

BOARD REPORT & ANNUAL ACCOUNTS 2020

Co-operative Party Limited is a registered Society under the Co-operative and Community Benefit Societies Act 2014 Registered no. 30027R

Unit 13, 83 Crampton St., London SE17 3BQ



**co-operative
party**

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BOARD REPORT & FINANCIAL REVIEW

Introduction

Co-operative Party Ltd.

The Co-operative Party was established in 1917 to protect and promote the interests of the Co-operative Movement. In 2005, the Party was established as a Society and is registered under the Co-operative and Community Benefit Societies Act 2014.

The members of the Society are its individual members and affiliated organisations. Individual members are organised into 26 local Co-operative Parties.

The Co-operative Party is also registered as a Political Party under the Political Parties, Elections and Referendums Act 2000.

The NEC

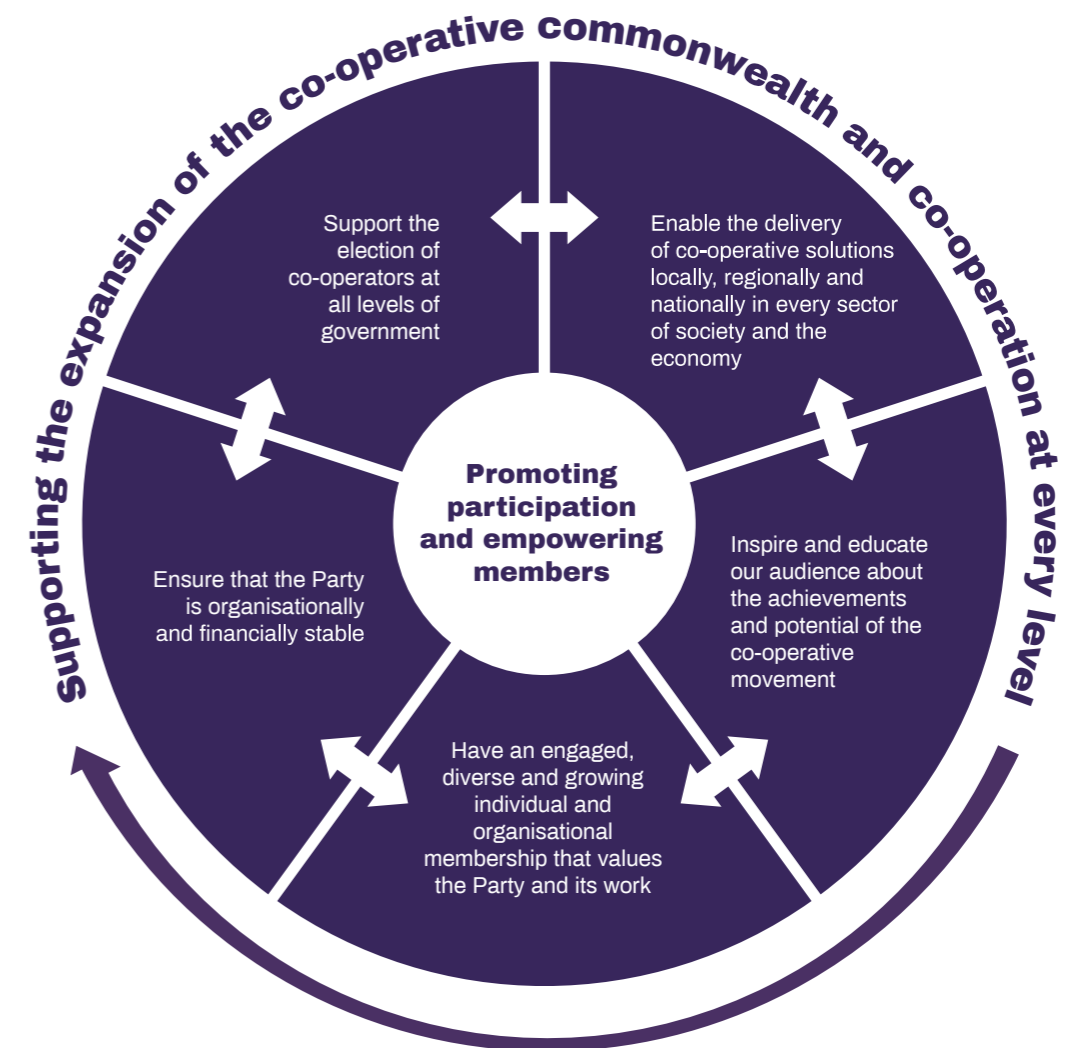
The National Executive Committee (NEC) is responsible for the governance, strategy and policies of the Party. It is elected every three years by and from individual members and subscribing Societies.

The term of the 2017-20 NEC should have concluded in June, and at the start of the pandemic nominations had already closed for election to the NEC for 2020-23. As the first lockdown became imminent, our independent election administrators could not guarantee that they would have access to their offices to enable them to dispatch or to count postal votes. The decision was taken therefore to postpone the ballot until the autumn. The existing NEC remained in place until the newly elected members took office at the NEC AGM in October.

Strategic Objectives 2019-2021

The Co-operative Party's Strategic Objectives were revised in November 2018 and an updated Strategic Plan was produced to direct the

Party's work and priorities to the end of 2021. Progress towards the five strategic objectives frames the Party's reporting to members and subscribing societies. This work is outlined separately in the Annual Review.



Financial Review

The Co-operative Party recorded a surplus of £84,727 in 2020.

Income from Societies and events was lower in 2020. We also received lower donations than in 2019 as that was a General Election year. However, individual membership again rose significantly - by over £40,000 - with increases in recruitment and retention and in the average contribution by each member.

Much of the remaining surplus is attributable to the Covid-19 pandemic and changes in the Party's operations and plans from February onwards. The AGM of the Society, originally scheduled to be held in June, separately to

the Annual Conference, was postponed until October. The NEC then took the decision to cancel the Annual Conference venue in Leeds and to hold a week-long online event instead. Although some costs were incurred in the online event, and in cancelling the conference venue, these were much lower than originally budgeted. The Society AGM also took place on-line, as did regional conferences, other national events and NEC meetings, resulting in a substantial reduction in event costs and staff travel.

Some of the Party's reserves are held in investments, and an unrealised loss shown on the Income and Expenditure account represents the loss in value of these investments when the stock market fell during the pandemic.

Covid-19

The global pandemic had a substantial impact on the planned work of the Party.

From the start of the first lock-down, all staff transferred to home working. After the initial work to ensure that all had the necessary infrastructure and equipment the team adapted well to changes to their working environment and workplans. No staff were furloughed or made redundant. The team continued to meet online daily, and adjustments were made where necessary to accommodate caring responsibilities.

The Party had a 'return to office' plan in line with government guidelines but this had not been implemented by the end of 2020 and all members of the team continued to work from home.

All venue-based conferences and events, nationally and locally, were cancelled. However, the Party moved swiftly to establish successful conferences and weekly events online, including a week-long Annual Conference and the Society AGM in October. Annual Conference was hosted in-house on the Party's own platform.

The Party's NEC election, due to take place in June, was postponed to the Autumn and all NEC meetings since have taken place online.

Tax Policy

In 2020 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.

The Party took the decision to deregister for VAT with effect from 31 December 2020 and will no longer reclaim VAT on conferences and events.

Membership

Members of the Co-operative Party in 2020 included 12,096 individual members (an increase of 9.3%) and sixteen societies and affiliates:

- **Central England Co-operative**
- **Chelmsford Star**
- **Community Union**
- **Co-operative & Mutual Solutions**
- **Co-operative Press**
- **Co-operatives UK**
- **Co-operative Forum (NI)**
- **Enabled Works**
- **East of England Co-operative**
- **Grafton Housing Co-operative Ltd**
- **Glenhall Housing**
- **Scottish Midland Co-operative**
- **Revolver Co-operative**
- **The Midcounties Co-operative**
- **The Co-operative Group**
- **USDRAW**

Chelmsford Star Co-operative did not pay a national subscription in 2020 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 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.

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. In February 2020 the new Co-operatives UK Code was adopted by the NEC, subject to one variance (as previously) that, subject to annual election, there should not be a limit on the term of the Chair. In October 2020 in the AGM of the NEC, the new NEC agreed to a second variance to remove the requirement for the Chair of the NEC to have served for at least one year.

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
- Use of the NCVO Trusted Charity (formerly known as PQASSO) framework to monitor systems and procedures

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, and this is reviewed and updated on an annual basis. In 2016 the Audit Committee reviewed the re-appointment of an Internal Auditor and agreed to subscribe instead to the PQASSO (now known as NCVO Trusted Charity) framework.

Information and Communication

The Party operates a membership database. Communication takes place through regular Officers' Support Mailings ('Buzz') to local Party officers and activists, information on the website, direct member emails and magazines and 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. Recommendations are made to the appropriate level of management to improve controls where weaknesses are found.

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 UK LLP have been the Party's Auditors from the financial year 2011. In line with best practice, the NEC is inviting tenders for the financial year 2021 and will make a recommendation subject to approval at the AGM in 2021.

Going Concern

The Board has prepared forecasts for the period to 31 December 2021, 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 **14-22** are hereby signed on behalf of the National Executive Committee.

Joe Fortune
General Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CO-OPERATIVE PARTY LIMITED

Opinion

We have audited the financial statements of The Co-operative Party Limited for the year ended 31 December 2020 which comprise Income and Expenditure, 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the society's affairs as at 31 December 2020 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 Committee's (henceforth referred to as "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 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 National Executive Committee

As explained more fully in the NEC's responsibilities statement set out on page 7 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 Board 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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Communities and Co-operatives Benefits Societies Act 2014, Electoral and Taxation legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have

properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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.

Use of our report

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.

Crowe U.K. LLP
Statutory Auditor
The Lexicon
Mount Street
Manchester
M2 5NT

Date: 22 March 2021

FINANCIAL REPORTS

Income and Expenditure Account					
Year ended 31 December 2020					
	Note	2020		2019	
		£	£	£	£
Society & Affiliate subscriptions	2	754,145		780,180	
Other donations	3	1,612		37,485	
Other income	4	45,791		43,935	
Individual members	5	367,411		326,580	
Conference income		1,577		48,168	
Constituency Plan Agreements	6	10,530		16,200	
Total Income			1,181,066		1,252,548
Expenditure					
Salaries & salary related costs	7	621,538		582,356	
Occupancy costs		45,163		64,208	
Travel		16,715		66,814	
Events		36,173		78,595	
Communications		51,385		68,178	
Printing, publications & stationery		7,672		13,302	
IT & technical		27,407		23,749	
Professional fees		18,053		18,115	
Consultancy, delivery & research		10,957		4,404	
Bank charges		16,369		15,453	
Grants & donations		150,896		186,835	
Membership fees payable to local parties	5	43,928		40,116	
Dilapidations & write offs		1,811		500	
Irrecoverable VAT		4,282		14,986	
CPA	6	31,590		47,385	
Loss on share sale		7,379			
			1,091,318		1,224,997
Surplus/(Deficit) from Party activities before interest and taxation			89,747		27,551
Interest	18		7,076		2,231
Unrealised loss on Investment			(10,751)		7,660
Surplus/(Deficit) from Party activities before taxation			86,072		37,442
Corporation Tax	8		(1,345)		(424)
Surplus/(Deficit) for the year	13		84,727		37,018

The above relates entirely to continuing operations. There were no recognised gains or losses for 2020 or 2019 other than those included in the income and expenditure account. The notes on page 17-22 form part of these financial statements.

Balance Sheet					
as at 31 December 2020					
	Note	2020		2019	
		£	£	£	£
Fixed Assets					
Tangible Fixed Assets	9		17,689		18,500
Current Assets					
Debtors	10	46,450		47,720	
Investments	11	141,038		158,968	
Cash in hand		672,474		496,333	
			859,961		703,021
Creditors					
Amounts falling due within one year	12	(135,914)		(64,513)	
Net Current Assets			724,047		638,508
Total assets less current liabilities			741,736		657,008
Net Assets					
Financed by Reserves					
Revenue	13		741,736		657,008

The notes on page 17-22 form part of these financial statements. The financial statements on pages 14-16 were approved and authorised for issue by the National Executive Committee on 22 March 2021 and signed on its behalf by:

Cash Flow Statement			
Year ended 31 December 2020			
	Note	2020	2019
		£	£
Net cash inflow from operating activities	17	169,687	5,233
Proceeds from disposal of investment		31,668	
Purchase of investment		(31,866)	(125,165)
Purchase of fixed asset			(8,846)
Returns on investments and servicing of finance	18	7,076	2,232
Taxation			
Corporation Tax paid	8	(424)	(37)
Increase/(decrease) in cash		176,141	(126,583)
Reconciliation of net cash flow to movement in net funds	19		
Net funds at 1 January		496,333	622,916
Increase/(decrease) in cash		176,141	(126,583)
Net funds at 31 December		672,474	496,333

The notes on page 17-22 form part of these financial statements.

Notes to the Financial Statements

1. Statement of Accounting Policies

Basis of Accounting

Co-operative Party Ltd is a registered society under the Co-operative and Community Benefits Societies Act 2014. Its registered office is Unit 13, 83 Crampton Street, London SE17 3BQ.

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, FRS102 and applicable accounting standards.

Going Concern

The NEC has prepared forecasts for the period to December 2021, which indicate that the Party has sufficient committed subscription income and financial resources to enable it to meet its obligations as they fall due. Therefore 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.

Hand painted silk banner is not depreciated due to its high residual value.

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 Party 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.

Corporation and Deferred Taxation

The Co-operative Party takes its tax obligations seriously. It seeks to comply with them in an open and transparent way 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 Party Pension Scheme defined contribution pension scheme. The employer contributes 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.

Statement of Accounting Policies (Continued)

Investment

Fixed asset investments (including social investments) are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the balance sheet date, unless fair value cannot be measured reliability in which case it is measured at cost less impairment.

Investment gains and losses, when realised, are presented above taxation in the income and expenditure statement.

Unrealised gains and losses are presented below taxation in the income and expenditure statement.

Judgements in applying accounting policies and key sources of estimation uncertainty

The Party 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.

1. 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.

2. 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 10 for the net carrying amount of the debtors and associated impairment provision.

2. Society & Affiliate Subscriptions

	2020	2019
Society	£	£
Central England	66,300	66,300
Community Union	7,140	7,140
East of England	25,000	25,000
Midcounties	31,825	31,200
Scottish Midland	14,780	14,490
The Co-operative Group	598,600	625,600
USDAW	10,200	10,200
Other	300	250
<i>Total Subscriptions</i>	<i>754,145</i>	<i>780,180</i>

3. Other Donations

	2020	2019
	£	£
Donations from individual members and other organisations	1,612	230
General Election	-	37,255
<i>Total</i>	<i>1,612</i>	<i>37,485</i>

4. Other Income

	2020	2019
	£	£
Campaigns Levy/other grants	35,320	22,464
Contributions towards staff-ing	8,886	16,009
Affinity Schemes & Merchandise sales	1,585	5,462
<i>Total</i>	<i>45,791</i>	<i>43,935</i>

5. Membership fees payable to local parties

Of the annual individual member subscription £4 per 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 Party National Executive Committee and 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 Constituency Labour Parties.

7. Employees

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

2020		2019	
Full time	Part time	Full time	Part time
9	5	8	6

The Party also employed temporary staff on behalf of local Parties.

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

	2020	2019
	£	£
Wages and Salaries	515,606	485,968
Social security costs	46,711	44,353
Pension contributions	44,310	42,044
Non-salary benefits	11,692	5,757
Internal training	2,619	1,386
Recruitment costs	600	2,847
<i>Total</i>	<i>621,538</i>	<i>582,355</i>

Senior Management remuneration

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

	2020	2019
	£	£
Salaries	144,916	146,856
Pension Contributions	14,492	13,932
National Insurance contributions	15,254	16,857
<i>Total</i>	<i>174,662</i>	<i>177,645</i>

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

	2020	2019
	£	£
Salary	72,647	76,147
Pension Contributions	7,265	6,861
National Insurance contributions	7,699	8,799
<i>Total</i>	<i>87,611</i>	<i>91,807</i>

8. Taxation

	2020	2019
	£	£
Corporation Tax	1,345	424

9. Tangible Fixed Assets

	Fixtures, fittings and equipment	Fixtures, fittings and equipment
	2020	2019
Cost	£	£
1 January	79,048	70,202
Additions		8,846
Disposals		
31 December	79,048	79,048
Depreciation		
1 January	60,548	60,548
Charge for year	811	
Disposals		
31 December	61,359	60,548
Net Book Value		
1 January	18,500	9,654
31 December	17,689	18,500

10. Debtors

	2020	2019
	£	£
Trade debtors	3,386	12,969
Prepayments and accrued income	42,672	33,601
Other debtors	392	1,150
<i>Total</i>	<i>46,450</i>	<i>47,720</i>

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

11. Investment

	2020	2019
	£	£
Capital value		
At 1 January 2020	158,968	26,144
Additions	58,205	151,112
Disposals	(65,583)	(26,144)
Interest reinvested	199	196
Revaluations	(10,751)	7,660
At 31 December 2020	141,038	158,968

Investments relate to shares held by James Sharp & Co. and in The Co-operative Group - see note 16. All investments are held within the United Kingdom in the form of listed securities.

12. Creditors

	2020	2019
	£	£
Trade Creditors	3,782	3,285
Taxation and social security	13,713	12,314
Corporation tax	1,345	424
Accruals and deferred income	115,295	48,491
VAT Payable	1,779	
	135,914	64,513

13. Reserves

	2020	2019
	£	£
Revenue reserve		
Balance at 1 January	657,008	619,990
Surplus/(Deficit) for the year	84,727	37,018
<i>Total</i>	<i>741,735</i>	<i>657,008</i>

14. Operating Lease Commitments

At 31 December 2020 the Party had commitments under non-cancellable operating leases as follows:

	Land and Buildings (2020)	Land and Buildings (2019)	Computer equipment (2020)	Computer equipment (2019)
Lease payments due:	£	£	£	£
Within one year	30,000	30,000	2,016	2,016
Between 2 and 5 years	30,000	60,000	336	2,352
<i>Total</i>	60,000	90,000	2,352	4,368

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 2020 were £221 (2019 - £1,862). Certain directors of the board are also members of the boards or governing committees of other bodies in the Co-operative Movement (see note 16). Information regarding transactions between the Party and such bodies is given in note 2.

16. Related Parties

At 31 December 2020, Co-operative Party Limited held shares amounting to £26,538 (2019 - £26,339) in the Co-operative Group.

The Co-operative Group is considered to be a related party as Co-operative Party Ltd 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

	2020	2019
	£	£
Surplus/deficit for the year before interest	77,651	27,127
Depreciation charge	811	
Loss on disposal of investments	18,130	
Interest reinvested	1,270	180
Revaluations	71,825	(22,074)
Net cash inflow from operating activities	169,687	5,233

18. Returns on investments and servicing of finance

	2020	2019
	£	£
Interest received	7,076	0
<i>Total</i>	7,076	0

19. Analysis of net fund

	1 January 2020	Cash Flows	31 December 2020
	£	£	£
Cash in hand	496,333	176,141	672,474
<i>Total</i>	496,333	176,141	672,474

20. Amortised cost from fair value

	2020	2019
	£	£
Financial assets held at fair value	148,637	158,968
Financial assets held at amortised cost	698,278	526,772
Financial liabilities held at fair value	118,752	19,008

Financial Assets held at fair value comprise of trade debtors, accrued income, other debtors and cash. Financial Liabilities held at fair value comprise of trade creditors, accruals and post employment benefits.



**co-operative
party**

