	35%	38%
Bonds	49%	46%
Real estate	16%	16%
	100%	100%

To develop the expected long-term rate of return on assets assumption, the company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of the 5.85% assumption for the year ended 31 December 2008. Using the same methodology the expected return on assets assumption which will be used for the year commencing 1 January 2009 will be 5.7%.

* The benefit obligation at 31 December 2008 has been adjusted to make prior allowance for the expected cost of a benefit improvement due to be granted to members in February 2009. The adjustment amounts to £25,000. As there is a surplus cap the cost of this improvement has been offset against the unrecognised surplus and passed through the STRGL.

** The Actuarial Gain/(Loss) shown on assets includes an adjustment of £242,000 in respect of a rebalancing of assets across the three participating employers in the Scheme. This has arisen as a result of the forthcoming merger of the Scheme into the PACE Scheme and reflects the means by which the transfer is occurring with any surplus being spent on an "across the board" basis.

	Year to 31/12/2008 £000's	Year to 31/12/2007 £000's
Actual return on plan assets	220	66
Weighted average assumptions used to determine benefit obligations at:		
	31/12/2008	31/12/2007
Discount rate	6.10%	5.50%
Rate of compensation increase	5.00%	5.40%
Rate of increase of pensions in payment	3.00%	3.40%
Rate of increase of pensions in deferment	3.00%	3.40%
Inflation	3.00%	3.40%

11. PENSION SCHEME (continued)

Weighted average assumptions used to determine net pension cost for year ended:

	31/12/2008	31/12/2007
Discount rate	5.50%	5.10%
Expected long-term return on plan assets	5.85%	5.93%
Rate of compensation increase	5.40%	5.00%
Rate of increase of pensions in payment	3.40%	3.00%
Inflation	3.40%	3.00%

Weighted average life expectancy for mortality tables used to determine benefit obligations at:

	31 December 2008	
	Male	Female
Member age 65 (current life expectancy)	22.0	24.8
Member age 45 (life expectancy at age 65)	23.1	25.9

Five year history

	Financial year ending in				
	2008	2007	2006	2005	2004
Benefit obligation at end of year	351	822	569	1,135	2,775
Fair value of plan assets at end of year	437	811	698	1,299	2,984
Surplus/(deficit)	86	(11)	129	164	209

Difference between the expected and actual return on scheme assets:

amount (£000's)	190	23	124	87	167
% of scheme assets	43.5%	2.8%	17.8%	6.7%	6%

Experience gains and losses on scheme liabilities:

amount (£000's)	(199)	(72)	(123)	32	(264)
% of the present value of the scheme liabilities	-56.7%	-8.8%	-21.6%	2.8%	-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 2008 £	Land and Buildings 2007 £
Operating leases expiring:		
in the second to fifth year inclusive	36,425	36,425

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.

Expenses reimbursed for 2008 were £ 11,670 (2007 - £29,560). 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 Len Wardle, as a member of the NEC, is also a director of Communicate Mutuality (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 2008:

The Co-operative Party provided services to Communicate Mutuality Limited totalling £ 30,000 (2007: £259,000). Amounts remaining outstanding at the year end total £ 93,817 (2007 £138,567).

14. RELATED PARTIES (continued)

Co-operatives^{UK} Limited

Co-operatives^{UK} Limited provides accounting and payroll services for the Party. The charges for the services for 2008 were waived by Co-operatives UK (2007 charges were £3,500).

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

	2008 £	2007 £
Deficit for the year before interest	(24,735)	(10,430)
Depreciation charge	12,787	17,357
Decrease in debtors	58,460	75,949
Increase/(decrease) in creditors	24,480	(140,541)
Movement in pension for employer liabilities	28,000	39,000
Net cash inflow/(outflow) from operating activities	<u>98,992</u>	<u>(18,665)</u>

16. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2008 £	2007 £
Interest received	<u>5,903</u>	<u>5,909</u>

17. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2008 £	2007 £
Purchase of tangible fixed assets	(2,402)	(14,146)
Sale of investments	-	50,000
	<u>(2,402)</u>	<u>35,854</u>

18. MANAGEMENT OF LIQUID RESOURCES

	2008 £	2007 £
Investment in Coop Group corporate investor shares	<u>(100,000)</u>	<u>-</u>

19. ANALYSIS OF NET FUND

	1 January 2008 £	Cash Flows £	31 December 2008 £
Cash in hand	57,556	807	58,363
Current asset investments	0	100,000	100,000
Total	<u>57,556</u>	<u>100,807</u>	<u>158,363</u>

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