

BOARD REPORT & ANNUAL ACCOUNTS 2022

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 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 in 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 current NEC took office in October 2020 after an election delayed because of the pandemic and will retire in June 2023 following the next NEC elections.

Traditionally, the NEC met four times per year, in person. Partly in response to the pandemic, the NEC opted to meet more frequently but with most meetings being shorter and online. In 2022, there were 8 full NEC meetings. 6 of these were fully online; two were hybrid meetings with a mix of participants in person and online.

Members of the Co-operative Party NEC/Board of Co-operative Party Ltd in 2022 were:

	Representing	Attendance
[REDACTED]	East	8/8
[REDACTED]	East Midlands	6/8
Stella Creasy MP	London	6/8
[REDACTED]	North East & Cumbria	6/8
[REDACTED]	North West	3/8
Preet Kaur Gill MP	Parliamentary Group	4/8
Jim McMahon MP (Chair)	Parliamentary Group	6/8
[REDACTED] (Vice-Chair)	Scotland & Northern Ireland	7/8
[REDACTED]	Societies	7/8
[REDACTED]	Societies	6/8
[REDACTED]	South East	6/8
[REDACTED]	South West	5/8
[REDACTED]	The Co-operative Group	4/8
[REDACTED]	Wales	5/8
[REDACTED]	West Midlands	5/8
[REDACTED]	Yorkshire & Humber	5/8
[REDACTED]	Youth	4/8

The NEC also had three observers in 2022. These are not members of the Board of Co-operative Party Ltd and do not vote.

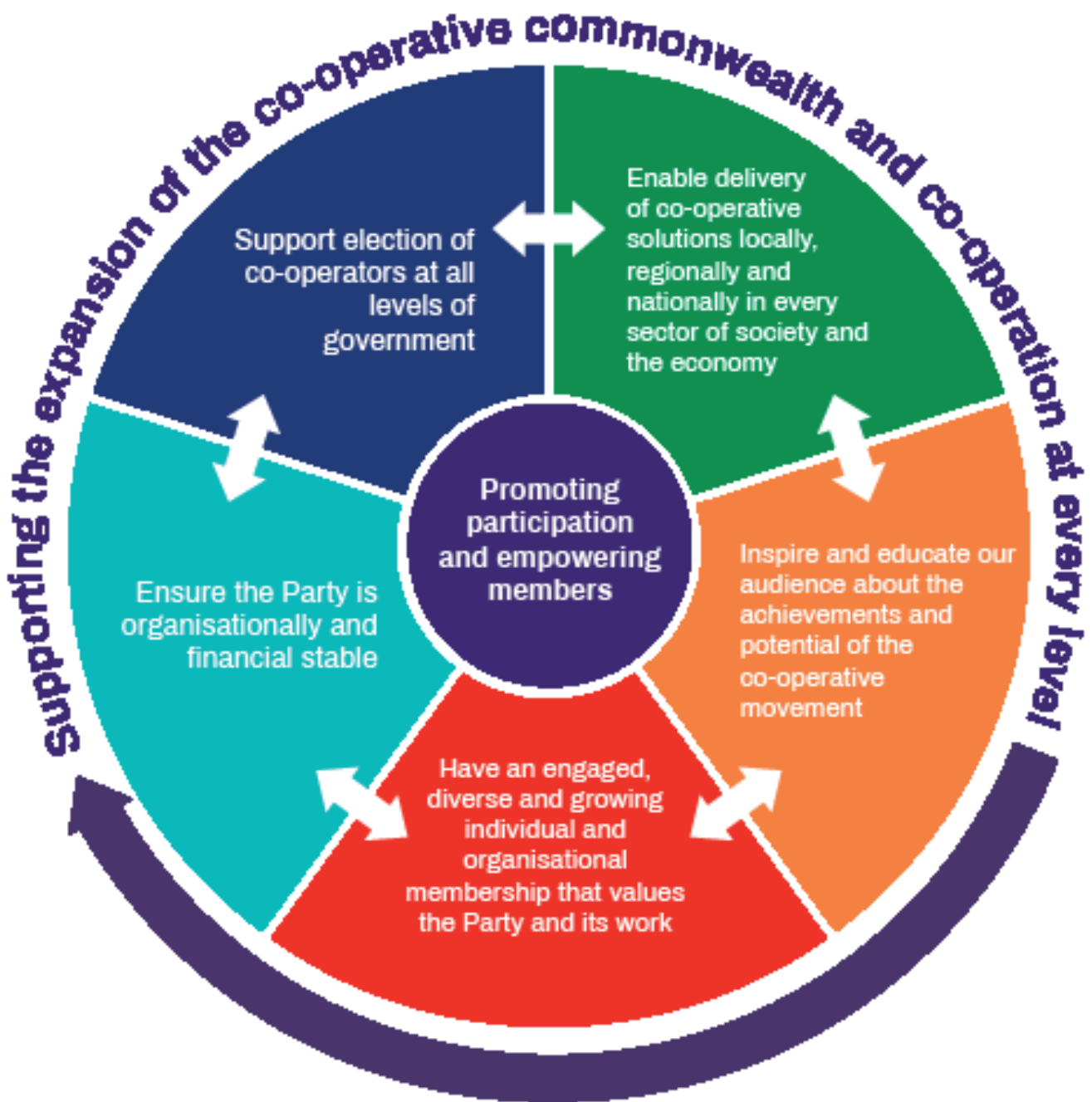
	Representing	Attendance
[REDACTED]	BAME Network	2/8
[REDACTED]	Northern Ireland Party	7/8
Lord Roy Kennedy	Parliamentary Group (House of Lords)	3/8

Strategic Objectives 2022-2024

The Co-operative Party's Strategic Objectives were revised in November 2021 and an updated Strategic Plan was produced to direct the Party's work and priorities to the end of 2024.

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 £19,670 in 2022.

Total income was higher than in 2021. Although subscriptions from Societies and Affiliates increased only marginally, income from individual members increased by over 8%. This reflects continued strong recruitment and retention, together with the voluntary contributions individual members give above the minimum membership subscription. A further contributor to increased income was contributions by local parties towards staffing, although this is offset in additional staffing expenditure.

For the first time since 2019, the Party held an 'in-person' Annual Conference in 2022. There was also a return to other venue-based events alongside on-line activity. This contributed both to higher income and to higher expenditure. Expenditure on consultancy was lower in 2022, due to a large one-off investment in the new disciplinary process and member training.

Covid-19

The global pandemic had a substantial impact on the planned work of the Party in 2020. The pandemic continued through 2021 but the Party had adapted significantly and successfully to new ways to work, meet and campaign. These new ways of working continued into 2022, but with an increase in 'in-person' meetings and events, including the Party's first venue-based Annual Conference since 2019.

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 on-line 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 2021 and all members of the team continued to work from home, but with occasional visits to the office

where necessary. During 2022 staff adopted a mix of office and home-working as best suited their role and circumstances.

The AGM took place, on-line, in June. As agreed by the NEC prior to the pandemic, this was held as a separate event to the Annual Conference in September.

Tax Policy

In 2022 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 no longer reclaims VAT on conferences and events.

Membership

Members of the Co-operative Party in 2022 included 13,194 individual members 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**
- **USDAW**

Chelmsford Star Co-operative did not pay a national subscription in 2022 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 and revised in 2020. 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 'MESMA', (formally 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 MESMA/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 invited tenders for the financial year 2021. Following a review of the tenders received, the NEC recommended to members at the AGM in December 2021 that Crowe UK LLP be reappointed. This was approved.

Going Concern

The Board has prepared forecasts for the period to 31 December 2023, 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 12-20** 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 2022 which comprise of the Income and Expenditure Account, Balance Sheet, Cash Flow Statement and notes to the financial statements, including 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 2022 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 party 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

In auditing the financial statements, we have concluded that 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 appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the society's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the NEC with respect to going concern are described in the relevant sections of this report.

Other information

The NEC is responsible for the other information contained within the annual report. 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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 party 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 Board

As explained more fully in the NEC's responsibilities statement set out on **page 6**, 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 party'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 party 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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 NEC 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, existence of contributions to staff salaries and completeness of institutional subscription income. 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, comparing Electoral Commission donation reports to the financial statements, agreeing a sample of staff salary contribution agreements to the financial statements 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 available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Crowe U.K. LLP

Statutory Auditor
The Lexicon
Mount Street
Manchester
M2 5NT

4 March 2023



Use of our report

This report is made solely to the party'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 party and the party's members as a body, for our audit work, for this report, or for the opinions we have formed.

FINANCIAL REPORTS

Income and Expenditure Account					
Year ended 31 December 2022					
	Note				
		2022		2021	
			£	£	
Society & Affiliate subscriptions	2	756,401		754,975	
Other donations	3	500		282	
Other income	4	141,844		94,979	
Individual members	5	444,194		410,546	
Conference income		52,792		712	
Constituency Plan Agreements	6	10,125		10,530	
Total Income			1,405,856		1,272,024
Expenditure					
Salaries & salary related costs	7	771,442		728,760	
Occupancy costs		56,048		48,926	
Travel		50,250		15,629	
Events		95,593		7,646	
Communications		68,861		63,419	
Printing, publications and stationery		6,610		4,749	
IT & technical		47,655		45,027	
Professional fees		17,256		15,984	
Consultancy, Delivery & Research		8,482		43,158	
Bank Charges		20,216		18,620	
Grants & Donations		156,250		151,000	
Membership fees payable to local parties	5	52,752		44,344	
Dilapidations & Write offs		1,885		1,884	
Constituency Plan Agreements	6	30,375		30,375	
Loss on share sale					
			1,383,675		1,219,520
Surplus/(Deficit) from Party activities before interest and taxation			22,181		52,504
Interest	18		7,257		6,780
Unrealised profit/loss on Investment			(8,401)		5,711
Surplus/(Deficit) from Party activities before taxation			21,037		64,995
Corporation Tax	8		(1,367)		(1,356)
Surplus/(Deficit) for the year	13		19,670		63,639

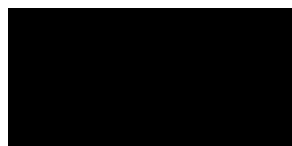
The above relates entirely to continuing operations. There were no recognised gains or losses for 2022 or 2021 other than those included in the income and expenditure account. The notes on **pages 15-20** form part of these financial statements.

Balance Sheet

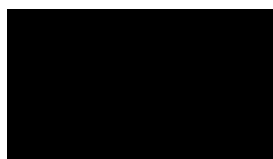
as at 31 December 2022

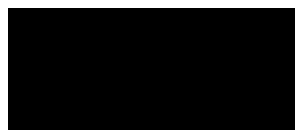
	Note				
		2022		2021	
		£	£	£	£
Fixed Assets					
Tangible Fixed Assets	9		15,920		16,805
Current Assets					
Debtors	10	62,958		44,320	
Investments	11	138,748		146,948	
Cash in hand		699,079		753,118	
		900,785		944,386	
Creditors					
Amounts falling due within one year	12	(91,659)		(155,815)	
Net Current Assets			809,126		788,571
Total assets less current liabilities			825,046		805,376
Net Assets					
Financed by Reserves					
Revenue	13		814,309		805,376
Designated Funds	13		10,737		-
			825,046		805,376

The notes on **pages 15-20** form part of these financial statements. The financial statements on **pages 12-14** were approved and authorised for issue by the National Executive Committee on 4 March 2023 and signed on its behalf by:



Jim McMahon MP






Cash Flow Statement			
Year ended 31 December 2021			
	Note	2022	2021
		£	£
Net cash inflow from operating activities	17	(59,728)	75,408
Proceeds from disposal of investment		26,737	26,538
Purchase of investment		(26,950)	(26,737)
Purchase of fixed asset			
Returns on investments and servicing of finance	18	7,257	6,780
Taxation			
Corporation Tax paid	8	(1,367)	(1,345)
Increase/(decrease) in cash		(54,051)	80,644
Reconciliation of net cash flow to movement in net funds	19		
Net funds at 1 January		753,130	672,474
Increase/(decrease) in cash		(54,051)	80,644
Net funds at 31 December		699,079	753,118

The notes on **pages 15-20** 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 2023, 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 - 10% 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 holds basic financial instruments as defined in FRS 102. The financial assets and liabilities of the Party are their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 10 & 11. Prepayments are not financial instruments.

Amounts due to the Party's wholly owned subsidiary are held at face value less any impairment.

Cash at bank - is classified as basic financial instrument and measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 12. Taxation and social security are not included in financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or other financial instrument. Amounts due to the Party's wholly owned subsidiary are held at face value less any impairment.

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.

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 reliably 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

	2022	2021
Society	£	£
Central England	66,300	66,300
Community Union	7,140	7,140
East of England	25,000	25,000
Midcounties	33,434	32,460
Scottish Midland	15,527	15,075
The Co-operative Group*	598,600	598,600
USDAW	10,200	10,200
Other	200	200
<i>Total Subscriptions</i>	<i>756,401</i>	<i>754,975</i>

All are members of Co-operative Party

* Includes funds for Party Councils

3. Other Donations

	2022	2021
	£	£
Donations from individual members and other organisations	500	282
<i>Total</i>	<i>500</i>	<i>282</i>

4. Other Income

	2022	2021
	£	£
Campaigns Levy/other grants	31,450	30,015
Contributions towards staffing	89,687	63,476
Affinity Schemes & Merchandise sales	2,871	1,488
Annual Conference insurance claim	7,099	-
Regional Conference funding	10,737	-
<i>Total</i>	<i>141,844</i>	<i>94,979</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:

2022		2021	
Full time	Part time	Full time	Part time
9	11	9	9

The Party also employed temporary staff on behalf Party Councils.

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

	2022	2021
	£	£
Wages and Salaries	648,248	608,706
Social security costs	59,430	53,330
Pension contributions	50,600	50,609
Non-salary benefits	12,219	13,931
Internal training	237	445
Recruitment costs	708	1,739
<i>Total</i>	<i>771,442</i>	<i>728,760</i>

Senior Management remuneration

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

	2022	2021
	£	£
Salaries	155,382	162,618
Pension Contributions	13,200	14,956
National Insurance contributions	17,598	18,176
<i>Total</i>	<i>186,180</i>	<i>195,750</i>

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

	2022	2021
	£	£
Salary	80,262	76,216
Pension Contributions	8,026	7,622
National Insurance contributions	9,767	8,773
<i>Total</i>	<i>98,055</i>	<i>92,611</i>

8. Taxation

	2022	2021
	£	£
Corporation Tax	1,367	1,356

9. Tangible Fixed Assets

	Fixtures, fittings and equipment	Fixtures, fittings and equipment
	2022	2021
Cost	£	£
1 January	79,048	79,048
Additions		
Disposals		
31 December	79,048	79,048
Depreciation		
1 January	62,243	61,359
Charge for year	885	884
Disposals		
31 December	63,128	62,243
Net Book Value		
1 January	16,805	17,689
31 December	15,920	16,804

10. Debtors

	2022	2021
	£	£
Trade debtors	8,459	1,619
Prepayments and accrued income	54,499	42,701
Other debtors		
<i>Total</i>	<i>62,958</i>	<i>44,320</i>

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

11. Investment

	2022	2021
Capital value	£	£
At 1 January 2021	146,948	141,038
Additions	26,038	35,602
Disposals	(26,038)	(35,602)
Interest reinvested	201	199
Revaluations	(8,401)	5,711
At 31 December 2022	138,748	146,948

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

	2022	2021
	£	£
Trade Creditors	7,582	15,338
Taxation and social security	16,068	16,397
Corporation tax	1,367	1,356
Accruals and deferred income	66,642	122,723
VAT Payable	-	-
	91,659	155,815

The Party deregistered from VAT on 31 December 2020.

13. Reserves

	2022			2021
Revenue reserve	Revenue	Designated	Total	
	£	£	£	£
Balance at 1 January	805,376	-	805,376	741,736
Surplus/(Deficit) for the year	8,933	10,737	19,670	63,639
<i>Total</i>	814,309	10,737	825,046	805,376

14. Operating Lease Commitments

At 31 December 2021 the Party had commitments under non-cancellable operating leases as follows:

	Land and Buildings		Computer equipment	
	2022	2021	2022	2021
Lease payments due:	£	£	£	£
Within one year	30,000	30,000	2,016	-
Between 2 and 5 years	18,096	30,000	8,064	336
<i>Total</i>	48,096	60,000	10,080	336

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 2022 were £1,083 (2021- £910). 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

The Co-operative Group

At 31 December 2022, Co-operative Party Limited held shares amounting to £26,950 (2021- £26,736) 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

	2022	2021
	£	£
Surplus/deficit for the year before interest	22,181	52,504
Depreciation charge	885	885
Loss on disposal of investments		-
Movement in debtors	(18,638)	2,118
Movement in creditors	(64,156)	19,901
Net cash inflow from operating activities	(59,728)	75,408

18. Returns on investments and servicing of finance

	2022	2021
	£	£
Interest received	7,257	6,780
<i>Total</i>	7,257	6,780

19. Analysis of net fund

	1 January 2022	Cash Flows	31 December 2022
	£	£	£
Cash in hand	753,130	(54,051)	699,079
<i>Total</i>	753,130	(54,051)	699,079

