

the co-operative party

Board report & annual accounts 2017

Co-operative Party Limited is a registered Society under the

Co-operative and Community Benefit Societies Act 2014

Registered no. 30027R

65 St. John Street, London EC1M 4AN

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Co-operative Party Limited (Reg. No. 30027R)

Board report & financial review

Financial Review

The NEC budgeted for a surplus in 2016, allowing for funds to be carried forward into 2017 to support the Party's Centenary projects. Due to the strong support of subscribing societies and local parties for Annual Conference and the Centenary, General Election donations and a significant increase in individual membership income, use of these reserves was not necessary. During the year the Party also benefitted from the release of a past pension provision of £14,804. The combination of these factors led to a surplus of £56,074.

During the year the Party spent £9,655 on the Centenary banner. The banner has been capitalised as an asset, as it is expected to last for a significant period. Although the banner has depleted our cash reserves it has not had an impact on the reported surplus.

Income from subscribing societies was slightly higher than in 2016, with one new organisation joining. Individual membership income increased by over 17%.

Annual Conference income increased substantially, but this was matched by the increased costs of our largest conference in recent years, spread across two venues.

Tax Policy

In 2017 the Party continued to support the Fair Tax Mark Campaign.

The Co-operative Party takes its tax obligations seriously. It seeks to comply with them in an open and transparent way with both its tax advisers and, through them, with HM Revenue & Customs.

It has for some time been agreed with HM Revenue & Customs that the Party is taxed in accordance with 'the mutuality principle'. What this, in effect, means is that the Party is seen as the representative of its members in undertaking activity on their behalf. The tax consequence is that the income received from members, including for supplying services to them, is not considered taxable. Nor is any tax relief given on any spending undertaken to supply this activity. The result is that much of the activity of the Party is outside the scope of corporation tax.

This is not the case when it comes to investment income. Since any such income would if received by the Party members be considered taxable so it is in the case of the Party itself. Therefore, tax liabilities have been reported in the Party's accounts in the past.

In fulfilling its obligations to HMRC the Party has agreed that it will take no artificial steps or enter any arrangements, whether in the UK or offshore, to avoid the receipt of taxable income giving rise to a declarable tax liability. The Party is committed to paying all its taxes due at the right rate, in the right place and at the right time and believes that this commitment reflects the political values it seeks to uphold.

Membership

Members of the Co-operative Party in 2017 included 11,021 individual members, thirty-one local Parties and fifteen societies and affiliates:

Central England Co-operative	Co-operatives UK
Co-operative & Mutual Solutions	East of England Co-operative
Community Union	Enabled Works
Glenhall Housing	The Midcounties Co-operative
Grafton Housing Co-operative Ltd	Revolver Co-operative
The Co-operative Group	Scottish Midland Co-operative
Co-operative Press	United Cabbies Group

Chelmsford Star Co-operative did not pay a national subscription in 2017 but continued to support the local Co-operative Party.

Statement of Responsibilities of the Board

The Board is responsible for preparing the financial statements of Co-operative Party Limited in accordance with applicable law and regulations. The Board is required to prepare financial statements for each financial year and has 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 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 Co-operative and Community Benefit Societies Act. They have general responsibility for taking such steps as are 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 continued to review and report on internal financial controls in accordance with its Code of Governance, adopted in 2010. A review process will continue throughout future years and will be considered regularly by the NEC and its audit sub-committee.

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.
- Considering reports from management and external audit on the system of internal control and any material control weaknesses.
- The Chair of the Audit Committee reports on all Audit Committee meetings to the NEC.

In 2010 the Board agreed to adopt the Co-operatives UK Corporate Governance Code of Best Practice, subject to 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.

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 External Auditors

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

The system of internal financial controls is 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

The NEC approves the Party's annual budgets. The Party has a policy of communicating its management accounts monthly to each member of the Audit Committee. Actual income and spend 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 Party. 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 has 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 some physical controls, some segregation of duties and external audit to the extent necessary to arrive at their audit opinions.

In 2014 the Finance Handbook was amended and expanded to meet the changes from bringing the accounts in house.

In 2016 the Audit Committee reviewed the re-appointment of an Internal Auditor and agreed to subscribe instead to the PQASSO system from 2017, working towards the PQASSO Quality Mark in future years.

Information and Communication

The Party operates a membership database and communication takes place through a regular Officers' Support Mailing to local Party officers and activist direct member mailings as well as through social media.

Monitoring

There are 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. Audit reports are 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 Board Members who held office at the date of approval of this Board Report confirm that, so far as they are each aware, there is no relevant audit information of which the Society's auditors are

unaware; and each Board Member has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Society's auditors are aware of that information.

Auditors

Crowe Clark Whitehill LLP have been the Party's Auditors from the financial year 2011. In line with best practice, the NEC reviewed this in 2016 but agreed to recommend retaining Crowe Clark Whitehill LLP and not re-tendering for the Party's External Auditor for a further two years. This was ratified at the AGM in 2016.

Going Concern

The Board have prepared forecasts for the period to 31 December 2018, which indicate that the Society has sufficient committed subscription income and financial resources to enable it to meet its obligations as they fall due. Consequently, the Board believes that the society 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 13-23 are hereby signed on behalf of the National Executive Committee.

Claire McCarthy
General Secretary

Independent auditor's report to the members of Co-operative Party Limited

Opinion

We have audited the financial statements of Co-operative Party Limited for the year ended 31 December 2017 which comprise Income and Expenditure Account, Balance Sheet, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Society's members as a body in accordance with the Co-operative and Community Benefit Societies Act 2014. 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 and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the Society's affairs as at 31 December 2017 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the National Executive Committees' ("NEC") use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the NEC has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the society's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The NEC is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of controls over transactions has not been maintained; or
- the Society has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the NEC

As explained more fully in the NEC's responsibilities statement set out on page 3, the NEC is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the NEC determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the NEC is responsible for assessing the society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the NEC either intends to liquidate the society or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Crowe Clark Whitehill LLP Statutory Auditor

The Lexicon
Mount Street
Manchester
M2 5NT

Date: 17 March 2018

Financial reports

Income and expenditure 2017

	Note	2017	2016
		£	£
Society Subscriptions	1	774,551	773,571
Individual members	5	254,251	216,638
Other Donations	2	19,821	6,153
Conference Income		59,339	28,487
Other Income	2a	82,425	26,799
Constituency Plan Agreements	6	11,340	10,530
Total Income		1,201,727	1,062,178
Expenditure			
Salaries & salary related costs	2a,3,4	506,326	477,541
Occupancy costs		65,116	49,298
Travel		56,341	44,796
Events		118,225	50,831
Communications		50,765	60,709
Printing, publications and stationery		21,592	17,539
IT & technical		25,854	20,650
Professional fees		20,665	15,425
Consultancy, Delivery & Research		15,519	2,890
Bank Charges		13,291	10,295
Grants & Donations		171,780	166,579
Membership fees payable to local parties	5	39,979	33,840
Depreciation & Write offs		6,307	7,152
Miscellaneous		-	(143)
Bad debt provision		-	(2,800)
CPA	6	34,048	31,616
		<u>1,145,808</u>	<u>986,218</u>
Surplus/ (Deficit) from Party activities before interest and taxation		55,919	75,959
Interest	18	193	1,107
Finance costs		-	(1,566)
		<u>56,112</u>	<u>75,501</u>
Surplus/ (Deficit) from Party activities before taxation			
Corporation tax	7	(38)	(221)
Surplus/ (Deficit) for the year	13	<u>56,074</u>	<u>75,279</u>

The above relates entirely to continuing operations. There were no recognised gains or losses for 2017 or 2016 other than those included in the income and expenditure account.

Balance Sheet

As at 31 December 2017

	Note	2017	2016
		£	£
Fixed Assets			
Tangible Fixed Assets	8	9,661	5,225
Current Assets			
Debtors	10	36,024	24,050
Investments	9	25,950	25,757
Cash in hand		601,616	605,510
		<u>663,590</u>	<u>655,317</u>
Creditors			
Amounts falling due within one year	11	<u>(86,080)</u>	<u>(108,281)</u>
Net Current Assets		577,510	547,036
Total assets less current liabilities		587,171	552,261
Post employment benefits	12	-	(21,164)
Net assets		587,171	<u>531,097</u>
Financed by Reserves			
Revenue	13	<u>587,171</u>	<u>531,097</u>
		<u>587,171</u>	<u>531,097</u>

The notes on pages 13 - 23 form part of these financial statements.

Co-operative & Community Benefit Societies Act 2014 Registration No 030027R

The financial statements on pages 10 to 23 were approved and authorised for issue by the National Executive Committee on 17th March 2018 and signed on its behalf by:

Gareth Thomas and Cheryl Barrott

Cash Flow Statement

Year ended 31 December 2017

	Note	2017 £	2016 £
Net cash inflow from operating activities	17	5,799	104,053
Proceeds from disposal of investment		25,757	
Purchase of Investment		(25,950)	
Purchase of fixed asset		(9,655)	
Returns on investments and servicing of finance		193	725
Credit balance			
Taxation			
Corporation tax	7	(38)	(75)
Increase in cash		<u>(3,894)</u>	<u>104,703</u>
Reconciliation of net cash flow to movement in net funds	19		
Net funds at 1 January		605,510	500,807
Increase/(decrease) in cash		(3,894)	104,703
Net funds at 31 December		<u>601,616</u>	<u>605,510</u>

The notes on pages 13-23 form part of these financial statements

Notes to the financial statements

Statement of accounting policies

Basis of Accounting

Co-operative Party's is a registered society under the Co-operative and Community Benefits Societies Act 2014. Its registered office is 65 St John Street, London EC1M 4AN

The financial statements reflect the transactions of the national organisation of the Co-operative Party. 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 (NEC), 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 period to December 2018 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 in excess of £5,000 will be capitalised and 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.

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

Debtors

Short Term Debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less impairment.

Cash and Cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Creditors

Short term creditors are measured at the transition price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently and amortised cost using the effective interest method.

Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

However if the arrangements of a short- term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income and Expenditure Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date. Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Corporation and Deferred Taxation

The Co-op Party takes its tax obligations seriously. It seeks to comply with them in an open and transparent way with both its tax advisers and, through them, with HM Revenue & Customs.

It has for some time been agreed with HM Revenue & Customs that the Party is taxed in accordance with 'the mutuality principle'. What this, in effect, means is that the Party is seen as the representative of its members in undertaking activity on their behalf. The tax consequence is that the income received from members, including for supplying services to them, is not considered taxable. Nor is any tax relief given on any spending undertaken to supply this activity

The result is that much of the activity of the Party is outside the scope of corporation tax. This is not the case when it comes to investment income. Since any such income would if received by the Party members be considered taxable so it is in the case of the Party itself. This is why tax liabilities have been reported in the Party's accounts.

In fulfilling its obligations to HMRC the Party has agreed that it will take no artificial steps or enter into any arrangements, whether in the UK or offshore, to avoid the receipt of taxable income giving rise to a declarable tax liability. The Party is committed to paying all its taxes due at the right rate, in the right place and at the right time and believes that this commitment is a reflection of the political values it seeks to uphold.

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

Pensions

Staff may join the Co-operative Group's (PACE) defined contribution pension scheme. The employer contributes 2%, 3%, 5%, 8% or 10% of gross pensionable salary (according to the contribution made by the employee).

Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

Judgements in applying accounting policies and key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

i. Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

ii. Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 11 for the net carrying amount of the debtors and associated impairment provision.

iii. Net present value of payments to deficit funding plan

The Party has recognised the net present value of the payments of know contributions to a deficit funding plan between the balance sheet date and June 2019. This has been based on guidance provided by the pension scheme's actuary discounted to a net present value at the balance sheet date using a discount factor equivalent to the market yield on high quality corporate bonds at the balance sheet date

Income

1. Society Subscriptions

	2017	2016
Society	£	£
Central England	74,480	74,480
Community Union	7,000	6,250
East of England	23,000	23,000
Midcounties	30,000	30,000
Scottish Midland	13,971	13,791
The Co-operative Group *	625,600	625,600
Other	500	450
	<u>774,551</u>	<u>773,571</u>
Total Subscriptions	<u>774,551</u>	<u>773,571</u>

The societies are also members of Co-operative Party Limited.

** Includes funds for Party Councils*

2. Other Donations

	2017	2016
	£	£
Donations from individual members & other organisations	5,321	6,153
	<u>14,500</u>	<u>-</u>
General Election	<u>19,821</u>	<u>6,153</u>

2a. Other Income

	2017	2016
	£	£
Centenary Levy / other grants	41,182	4,000
Contributions towards staffing	36,893	19,312
Affinity Schemes & merchandise sales	4,350	3,487
	<u>82,425</u>	<u>26,799</u>

Expenditure

3. Employees

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

2017		2016	
Full time	Part time	Full time	Part time
6	7	7	6

The Party also employed temporary staff on behalf of Members of the Co-operative Parliamentary Group and local Parties

Reimbursement to the party in respect of employment costs for such employees is included in 'other income' in Income and Expenditure.

	£	£
Wages and salaries	443,080	405,152
Social security costs	39,534	47,246
Pension contributions	34,046	20,377
	-	-
Pension Costs	14,804	-
Non Salary benefits	4,090	4,766
Internal Training	380	-
	<u>506,326</u>	<u>477,541</u>

4. Employees (continued)

Senior Management remuneration

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

	2017	2016
	£	£
Salaries	139,491	137,628
Pension Contributions	12,513	12,259
National Insurance Contributions	16,055	15,908
	<u>168,059</u>	<u>165,795</u>

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

	2017	2016
	£	£
Salary	71,820	70,000
Pension Contributions	5,746	5,600
National Insurance Contributions	8,391	8,154
	<u>85,957</u>	<u>83,754</u>

5. Membership fees payable to local parties

Of the annual individual member subscription £4 per every paid up member is forwarded to Party Councils. The individual member income is presented gross before the payment to Party Councils.

6. Constituency Plan Agreements

These are agreements entered into between the Co-operative National Executive Committee and the Labour Party Constituencies to which the relevant local Co-operative Parties contribute one third of the cost. Payments are made directly from the Co-operative Party to the Constituency Labour Parties.

7. Taxation

	2017 £	2016 £
Corporation tax	<u>38</u>	<u>221</u>

8. Tangible Fixed Assets

	Fixtures, Fittings & Equipment 2017 £	Fixtures, Fittings & Equipment 2016 £
Cost		
1 January	71,912	71,912
Additions	9,655	
Disposals	(11,365)	-
31 December	<u>70,202</u>	<u>71,912</u>
Depreciation		
1 January	66,687	59,535
Charge for year	5,219	7,152
Disposals	(11,365)	-
31 December	<u>60,541</u>	<u>66,687</u>
Net Book Value		
1 January	5,225	12,377
31 December	<u>9,661</u>	<u>5,225</u>

9. Fixed Investment

	2017	2016
	£	£
Capital value		
At 1 January 2017	25,757	25,375
Disposal	(25,757)	(25,375)
Shares reinvested	25,757	25,375
Interest reinvested	193	382
	<hr/>	<hr/>
At 31 December 2017	<u>25,950</u>	<u>25,757</u>

Investments relate to shares in The Co-operative Group - see note 16

10. Debtors

	2017	2016
	£	£
Trade Debtors	11,500	6,133
Prepayments and accrued income	10,715	16,625
Other Debtors	13,809	1,292
	<hr/>	<hr/>
	<u>36,024</u>	<u>24,050</u>

Debtors are shown net of a provision for bad debts of £Nil

11. Creditors

	2017	2016
	£	£
Trade Creditors	6,996	1,278
Taxation and Social security	12,220	11,767
Corporation tax	37	221
Accruals and deferred income	66,827	94,849
VAT Payable		166
	<hr/>	<hr/>
	<u>86,080</u>	<u>108,281</u>

12. Post-employment benefits

	2017	2016
	£	£
Balance at 1 January	21,164	33,127
Additional funding charge	-	-
Adjustment to brought forward balance		(6,591)
Contributions	(6,360)	(6,938)
Unwinding of Discount	-	1,566
Reversal of Deficit	(14,804)	-
	<hr/>	<hr/>
Balance at 31 December 2017	<u>-</u>	<u>21,164</u>

12. Post-employment benefits - continued

All employees in the Party participate in the PACE Complete pension scheme, a multi-employer defined benefit scheme, with other employers. The employers share the actuarial risks associated with all employees and former employees. The Party is not legally responsible for the plan and does not have sufficient information to use defined benefit accounting. Accordingly, the scheme is accounted for as a defined contribution scheme.

The multi-employer scheme is no longer in deficit and during the year the Party has been released from its agreement to reduce the deficit. A liability of £nil (2016: £26,189) has been recognised, representing the fact that the Party has no further obligation as at 31 December 2017. The release of the provision has been recognised in the income and expenditure account of the financial statements.

13. Reserves

	2017 £	2016 £
Revenue reserve		
Balance at 1 January	531,097	455,818
Surplus/(Deficit) for the year	56,074	75,279
Balance at 31 December	<u>587,171</u>	<u>531,097</u>

14. Operating Lease Commitments

At 31 December 2017 the Party had commitments under non-cancellable operating leases as follows:

	Land and Buildings 2017	Land and Buildings 2016	Computer equipment 2017	Computer equipment 2016
Lease payments due:	£	£	£	£
Within one year	-	24,300	1,920	-
Between 2 and 5 years	-	42,525	320	-
	<u>-</u>	<u>66,825</u>	<u>2,240</u>	<u>-</u>

15. 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 2017 were £ 1,763 (2016 - £ 1,076). Certain directors of the board are also members of the boards or governing committees of other bodies in the Co-operative Movement (see note 15). Information regarding transactions between the Party and such bodies is given in note 1.

16. Related Parties

The Co-operative Group

At 31 December 2017, Co-operative Party Limited held shares amounting to £25,950 (2016 - £25,756) in the Co-operative Group.

The Co-operative Group is considered to be a related party as Co-operative Party is a member of the Co-operative Group and the Co-operative Group is a member of Co-operative Party Ltd.

17. Reconciliation of surplus/(deficit) to net cash inflow/(outflow) from operating activities

	2017	2016
	£	£
Surplus/deficit for the year before interest	55,919	75,959
Depreciation charge	5,219	7,152
Loss on disposal of fixed assets	-	-
Increase in debtors	(11,974)	21,447
Decrease in creditors	(22,201)	6,433
Decrease in pension liability	(21,164)	(6,938)
Net cash inflow from operating activities	<u>5,799</u>	<u>104,053</u>

18. Returns on Investments and servicing of finance

	2017	2016
	£	£
Interest Received	193	1,107
	<u>193</u>	<u>1,107</u>

19. Analysis of net fund

	1 January 2017	Cash Flows	31 December 2017
	£	£	£
Cash in hand	605,510	(3,894)	601,616
Total	<u>605,510</u>	<u>(3,894)</u>	<u>601,616</u>

20. Financial Instruments

	2017	2016
	£	£
Financial Assets held at fair value	627,514	614,305
Financial Liabilities held at fair value	56,340	95,965

Financial Assets held at fair value comprise of trade debtors, other debtors and cash

Financial Liabilities held at fair value comprise of trade creditors, accruals and post employment benefits.

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