

# **the Co-operative Party** **Annual Report** **2009**

**The Co-operative Party**  
**Working for co-operation at all levels**  
**Annual Conference Cardiff 2010**

Also available at [www.party.coop](http://www.party.coop)  
or from 77 Weston Street, London SE1 3SD

# Chair's Report



In 2009 the Co-operative Party proved itself to be a major political force and an effective advocate for co-operative values in the face of enormous economic change.

Our unique and highly successful relationship with our sister organisation the Labour Party allowed us to use the resources of our 29 Members of the House of Commons, 12 Members of the House of Lords, 9 Members of the Scottish Parliament, 4 Members of the Welsh Assembly and many hundreds of Labour/Co-operative Councillors to deliver a number of important reforms for co-operative and mutual organisations around the country.

The major changes announced in the Government's review of Industrial and Provident legislation created a level playing field for co-operatives.

The Co-operative Party and its MPs worked with the Labour Government to take forward new co-operative initiatives including the announcement of 200 new Co-operative Trust Schools.

We launched the highly successful "The Feeling's Mutual" campaign to return the failed banks back to the mutual sector and undo the damage the Tories did to our building societies.

And we promoted exciting new policies on mutual housing, energy co-operatives in local communities and making the banks face up to their social obligations through a draft Financial Inclusion Bill.

In the current climate there has never been a time when 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 2010 and beyond.

A handwritten signature in black ink that reads 'Gareth Thomas'.

Gareth Thomas MP  
Chair, the Co-operative Party

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

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# Organisation

## National Executive Committee

The Party is directed by its National Executive Committee, which meets 4 times per year.

### National Executive Committee 2007-2009

Eastern	George Conchie	P
East Midlands	Roy Mayhew	P
London	Gareth Thomas MP (Chair)	S, P
North East and Cumbrian	Brenda Forster	P
North West	Dave Pownall	P
Scotland	Margaret Smyth (Vice Chair)	A,S, P
South East	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	P
Co-operatives UK	John Anderson	
The Co-operative Group	Len Wardle Jeanette Timmins	A, S A, S, P
The Westminster Parliamentary Group	Sarah McCarthy-Fry (until October 2008) Mark Lazarowicz MP Rt. Hon. Don Touhig MP (from October 2008)	

Key to Sub-Committee memberships:

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

### National Executive Committee 2009-2011

Eastern	George Conchie	P
East Midlands	Julian Evans	P
London	Gareth Thomas MP (Chair)	A, S, P
North East and Cumbrian	Barbara Hawkins	A, R
North West	Dave Pownall	P
Scotland	Jeanette Timmins (Vice Chair)	A,S, P
South East	Bob Harber	A, R
South West	Chanel Stevens	A, P
West Midlands	Richard Bickle	A, R
Wales	Rt. Hon Alun Michael MP	P
Yorks & Humber	Cllr The Revd Paul Flowers	P
Youth	Kiran Mahil	P
OMOV (M)	John Wiseman	A, R
OMOV (F)	Fay Tinnion	P
Co-operatives UK	Steven Bayes	
The Co-operative Group	Len Wardle Stuart Ramsay	A, S S
The Westminster Parliamentary Group	Mark Lazarowicz MP (until October 2009) Rt. Hon. Don Touhig MP David Drew MP (from October 2009)	

## Party Staff

The Party Staff in 2009 were:

### London Office:

General Secretary  
Parliamentary Officer  
Campaigns & Communications Officer  
Party Support Officer  
Policy Officer  
Office Manager

**Michael Stephenson**  
**Alexandra Baker** (until October 2009)  
**Martin Tiedemann**  
**Joseph Russo** (from April 2009)  
**Robbie Erbmman**  
**Dorota Kseba**

### Cardiff Office:

Deputy 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	2007	2008	2009
Eastern	752	723	687
East Midlands	503	471	476
London	1470	1452	1475
National Party	13	33	34
North	321	300	285
North West	732	752	724
Scotland	913	889	932
South East	421	410	638
South West	639	567	483
West Midlands	341	362	431
Wales	530	420	401
Yorks & Humber	543	482	442
Brussels	15	16	14
Northern Ireland	-	-	23
<b>Total</b>	<b>7193</b>	<b>6877</b>	<b>7045</b>

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

In late 2008 the National Executive Committee of the Co-operative Party undertook a comprehensive review of the organisation, including:

- Current strategic position
- Strategic capability
- Proposed strategic position
- Strategic objectives; and
- Key strategies

A strategic plan was adopted for the organisation that has at its heart 4 key priorities:

- To be recognised by all sectors of the co-operative movement as indispensable;
  - To influence public policy at all levels;
  - To secure the election of effective co-operators to all levels of government;
- and
- To make the Party organisationally sustainable

In 2009 all of the Party's activities were focussed on these priorities.

### **Strategic Priority 1 - To be recognised by all sectors of the co-operative movement as indispensable**

In addressing this priority, the Co-operative Party achieved the following in 2009:

- The Government's review of the review of legislation governing Industrial and Provident societies and credit unions. This review, which was started by Labour and Co-operative MP Ed Balls, provided an enormous boost to the entire co-operative sector, ensuring a level playing field for co-operatives and providing reforms that save the sector millions of pounds.
- The introduction of a Private Member's Bill to end legislative obstacles facing the co-operative sector. The Party secured the support of Labour MP Malcolm Wicks for this legislation which was passed in the first half of 2010. The Bill complements the reforms in the Government's review of IPS legislation.
- Organisation of a series of high level policy seminars at the House of Commons on issues of relevance to the co-operative movement, including co-operative trust schools and mutual housing. These events put senior figures in the sector in direct contact with key Government Ministers and allowed them to convey their views and concerns.
- Establishment of a Northern Ireland branch of the Co-operative Party, ensuring the active involvement of Party members in all parts of the country.

### **Strategic Priority 2 - To influence public policy at all levels**

In addressing this priority, the Co-operative Party achieved the following in 2009:

- Publication of the Party Manifesto for the General Election. This document was the most professional and comprehensive manifesto the Party has ever produced. It was put together after the largest consultation exercise ever with Party members and the broader co-operative movement and contains a number of significant

policy proposals that will directly benefit the movement.

- Release of the policy document “Collective Power – changing the way we consume energy”. This document set out a plan to encourage local energy co-operatives. It offers numerous opportunities for co-operative societies to be involved in local community action and is very much in keeping with the priorities of the sector.
- Release of the policy document “New Foundations – unlocking the potential for affordable homes”. This document is an innovative approach to tackling one of the great challenges of the credit crunch and offers considerable scope for the co-operative and mutual sector to play a part in providing a real solution to housing supply and affordability.
- Release of the policy document “Co-operatives on Campus – a mutual approach for students’ unions”. This document outlines a series of policy ideas to help students and reflects the importance of young people as one of the movement’s priority areas for action.
- The “Feeling’s Mutual” campaign to work toward the re-mutualisation of the failed banks. This highly successful campaign has energised thousands of party members to undertake campaigning activities in their local communities and has highlighted the importance of a strong mutual sector in ensuring that we do not repeat the mistakes of the credit crunch. The mutual sector is a strong supporter of our campaign and it has done much to raise the profile of mutual financial institutions.
- Doubling the number of Co-operative Trust schools. The Government announced that the number of new Co-operative Trust schools would be increased to 200. This, together with the announcement of a new network for Co-op trust schools, is a massive boost for the movement.
- Policy development in Scotland on health. The Party has been working with Labour and Co-operative MSPs to apply the experience of mutual health solutions in the Scottish NHS.
- Major policy work on mutual solutions to the credit crunch in Wales. The Party has done a considerable amount of work on how co-operative and mutual policy can assist the Welsh Assembly Government.
- Policy liaison with the Greater London Assembly. The Party is working with Labour and Co-operative GLA members to ensure that our policies on housing, energy and financial inclusion can make a contribution to the 2012 London election campaign.
- Increased media coverage on Co-operative Party policy. The Party’s profile in national media has never been higher than in 2009. Major stories appeared in national newspapers, online media, radio and television, particularly the “Feeling’s Mutual” campaign.

### **Strategic Priority 3 - To secure the election of effective co-operators to all levels of government**

In addressing this priority, the Co-operative Party achieved the following in 2009:

- Re-opening of the Parliamentary Panel for the 2010 General Election. In September 2009 the Panel was re-opened to ensure that as many co-operators as possible could be selected as candidates in winnable seats. This has led directly to a larger and more diverse group of Labour and Co-operative PPCs to ensure that the movement’s voice continues to be heard in the next Parliament.

- Opening of the Parliamentary panels in Wales and Scotland. Elections are due in 2011 and the Party moved quickly in 2009 to make sure our Panels and the processes of candidate selection are fit for purpose.
- Establishment of the Friends of the Co-operative Ideal group. Proposed in 2008, this group began in 2009 with 40 Members of Parliament signing up to a special pledge. The group is made up of MPs who are members of the Co-operative Party but not in the existing Parliamentary group of MPs and Peers. This is a major boost for the sector as it represents a new means of pooling their authority, influence and advice in a number of campaigns and other activities.
- Huw Lewis’s campaign for leadership of the Welsh Assembly. The Labour and Co-operative AM ran a very effective campaign in 2009 which drew considerable attention to the Party and placed co-operative values and policy ideas at the heart of policy debate in Wales.

### **Strategic Priority 4 - To make the Party organisationally sustainable**

In addressing this priority, the Co-operative Party achieved the following in 2009:

- A comprehensive membership review. A complete look at all aspects of the membership experience resulted in a number of important changes in 2009 including more reliable membership data, more recorded information about members including age and gender, more targeted communications with members, and better materials for new members. Further changes will be made in 2010.
- Increased membership through a targeted recruitment campaign. Using specially designed literature and attending a number of events and activities throughout the year, the Party increased its membership in 2009. October was the highest month ever for new membership applications.
- Establishment of a new network for members from Black, Asian and Minority Ethnic communities. This body is identifying BAME members among the existing membership, attracting and retaining new members from BAME communities, organising events to support this and promoting BAME representation within the Party and as candidates for elected office.
- Development of a Youth Committee. This important initiative is contributing to a growing membership base and helping to develop the activists the Party and the movement need to successfully take forward our values and principles into the future. In 2009 Youth representatives were elected in each region and the Committee now has a very high profile within the Party.
- A review of the Party’s rules. A sub-committee of the National Executive Committee began a thorough review in 2009 to ensure that our rules are fit for purpose, easily understandable and ensure that we operate as effectively as possible.
- Improved Party Support function. A new Party Support Officer was appointed in early 2009 and a new workstream within the organisation has been set up to give greater guidance and help to local Parties, particularly given the major reforms to funding and organisation that were introduced during the year.

# 2009: month-by-month

<p><b>JANUARY</b></p> <p>Co-operative Party South West Weekend School, Torquay</p>	<p><b>FEBRUARY</b></p> <p>Co-operative Party North East &amp; Cumbria Weekend School, Scarborough</p> <p>Co-operative Party holds recruitment stall at Labour Party Yorkshire and the Humber Conference</p> <p>Co-operative Party representatives participate in discussion at Labour Party National Policy Forum, Bristol</p>
<p><b>MARCH</b></p> <p>Malcolm Wicks MP introduces Co-operative Party's Private Member's Bill on co-operatives</p> <p>Co-operative Party seminar on co-operative trust schools at the House of Commons with DCSF Secretary of State Ed Balls MP</p>	<p><b>APRIL</b></p> <p>Plymouth Party Council meeting votes to support merger of Plymouth Society with Co-operative Group</p> <p>Co-operative Party holds fringe event at Welsh Labour Party Conference in Swansea</p> <p>Roundtable event with Labour/Co-operative MP John McFall and Progress on re-mutualisation, London</p>
<p><b>MAY</b></p> <p>Co-operative Party seminar on mutual housing at the House of Commons with Housing Minister Margaret Beckett</p>	<p><b>JUNE</b></p> <p>Malcolm Wicks MP's Private Member's Bill on co-operatives goes through Committee Stage in House of Commons</p> <p>Launch of the "Feeling's Mutual" campaign to re-mutualise the failed banks</p>

<p><b>JULY</b></p> <p>Launch of the Northern Ireland branch of the Co-operative Party, Belfast</p>	<p><b>AUGUST</b></p> <p>Co-operative Party Summerfest and Summerfest Youth held in St Andrews, Scotland</p>
<p><b>SEPTEMBER</b></p> <p>Co-operative Party Annual Conference in Edinburgh attended by Cabinet Ministers Ed Balls and Douglas Alexander. Several other Government Ministers, Chairs of Parliamentary Select Committees and Scottish Labour Leader Iain Gray attended</p> <p>Announcement by the Secretary of State for Children, Schools and Families Rt Hon Ed Balls MP of doubling of pilot programme to 200 co-operative trust schools</p> <p>Co-operative Party Manifesto for the General Election released</p> <p>Co-operative Party/Piggybank Kids reception at Labour Party Annual Conference in Manchester</p> <p>Co-operative Party Parliamentary Panel re-opened</p>	<p><b>OCTOBER</b></p> <p>Fringe events on "Feeling's Mutual" campaign, "New Foundations" housing policy and "Collective Power" energy policy at Labour Party Conference in Manchester.</p> <p>Val Shawcross AM selected as Labour and Co-operative Candidate for Bermondsey and Old Southwark</p>
<p><b>NOVEMBER</b></p> <p>John Woodcock selected as Labour and Co-operative Candidate for Barrow and Furness</p> <p>Co-operative reception at Labour Party North West Conference, Southport</p>	<p><b>DECEMBER</b></p> <p>Scottish Co-operative Party Conference, Glasgow</p> <p>Rt. Hon. Tessa Jowell MP gives lecture to Progress and Co-operative Party members on 'The Mutual Moment'</p>

# National Politics

## Parliamentary Groups

In 2009 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 Groups, 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 Pavillion  
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

David Taylor tragically passed away in December 2009.

2009 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	

In 2009 the group's activities included;

- The establishment of a Cross Party Group on Credit Unions with support from the Association of British Credit Unions Limited and Co-operation and Mutuality Scotland.
- A parliamentary event on social audit and accounting to allow Co-operative Development Scotland to present their work on this issue to MSPs on a cross party basis.
- The tabling of motions on co-operative issues in the Scottish Parliament on International Credit Union Day, Celebrating 20 Years of Capital Credit Union in Scotland, Congratulations to the West Highland Free Press and Supporting Fair-trade Fortnight
- Presentations by John Brodie, Chief Executive Officer, and Malcolm Brown, Head of Corporate Communications, Scotmid Society; Gerard Hill, the Co-operative Group Regional Secretary; and Sarah Deas, CEO, Co-operative Development Scotland,
- Support for a joint event organised by the Scottish Co-op Party in June in partnership with the Scottish Labour Party and the Co-operative Group with keynote speaker was Iain Gray MSP, Leader of Labour in the Scottish Parliament.
- Hosting of a Parliamentary Reception to commemorate the 150th anniversary of St Cuthbert's Co-operative Society and 150 continuous years of co-operative business in the Edinburgh area.

## Wales

In 2009 the group's activities included;

- The Welsh Labour Leadership campaign with a Co-operative Party candidate (Huw Lewis) gave a positive boost to the Co-operative Party's profile in Wales. The successful candidate was Carwyn Jones, who met with the Co-operative Party soon after his election. In the subsequent re-shuffle, Huw Lewis was appointed Deputy Minister for Children, with another Labour and Co-operative AM, John Griffiths, replacing Carwyn Jones as Counsel General in the Cabinet.
- Influencing Labour Policy:-
  - o Keynote speech to Welsh Labour Policy Forum, March 2009
  - o Member of the Welsh Labour's Economy Forum
  - o Welsh Labour Conference – motion and debate on co-operation and fringe meeting.
  - o Publications e.g. Co-operative Values in a Credit Crunch Wales
- Launch of the Manifesto process for 2011, with all members' forum in Cardiff
- Progress has been made on policies in the One Wales Agreement that were promoted or supported by the Co-operative Party, for example:-
  - o Credit union access for every secondary school by 2011. The Assembly Government has supported the Wales Co-operative Centre to develop this. A bilingual web based resource, [www.cuinschools.org](http://www.cuinschools.org), was launched in November 2009 and made available to schools and credit unions across Wales. It encourages schools to set up collection points and make connections with their local credit union.
  - o Further develop the ability of Welsh credit unions to take deposits of child trust fund accounts. Resources of £350,000 (2007-2009) were allocated to the Wales Co-operative Centre to help up to 25 credit unions to offer this. 18 Welsh credit unions are now approved CTF providers and funding has been used to appoint dedicated staff, IT hardware and software and marketing materials.
  - o Wales was declared the world's first FairTrade Nation in June 2008. During 2009 the number of Welsh schools registered on the UK Fairtrade Schools Scheme rose to 41% (757). Over 80% of local authorities and 40% of towns in Wales are now certified Fairtrade. The Assembly Government is supporting projects working with Welsh Fair Trade businesses and farmers/producers in Africa, including beekeepers from Cameroon and a coffee co-operative in Uganda.

## 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 2009 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](http://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 is 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](http://www.party.coop/support) or request them from the Cardiff office if they do not have access to the internet.
- The National Youth Committee  
The Party has given a major emphasis to recruiting new members under 40 years of age. The Committee has had an impact in increasing the number of members and using online methods to attract and retain them. In 2009 the number of young members increased by 50 per cent to more than 450.
- 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 North East 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  
In 2009 Summerfest Youth was attended by a growing number of members from Scotland, Wales and the English regions.



- Running the Party's blog Politics for People (see <http://politicsforpeople.blogspot.com/>).
- Co-operative Party Facebook Page and Groups  
The official Facebook Page now has around 1,300 members, regional groups have been established and groups for the People's Rail and Feeling's Mutual campaigns have attracted more than 600 and 1,500 members respectively.
- 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 newsletters 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)

### Board Report

2009 was a year of important reform for the Co-operative Party. The National Executive Committee of the Party undertook a comprehensive review of the organisation, including;

- Current strategic position
- Strategic capability
- Proposed strategic position
- Strategic objectives; and
- Key strategies

The plan has at its heart 4 key priorities;

- To be recognised by all sectors of the co-operative movement as indispensable;
- To influence public policy at all levels
- To secure the election of effective co-operators to all levels of government; and
- To make the Party organisationally sustainable

In 2009 all of the Party's activities were focussed on these priorities and resulted in the following achievements;

- The completion of the Government's review of the review of legislation governing Industrial and Provident societies and credit unions
- The introduction of a Private Member's Bill to end legislative obstacles facing the co-operative sector
- The publication of the Party Manifesto for the General Election and policy documents on mutual housing, energy co-operatives and the role of co-operatives in student unions
- The launch of the "Feeling's Mutual" campaign to work toward the re-mutualisation of the failed banks
- The establishment of the Friends of the Co-operative Ideal group in Parliament
- Increased membership through a targeted recruitment campaign, and
- The establishment of a network for members from Black, Asian and Minority Ethnic communities

### Financial Review

The Party's finances in 2009 benefited from a successful recruitment campaign that increased membership considerably. Greater emphasis on involving corporate sponsors and exhibitors at the Party's Annual Conference in Edinburgh also had a positive impact on income for the organisation.

Mergers between co-operative organisations led to differences in the nature of annual subscriptions from co-operative societies.

The cost of staff salary and pension changes in 2009 were reflected in expenditure,

as were increased activity by Committees of the Party and additional staff travel caused by greater engagement with external and internal audiences, higher profile campaign activities and the publication and promotion of the Party's Manifesto.

The selection of a number of new candidates for the 2010 General Election also had an impact on Party expenditure

### 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 Board has agreed to adopt the Co-operativesUK Corporate Governance Code of Best Practice, subject to consideration of amendments that are consistent with the nature of the organisation. These amendments relate to Board size, frequency of meetings and length of term of Board members.

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 to 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/she ought to have taken as a director to make themselves 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 1 March 2010.

### Going Concern

The NEC have prepared forecasts for the forthcoming twelve month period which indicate that the Party has sufficient committed subscription income and financial resources in order to enable it to meet its obligations as they fall due. As a consequence the NEC believes that the Party is well placed to manage its business risks successfully in the current economic environment.

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 2009 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 2009 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.

**Mick Davies (Senior Statutory Auditor)**  
**KPMG LLP**  
**Chartered Accountants**  
**St James Square, Manchester**  
**M2 6DS**  
**1 March 2010**

CO-OPERATIVE PARTY LIMITED

**INCOME AND EXPENDITURE ACCOUNT**

Year ended 31 December 2009

	Note	2009		2008	
		£	£	£	£
<b>Income</b>					
Subscriptions					
- Co-operative Societies	2	661,226		646,201	
- Service Agreements		177,740		170,363	
- Individual Members		<u>86,968</u>		<u>95,715</u>	
			925,934		912,279
Chargeable Services			-		30,000
Annual Conference			15,951		13,597
Grants and Donations	3		-		-
Constituency Plan Agreements	5		21,555		22,279
Other Income			<u>7,312</u>		<u>5,328</u>
<b>Total Income</b>			<u>970,752</u>		<u>983,483</u>
<b>Expenditure</b>					
Salaries and wages		342,735		295,045	
Social security costs		29,588		32,485	
Other employment costs		30,421		52,370	
Pension - current service cost		<u>47,290</u>		<u>50,000</u>	
Personnel costs	4	450,034		429,900	
Rent,Rates,Insurance		60,509		55,752	
Light,Heat,Cleaning		3,436		1,390	
Postage,Telephone		25,214		21,491	
Repairs & Renewals		2,631		94	
Printing & Administration		52,853		62,671	
Committees		22,321		11,617	
Staff Travel		43,868		38,842	
Schools,Conferences		60,474		57,279	
Professional Fees		4,910		53,864	
Auditor's Fees - for audit		10,350		9,883	
" " - for other work		2,615		2,938	
Grants to Party Councils		176,380		170,911	
Constituency Plan Agreements	5	57,380		52,999	
Election Campaign expenses		768		17,350	
Depreciation		11,873		12,787	
Miscellaneous		17,836		8,450	
Bad Debt Provision		<u>9,300</u>		<u>-</u>	
<b>Total Expenditure</b>			<u>1,012,752</u>		<u>1,008,218</u>
Deficit from Party activities before interest, pension curtailment and taxation			(42,000)		(24,735)
Interest			1,805		5,903
Gain on Pension curtailment	11		-		74,000
<b>(Deficit)/Surplus from Party activities before taxation</b>			<u>(40,195)</u>		<u>55,168</u>
Corporation Tax	6		(1,609)		(1,686)
<b>(Deficit)/Surplus for the year</b>	10		<u>(41,804)</u>		<u>53,482</u>

The above relates entirely to continuing operations.

The notes on pages 27 to 34 form part of these financial statements

CO-OPERATIVE PARTY LIMITED

**BALANCE SHEET**

as at 31 December 2009

	Note	2009		2008	
		£	£	£	£
<b>Fixed Assets</b>					
Tangible Fixed Assets	7		18,448		18,208
<b>Current Assets</b>					
Debtors	8	136,796		167,900	
Investments		100,000		100,000	
Cash in hand		37,340		58,363	
		<u>274,136</u>		<u>326,263</u>	
<b>Creditors</b>					
Amounts falling due within one year	9	(72,783)		(82,866)	
<b>Net Current Assets</b>			<u>201,353</u>		<u>243,397</u>
<b>Net assets including Pension Liability</b>			<u>219,801</u>		<u>261,605</u>
<b>Financed by</b>					
<b>Reserves</b>					
Revenue	10		219,801		261,605
			<u>219,801</u>		<u>261,605</u>

The notes on pages 27 to 34 form part of these financial statements

**CO-OPERATIVE PARTY LIMITED**

**CASH FLOW STATEMENT**

Year ended 31 December 2009

	Note	2009 £	2008 £
Net cash inflow/(outflow) from operating activities	15	(9,485)	98,992
Returns on investments and servicing of finance	16	1,805	5,903
Taxation			
Corporation tax		(1,230)	(1,686)
Capital expenditure and financial investment	17	(12,113)	(2,402)
Cash (outflow)/inflow before use of liquid resources		<u>(21,023)</u>	<u>100,807</u>
Management of liquid resources	18	-	100,000
(Decrease)/increase in cash		<u>(21,023)</u>	<u>807</u>
<b>Reconciliation of net cash flow to movement in net fund</b>			
Net fund at 1 January		158,363	57,556
(Decrease)/increase in cash		(21,023)	807
Change in liquid resources		-	100,000
<b>Net fund at 31 December</b>		<u>137,340</u>	<u>158,363</u>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR YEAR ENDED 31 DECEMBER 2009**

		2009 £	2008 £
(Deficit)/surplus before taxation		(40,195)	55,168
Taxation		(1,609)	(1,686)
		<u>(41,804)</u>	<u>53,482</u>
Actuarial gain/(loss)	11	-	76,000
Effect of surplus cap in pension scheme	11	-	(111,000)
Total gains and losses recognised since last annual report		<u>(41,804)</u>	<u>18,482</u>

The notes on pages 27 to 34 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.

**Going Concern**

The NEC have prepared forecasts for the forthcoming twelve month period which indicate that the Party has sufficient committed subscription income and financial resources in order to enable it to meet its obligations as they fall due. As a consequence the NEC believes that the Party is well placed to manage its business risks successfully in the current economic environment.

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.

**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 and Conference 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 economic 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**

The Co-operative Party were accepted into the Co-operative Group PACE scheme commencing on 1st January 2009. Contributions of 16% of gross pensionable salary are recognised by the employer and charged through the income & expenditure account on a monthly basis.

**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.

	2009	2008
	£	£
<b>Society</b>		
Anglia Regional	-	10,000
Chelmsford Star	3,322	3,210
Co-operative Forum (NI)	51	50
Co-operative Press	-	50
East of England	20,967	20,356
Glenhall Housing	121	117
Midcounties	32,736	31,656
Midlands	61,192	59,123
Scottish Midland	12,020	11,614
Southern	18,237	17,621
the Co-operative Group	512,580	492,404
<b>Total Subscriptions</b>	<b>661,226</b>	<b>646,201</b>

**3. GRANTS & DONATIONS**

	2009	2008
	£	£
the Co-operative Group donation	-	-
Other grants and donations	-	-
	<u>-</u>	<u>-</u>

**4. EMPLOYEES**

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

2009		2008	
Full time	Part time	Full time	Part time
8	2	8	2

The costs incurred in respect of these employees were:

	2009	2008
	£	£
Wages and salaries	342,735	295,045
Social security costs	29,588	32,485
Pension - current service cost (note 11)	47,290	50,000
Others	30,421	52,370
	<u>450,034</u>	<u>429,900</u>

Others include an amount for consultancy of £ 20,000 (2008 - £35,521) and £ 4,000 (2008 - £nil) for redundancy and compensation payments.

**4. EMPLOYEES (continued)**

**Senior Management remuneration**

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

	2009	2008
	£	£
Salaries	172,669	152,967
Bonus	6,975	-
Pension Contributions	27,626	12,396
	<u>207,270</u>	<u>165,363</u>

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

	2009	2008
	£	£
Salary	70,700	46,017
Bonus	2,856	-
Pension Contributions	11,312	1,489
	<u>84,868</u>	<u>47,506</u>

For 2008, the above salary is split as follows:

Peter Hunt (left 3 March 2008) £ 16,083 and Michael Stephenson (commenced 20 July 2008 ) £ 29,934

**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, from the Co-operative Party, to the Constituency Labour Parties.

**6. TAXATION**

	2009	2008
	£	£
Corporation tax	<u>1,609</u>	<u>1,686</u>

**7. TANGIBLE FIXED ASSETS**

	Fixtures, Fittings & Equipment £	Total £
<b>COST</b>		
1 January	189,706	189,706
Additions	12,113	12,113
31 December	<u>201,819</u>	<u>201,819</u>
<b>DEPRECIATION</b>		
1 January	171,498	171,498
Charge for year	11,873	11,873
31 December	<u>183,371</u>	<u>183,371</u>
<b>NET BOOK VALUE</b>		
1 January	18,208	18,208
31 December	<u>18,448</u>	<u>18,448</u>

**Capital Commitments**

As at 31 December 2009 there were no capital commitments (2008 - £nil).

Capital expenditure authorised but not committed amounts to £nil (2008 - £nil).

**8. DEBTORS**

	2009	2008
	£	£
Trade Debtors	43,001	153,883
Prepayments	70,169	13,465
Other Debtors	23,626	552
	<u>136,796</u>	<u>167,900</u>

Debtors are shown after making a provision for bad debts of £9,300 (2008 - £nil).

**9. CREDITORS**

	2009	2008
	£	£
Trade Creditors	23,216	24,792
Taxation and Social security	14,148	9,847
Corporation tax	379	-
Accrued charges	35,040	48,227
	<u>72,783</u>	<u>82,866</u>

**10. RESERVES**

	2009 £	2008 £
<b>Revenue reserve</b>		
Balance at 1 January	261,605	243,123
Surplus for the year	(41,804)	53,482
Actuarial gain/(loss) recognised in the pension scheme	-	76,000
Effect of surplus cap in the pension scheme	-	(111,000)
Balance at 31 December	<u>219,801</u>	<u>261,605</u>

**11. PENSION SCHEME**

The Co-operatives UK Staff Pension Scheme, of which the Co-operative Party participated, was officially terminated on 24 June 2009. Pension accrual ceased on 31 December 2008. There were no assets or liabilities on termination following the transfer of a surplus of £1,127,000 to the PACE trustees on 4th March 2009.

Staff of the Co-operative Party were offered the option to join the Co-operative Group PACE scheme with effect from 1st January 2009. All members applied to join, transferring all their accrued benefits to date. New employees also have the option to join following the completion of three months service with the Party.

Actual contributions to the PACE scheme for 2009 amounted to £47,290.

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

In 2008, the Co-operative Party, along with the principal employer Co-operatives UK, were part of a defined benefit pension plan for their employees. (The practice of increasing pensions in line with inflation was included in the measurement of the defined benefit obligation).

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



## 11. PENSION SCHEME (continued)

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

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
Actual return on plan assets	220
<b>Weighted average assumptions used to determine benefit obligations at:</b>	
	<b>31/12/2008</b>
Discount rate	6.10%
Rate of compensation increase	5.00%
Rate of increase of pensions in payment	3.00%
Rate of increase of pensions in deferment	3.00%
Inflation	3.00%

## 11. PENSION SCHEME (continued)

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

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

### 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)	<u>86</u>	<u>(11)</u>	<u>129</u>	<u>164</u>	<u>209</u>
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 2009 the Party had annual commitments under non-cancellable operating leases as follows:

	Land and Buildings 2009 £	Land and Buildings 2008 £
Operating leases expiring:		
in the second to fifth year inclusive	<u>36,425</u>	<u>36,425</u>

## 13. NATIONAL EXECUTIVE COMMITTEE

The directors of the board (National Executive Committee) receive no remuneration for their services as members.

They do receive reimbursement for expenses incurred in discharging their responsibilities. Expenses reimbursed for 2009 were £ 22,320 (2008 - £11,670). Certain directors of the board 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

Len Wardle, as a director of the board, is also a director of Communicate Mutuality (CM), which constitutes a related party. In accordance with the disclosure requirements of Financial Reporting Standard 8 'Related Party Disclosure' the following transactions took place during 2009:

The Co-operative Party provided services to Communicate Mutuality Limited totalling £nil (2008:£30,000). Amounts remaining outstanding at the year end total £nil (2008 £93,817).

**14. RELATED PARTIES (continued)****Co-operatives<sup>UK</sup> Limited**

Co-operatives<sup>UK</sup> Limited provides accounting and payroll services for the Party. The charges for the services for 2009 were £ 3,500 (2008 £3,500).

**15. RECONCILIATION OF DEFICIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES**

	2009	2008
	£	£
Deficit for the year before interest	(42,000)	(24,735)
Depreciation charge	11,873	12,787
Decrease in debtors	31,104	58,460
(Decrease)/increase in creditors	(10,462)	24,480
Movement in pension for employer liabilities	-	28,000
Net cash (outflow)/inflow from operating activities	<u>(9,485)</u>	<u>98,992</u>

**16. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

	2009	2008
	£	£
Interest received	<u>1,805</u>	<u>5,903</u>

**17. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT**

	2009	2008
	£	£
Purchase of tangible fixed assets	(12,113)	(2,402)
Sale of investments	-	-
	<u>(12,113)</u>	<u>(2,402)</u>

**18. MANAGEMENT OF LIQUID RESOURCES**

	2009	2008
	£	£
Investment in Coop Group corporate investor shares	<u>100,000</u>	<u>100,000</u>

**19. ANALYSIS OF NET FUND**

	1 January 2009	Cash Flows	31 December 2009
	£	£	£
Cash in hand	58,363	(21,023)	37,340
Current asset investments	100,000	0	100,000
Total	<u>158,363</u>	<u>(21,023)</u>	<u>137,340</u>

**the co-operative party**  
politics for people



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