



2024

# Central **Co-op**

## Annual Report

52 weeks ended 27th January 2024

# About us, Our Values and Purpose



## A Thriving, Community-based, Co-operative Business

Central England Co-operative Limited (trading as Central Co-op) is a successful, independent, community-based co-operative business owned by its Members. We're a modern, forward-looking business, employing around 7,400 people and operating more than 460 trading outlets across 21 counties.

Our main business activities are Food Retail, Petrol Filling Stations, Funeral Services and property investment.

We're proud of our heritage, which dates back almost 180 years, and have grown to become one of the largest and most successful co-operatives in the UK. Our colleagues are our Difference Makers and are at the heart of our business making a positive difference everyday in the communities they serve. We focus continuously on being a great place to work by harnessing the talent, creativity and diversity of our colleagues.



## What Makes Us Different

We have a purpose beyond profit that benefits our Members and local communities. A co-operative is a group of people acting together to meet the common needs of its Members, sharing ownership and making decisions democratically. We're working together to create a sustainable Society for all, with financial, environmental and human sustainability central to our strategy. We take a long-term approach to doing business and believe that we can maximise our performance and create value for our Members and local communities by behaving differently from our competitors. We are guided by our co-operative values and principles to achieve sustainable business success.

The 'Difference Makers', our superbly caring and community-minded colleagues and teams, are widely celebrated for their outstanding actions and contribution to the success of our Society.



We act responsibly and continually seek opportunities to address climate change as part of our commitment to green energy self-sufficiency and contribute to the wellbeing of local communities. We are generating 4% of our own green energy through the installation of photovoltaic panels. We invested 1% of our trading profit into supporting local groups and good causes through our Community Dividend Fund and have worked in partnership with Dementia UK to raise over £300,000 in 2023 and £2.3m since 2017 to support people in our trading areas through the provision of Admiral Nurses. We've built five Sustainable Spaces with the support of Groundwork UK, providing access to green spaces in local communities through the use of the carrier bag levy and have installed over 300 defibrillators across our trading areas. We're committed to supporting young people in our communities and in 2023 launched a debt free degree apprenticeship.

## Quick reads

Here are some key sections in our Annual Report if you only have 15 minutes:

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Read more about us at:  
[www.centralcoop.co.uk](http://www.centralcoop.co.uk)



# Our Purpose

The long-term strategic direction, shape, and relevance of our business, as well as how we operate as a Member-owned, community based co-operative Society, is guided by Our Purpose, **'Creating a sustainable Society for all'**. Our Purpose is underpinned by the internationally recognised co-operative values, together with our mission to provide a co-operative difference and Member benefit, with fully engaged and inspired colleagues who are intent on **making a difference** in our communities and in the operation of our business activities.



## Our Values

We are guided by the internationally recognised co-operative values.

- **Self-help**  
people helping each other whilst helping themselves by working together for mutual benefit.
- **Self-responsibility**  
Members playing their part to make the Society a success.
- **Democracy**  
all Members are equal, one Member one vote.
- **Equality**  
each Member has equal rights and benefits.
- **Equity**  
Members are treated justly and fairly.
- **Solidarity**  
Members support each other and other co-operatives.





# What we do

## Food

- We continuously **invest in and improve our food stores** to provide **welcoming, energy efficient community stores** with a wide range of products and services to meet the needs of our Members and customers.
- To support our strategy for **future sustainability** as our store estate expands, during 2023 the Society took the decision to join the LIDIA (Logistics Integration and Development to Improve Availability) distribution network, becoming part of a national co-operative distribution and logistics operation that will **serve 4,000 stores with 13 Distribution Centres** across the UK.



FOOD STORES

255



PETROL STATIONS

18



- We operate 13 standalone and 5 kiosk petrol filling stations. Our filling stations are a **key part of our food store estate**, where our Members **can earn Membership points** every time they fill up.



INSOMNIA  
COFFEE SHOPS

7



- Our **partnership with Insomnia** has enabled us to offer modern, local cafes for **our communities to enjoy**.

## Property Investment

- Our investment property portfolio comprises more than 520 properties across multiple sectors and represents an important part of the Society's asset base, as well as generating significant annual rental income.



# Funeral

- We supported 19,237 families with meaningful funerals that were right for the person who had passed away and their families.
- Invested in our funeral estate to provide modern, warm, and inclusive funeral homes.
- Upgraded further homes increasing their mortuary space and created a state-of-the-art mortuary facility in Stirchley.
- Our expert florists support our funeral business and host pop-up events in our Food stores.




  
**FUNERAL HOMES**  
**175**

## Central Co-op Funeral Plans

- Central Co-op Funeral Plans, regulated by the Financial Conduct Authority supported nearly 7,800 customers with either buying a new funeral plan or redeeming an existing funeral plan, offering a range of different types of set funeral plans and bespoke options.



  
**FLORISTS**  
**9**



## Masonry and Coffin Manufacture

- Our masons make, install, update and repair memorials, last year supporting 678 families in finding a safe and peaceful space to reflect, love and remember.
- Over 41,000 coffins were made in the year, providing for our own funeral business as well as to other funeral directors.



## Crematorium

- Set in the countryside of Derbyshire, Bretby Crematorium is surrounded by natural woodland and last year supported 3,213 families.

# Financial and Membership Highlights

On a comparative 52-week basis, Underlying turnover grew by 2.6% and underlying trading profit grew by 9.9%.

## Underlying Turnover

**£960.9m**

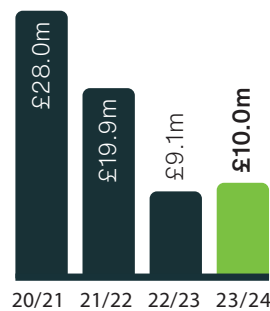
(2023: £953.9m)



## Underlying Trading Profit

**£10.0m**

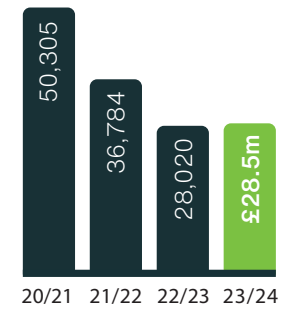
(2023: £9.1m)



## Net cash from operating activities (before pension deficit funding)

**£28.5m**

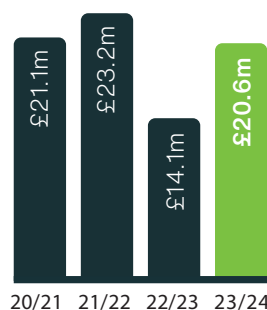
(2023: £28.0m)



## Operating Profit

**£20.6m**

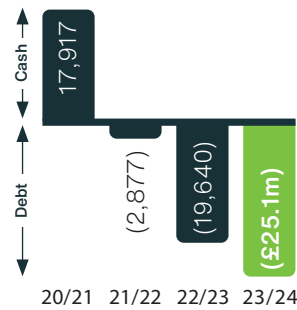
(2023: £14.1m)



## Net Debt/Cash

**£25.1m**

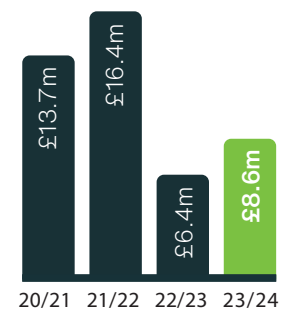
(2023: (£19.6m))



## Profit before tax and payments to and on behalf of stakeholders

**£8.6m**

(2023: £6.4m)





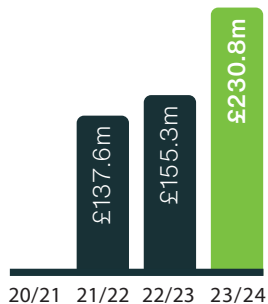


### Member participation

Member sales in our food stores including fuel

**£230.8m**

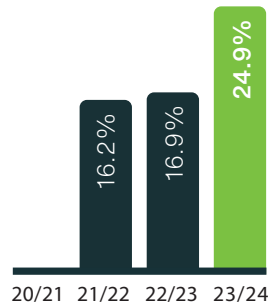
(2023: £155.3m)



Member sales as a % of total food and fuel sales

**24.9%**

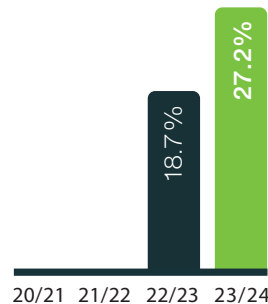
(2023: 16.9%)



Member sales as a % for food sales only

**27.2%**

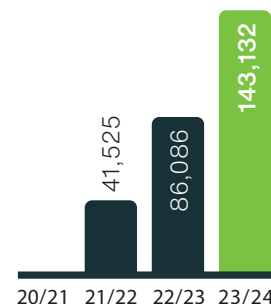
(2023: 18.7%)



New Members joining the Society

**143,132**

(2023: 86,086)



# Board of Directors



**Elaine Dean**  
President  
(elected to Board  
4 May 2023, elected as  
President 18 May 2023).



**Richard Bickle**  
Vice-President  
(elected to Board  
4 May 2023, elected as Vice  
President 18 May 2023)



**Jane Avery**  
(President to  
18 May 2023)



**Suzanne Bennett**



**Bob Burlton**  
(elected 4 May 2023)



**Marc Bicknell\***



**John Chillcott**



**Maryann Denfhy**  
(elected 4 May 2023)



**Danny Douglas**



**John Howells**



**Tanya Noon**  
(Vice President  
until 18 May 2023)



**Bradley Tuckfield**

**Jody Meakin**  
(resigned 14 Jan 2024)

**Mark Grayling**  
(resigned 3 May 2023)

**Sue Rushton**  
(resigned 3 May 2024)

**David Ellgood**  
(resigned 3 May 2023)

**Maria Lee**  
(resigned 3 May 2023)

See page 37 for full list of Sub Committees and Director attendance details.

\* Independent Non-Executive Director

# Executive Team and Our Society Secretary



**Debbie Robinson**  
Chief Executive



**Selina Butterfield-Mashoofi**  
Chief Financial Officer  
(from 5 June 2023)



**Sarah Dickins**  
Chief Member, Customer  
and People Officer



**Andy Peake**  
Chief Commercial Officer



**Paul Dennis**  
Chief Operations Officer



**Andrew Seddon**  
Society Secretary

**Rajesh Gupta**

Chief Membership Officer  
(to 5 May 2023)

**Liz Robson**

Chief Technology Officer  
(to 28 March 2023)

**Neil Robinson**

Chief Financial Officer  
(to 5 May 2023)

# President's Overview

It is the start of a new era as we move into our **smart new Support Centre** providing our colleagues with a **modern, lighter and healthier** environment in which to work.

Dear Members,

I am delighted to be back on the Board from May 2023 and to be elected President for another term of office by my colleagues. I am also very pleased to have Richard Bickle alongside me as Vice President along with the rest of our dynamic Board and would like to thank Jane Avery and Tanya Noon for their terms of office in the previous 12 months.

It is the start of a new era as we move into our smart new Support Centre providing our colleagues with a modern, lighter, and healthier environment in which to work.

In addition to attending monthly Board meetings and two annual strategy events to focus on how we drive our Society forward against our strategic objectives, Board Members have undertaken a range of additional duties to ensure the governance and smooth running of the Society. This has included taking part collectively and individually in a comprehensive review of our ways of working as a Board which was carried out independently by Co-operatives UK.

I was pleased that the review recognised our Board as one which is performing well and with lots of evidence of increased collaboration with the Executive along with further engagement with the Members that we represent. Like all Boards, the review also identified areas where we can be more effective, and we look forward to working through the recommendations in 2024 and beyond.

## Safer Colleagues, Safer Communities

There are no apologies for taking up the most space to talk about the **Safer Colleagues, Safer Communities** campaign we have been running in conjunction with the Co-operative Group led by Paul Gerrard their Campaigns Director, Midcounties Co-operative led by Chief Values Officer Pete Westall and our own campaign led by Chief Operations Officer Paul Dennis, Head of Trading Support Lee Dillow and the Loss Prevention Team. All three large societies have been working with the Co-operative Party to raise awareness to MPs, Police and Crime Commissioners, Metro Mayors and local councillors. This has been a superb example of Principle 6 – co-operation among co-operatives.

Where we have differed from other societies is that many Members of our Board have been involved with setting up visits to our stores by local politicians and have at the time of writing had over 20 visits, with some even visiting twice. They listened to our colleagues talking about how they feel when abused, threatened and assaulted by people looting our stores. The politicians have been shocked and horrified not fully realising how endemic it is.

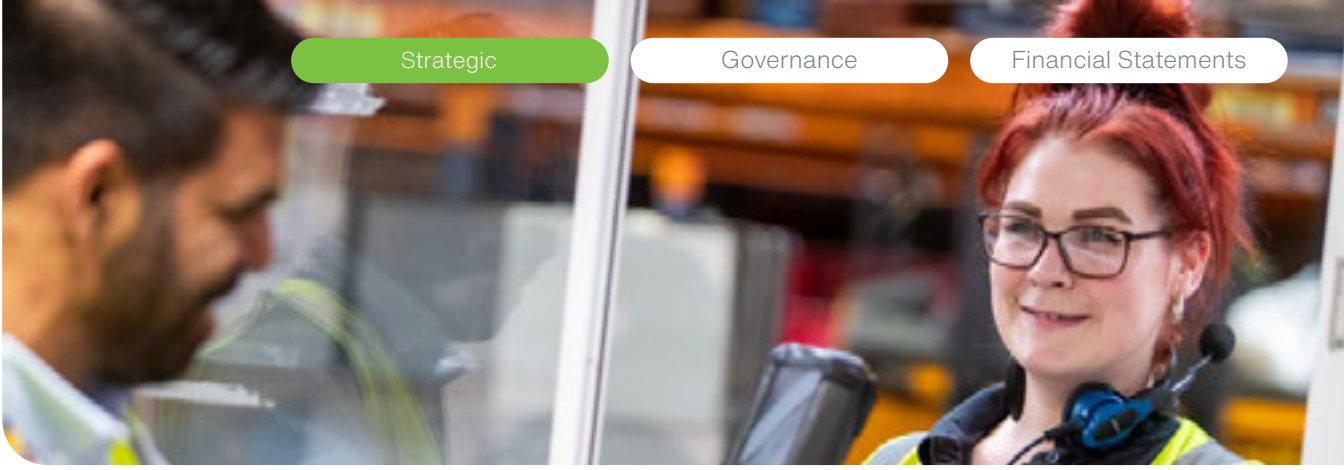
Our first visit was from Alex Norris MP for Nottingham North and now Shadow Minister for Policing and he kindly gave up his time to come and address our Society Conference in September 2023 to assure colleagues he would do whatever he could to make assaulting retail workers a stand-alone offence.



“

“I was pleased that our Board was recognised as performing well and collaborating with the Executive team.”

Elaine Dean, Society President



We have also welcomed:

- Visit of Rt Hon Yvette Cooper MP to our Sprowston store in November hosted by store manager and Board colleague Brad Tuckfield.
- Two visits from Nicole Ndiweni, Labour's Prospective Police and Crime Commissioner for Derbyshire one of which was with Toby Perkins MP for Chesterfield.
- Gary Godden, Labour's Prospective Police & Crime Commissioner for Nottinghamshire.
- Rory Palmer, Labour's Prospective Police & Crime Commissioner for Leicestershire.
- Baggy Shanker, Labour Leader of Derby City Council and Prospective Parliamentary Candidate for Derby South who visited 2 funeral homes in Derby.

Other visits to our stores have included; Catherine Atkinson, Prospective Parliamentary Candidate (PPC), Derby North, Jacob Collier, PPC for Burton and Uttoxeter, Samantha Niblett, PPC for South Derbyshire, Claire Ward, Prospective Metro Mayor for Derbyshire and Nottinghamshire and Tom McNeil, Deputy Police and Crime Commissioner for the West Midlands and work with various local Labour and Co-operative Councillors.

#### Men's Voices Event

Central Co-op holds an annual Men's Voices event which saw men gather in November at Burton Albion Football Club, to spread the positive message of talking and supporting each other.

The day was attended by more than 100 male colleagues, Members, and the community, who heard speakers and attended workshops and activities designed to open up the conversation on men's mental health.

#### Supporting and Recognising the Contribution of Ex-colleagues

We re-launched Peterborough Retired Employees Association (REA) with a lunch and networking event with special thanks to Tami Evans, Membership and Community Relations Officer for the Eastern Region and my Board colleague John Chillcott.

We were also delighted to attend and support the events that took place in Derby and Coalville.

#### Emmanuel Merchant Re-dedication Event

In January, we hosted around 70 guests at Duffield Cemetery for a re-dedication service for the co-operator and philanthropist Emmanuel Merchant JP, once General Manager of the former Derby Co-operative Society, exactly 100 years after his death. This was followed by a celebration of his life held at Makeney Hall Hotel in Milford. Emmanuel Merchant JP made a huge impact on Derby, including building the iconic Central Hall during the

First World War, developing the Derby Co-op Education Committee and founding the Senior Members' Gathering in 1912, which is still held in Derby today, over 112 years later. Our Funeral Department refurbished his grave.

#### Goodwill to All Campaign

As part of the Society's annual Christmas Toy Appeal, customers and Members were invited to donate new, unwrapped toys and games to Central Co-op stores throughout November which in some venues they could drop into our fabulous toy lorry. Over 7,500 toys were donated to charities for as many children as possible to have a toy on Christmas morning.

I am delighted and proud to say that at least one, usually two, Board Members were out on the 9 toy lorry visits.

#### Membership & Community Council Learning and Development Event

Our Membership & Community Councils came together for a two-day networking event in Manchester, with over 70 Members taking part to review our last 3-year plan and formulate our new one that would ensure the MCC work supports the Board's strategic priorities of Membership, young people and green energy self-sufficiency. We also had Greater Manchester Mayor Rt Hon. Andy Burnham as our guest speaker.

In 2024, we'll continue to extend our trading base, and this will require us to review the current structure of our MCCs to give equality of opportunities and activities for all Members.

In conclusion I would like to thank ALL colleagues across the Society, all our Members, our dynamic Executive, the wonderful Secretariat and MCRO teams and all of my Board colleagues for putting their faith in me to lead the co-oppiest Co-op!

**Elaine Dean**  
Society President

# Chief Executive's Overview

## Your support and co-operation helps us continue to create a **sustainable Society** for all.

Hello everyone.

I hope you, your family and your friends are keeping well.

I'd like to start with a sincere thank you to all our Members, customers and colleagues, and our Board. Your support and co-operation helps us continue to create a sustainable Society for all. We've achieved so much together and we continue to make a real difference for our Members, customers and colleagues. Thank you!

### The World Around Us

We continue to operate in challenging times and 2023 saw political, economic, environmental, and social challenges continue in the UK and the world at large, impacting everyday life for many. We keep those impacted by the on-going situation in Ukraine close in our thoughts as they now enter their third year of conflict, as well as those affected by the civil unrest in Gaza and Israel.

We have seen attacks against shipping in the Red Sea causing major disruption to global trade which continues to raise supply chain costs and increase greenhouse gas emissions.

Against the backdrop of an ongoing recession, household disposable incomes continue to be stretched as we look ahead into 2024. Whilst inflation has fallen from its 11.1% high, to 4% it remains twice the Bank of England's 2% target. This puts pressure on food and beverage

prices, energy costs, mortgages and rent – making it ever more challenging for Members and customers to make ends meet. How we continue to support people in our communities is a key focus for us as a Co-operative Society.

### Our Purpose

We have a clear strategy which keeps us focused on how we can make a difference and fulfil our purpose of creating a sustainable Society for all.

We must keep our costs to serve low, operate as efficiently as we can, and provide the great service and care our Members, customers and communities deserve and expect from us.

In 2023, we strengthened our Executive team and were pleased to welcome Selina Butterfield-Mashoofi to the Society, joining us as Chief Financial Officer. Selina brings a wealth of experience to the role and a refreshing perspective which is helping drive our business forward.

### Our Business Performance

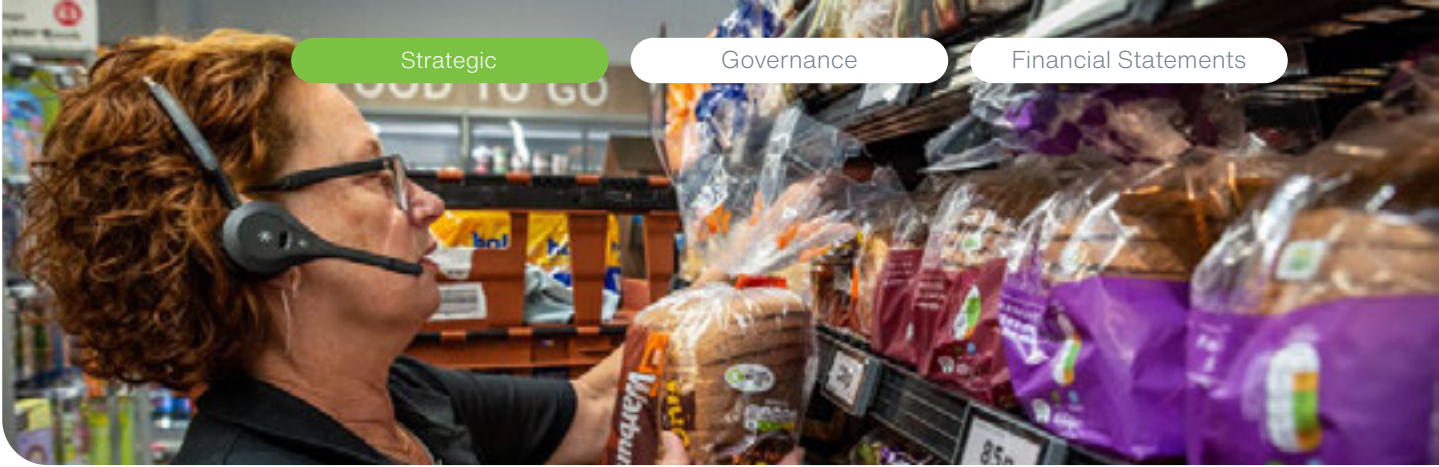
Trading performance over the past 12 months has been challenging due to the impact of economic pressures on household wallets and rising costs in our Retail business whilst the declining death rate impacted our funeral business. Our third sector is our investment estate which continues to perform well across both owner-operated and tenanted sites.

Underlying turnover grew by 0.7% to £960.9m (2022: £953.9m). Underlying trading profit grew by 9.6% to £10.0m (2023: £9.1m), achieving Budget, primarily driven by improved trading performance partially offset by cost headwinds in people and energy costs. Operating profit was £20.7m (2023: £3.2m) and is stated after including profit on disposal of fixed assets, impairment charges and revaluation of investment properties.

Our 2022 financial year was a 53-week year, so on a comparative 52-week basis, Underlying turnover grew by 2.6% and trading profit grew by 21.7%. Cash generation from operating activities (before pension deficit funding) remains strong at £28.5m, up 1.7% on last year (2023: £28.0m).

Capital expenditure of £35.1m (2023: £37.0m) allowed us to open six new stores, two new cafés, regenerate 25 stores, continue the roll-out of self-checkout tills, invest in digital shelf edge labels, digital funeral investment, our new Support Centre and advance the roll-out of solar panels across our estate reflecting our short to medium-term ambition of being energy self-sufficient.





Net debt of £25.1m increased compared to last year (2023: £19.6m) as a result of continued high levels of capital investment but remained well within our newly renegotiated debt facility of £50m. The Society's net assets show a steady position of £273.5m compared to last year (2023: £272.1m).

**Our Strategy**

Throughout the year, we've continued to work in partnership with our Board to develop our strategic priorities, aimed at widening our reach to local communities and ensuring that we remain focussed on the future.

These are:

- Growing meaningful Membership
- Green energy self-sufficiency
- And to grow our sales to young people

Our activities both within our trading businesses and the work we do in our communities always comes back to these 3 priorities.

We've also gathered strategic input from an external partner. The output confirms that we are in good shape, but that there are further opportunities to reduce our costs, increase efficiencies in our Food operations, improve our Funerals business and better leverage our Property portfolio as an income generating stream.

As part of our strategic review, we made the decision to transfer to the co-operative owned distribution network, LIDIA after a thorough review of our distribution operation to ensure we are always thinking about operating as efficiently and sustainably as possible. I'd like to thank all of our distribution colleagues for their professionalism, support and service.

We now have a clear path ahead of us, designed to target sustainable future growth and mitigate against increasing costs. To do what's right to ensure our financial and environmental sustainability – with Members, customers and colleagues always at the heart of every decision we make.



“Last year we asked you, our Members, to tell us what meaningful Membership means to you.”

**Debbie Robinson**, Chief Executive Officer

**You, Our Members**

Last year we asked you, our Members, to tell us what meaningful Membership means to you, and we were so pleased to hear from over 4,000 Members. This insight is helping us shape our Membership proposition. The investments we continue to make in offering a rewarding Membership have seen Members save over £7m from Member prices in our stores on everyday essentials.

**Young People**

Our commitment to helping young people thrive in our community saw us launch our debt free degree in September 2023 in partnership with Aston University, with seven new colleagues joining as part of this programme across our Food and Funeral businesses.

Our young people agenda and early careers strategy has also seen us launch our work experience and adopt a school initiatives connecting colleagues to the communities they support.

We also continue to celebrate our colleagues achieving industry recognised accreditations and qualifications through work place learnings across a variety of subject matters including Women in Leadership, Diversity and Inclusion, level 3 and level 5 retail apprenticeships and many more. In 2023, 41 colleagues began an apprenticeship with us.

**Green Energy Self-Sufficiency**

We've worked with industry experts, Simply Sustainable, to review our carbon footprint and help us set targets to achieve green energy self-sufficiency and NetZero. We continue to invest in green energy, with over 100 of our sites having solar photovoltaics installed. Our investment in new stores aligns with our self-sufficiency ambitions, with our Stanton store and newest store in Hethersett achieving A+ NetZero EPC ratings.

We moved into our new Support Centre in November 2023, a smaller more energy-efficient office and a modern space in the heart of Lichfield city centre that has also given us the opportunity to generate additional income, with two tenants sharing the space with us.

Collaborative ways of working have also seen our Procurement team lead on a new Energy Consortium, partnering with fellow independent co-operatives to provide access to new deals for electricity, gas, water and solar power.

# Chief Executive's Overview

## continued

### Working Together With Purpose

I'm honoured to represent Central Co-op in the wider co-operative movement as Vice-President of Euro Co-op, and as a Member of the International Co-operative Working Group, where we come together and collaborate to widen the reach of co-operation. This year we are looking forward to hosting the Euro Co-op General Assembly at our new Support Centre which will be followed by Co-op Congress in Birmingham.

We are working together to create an International Co-operative Development Fund to support Co-operatives around the world where need is most.

### Our Malawi Partnership

Our Malawi Partnership has entered its second year, and in the last 12 months we've made connections to Malawi's Government, through their High Commission as part of their Vision to become an inclusively wealthy and self-reliant nation by 2063. We continue to work in partnership with the Co-operative College and Malawi Federation of Co-operatives.

Sales of our Malawi range in our stores have surpassed £400,000 since our work began, with the objective to get one of the poorest countries in the world, out of poverty.

We are committed to growing our volume of sales and Mid Counties Co-operative, East of England Co-op, Southern Co-op, Lincolnshire Co-op and Radstock Co-operative Society have all committed to support the sale of these products in their stores. We are working hard with growers and suppliers to increase their yields and supply more stores.

### Our Culture

We have a Society full of rich and varied people, and it is our commitment to make Central Co-op the best place to work.

We have made sizeable movements in our difference maker cultural journey with initiatives designed and implemented to improve the working conditions for all our colleagues and you can read more about this activity in the 'Our Colleagues' section of this report on page 24. Through engagement sessions and listening groups, we have heard what's important to them and what we need to do to continue to be an employer of choice.

We continue to invest in our colleagues' wellbeing and livelihood, to make work pay. We raised the minimum pay rate to £10.75 per hour, ensuring we stay ahead of the Government's national living wage recommendation and are working with USDAW towards offering our store colleagues a rate of £12 per hour, plus paid breaks for all of our colleagues.

In October, we launched our **Workflex** trial. A flexible working with a difference policy to offer colleagues the opportunity to work a 4-day week, 5-day week, 9-day fortnight or a mix of all of these options, designed to offer a work/life balance, with self-responsibility at its core, to make it work for each individual colleague.

We recently celebrated all of our wonderful Difference Maker colleagues at our Annual awards night in February, showcasing how our caring colleagues make a difference in their places of work, local communities and how they inspire each of us, every day. We also welcomed our long service award winners, celebrating, colleagues who have been part of our Society for 30, 40 and even 50 years!

### Retail Crime

Retail crime continues to plague the industry, with incidents of abuse, threats and violent crime rising again this past year. We are campaigning for change alongside the Co-operative Party and our industry colleagues to make the assault of a retail worker a standalone criminal offence through an amendment to the Criminal Justice Bill.

For every instance of violence against a colleague in one of our stores, I've personally written to the Home Secretary and the respective MP to highlight in graphic detail the dreadful things that are happening to our people and we've supported the British Retail Consortium (BRC) and Association of Convenience Stores (ACS) with their annual crime surveys to raise awareness of the horrific experiences our colleagues are facing. We continue to invest in initiatives to keep our colleagues safe.

### Making a Difference to Members and Customers

Looking ahead to 2024, the cost-of-living crisis will continue to challenge consumer confidence and reduced spending. We will remain focused on offering the best value we can to our Members and customers and we are committed to listening, harnessing the power of the great ideas of our colleagues, Members and customers. We are surrounded by difference makers with the power to work collaboratively to face any challenge head on.

I'd like to thank each and every colleague for their hard work and commitment to make a difference to our Members and customers every day.



**Debbie Robinson**  
Chief Executive Officer



"I'm delighted that sales of our Malawi range to members and customers have now surpassed £400,000."

**Debbie Robinson**, Chief Executive Officer



# Our purpose – creating a sustainable Society for all

Our purpose, creating a sustainable Society for all, flows through our strategy and informs our decision making. We know that being a co-op means we're part of something bigger. We're in it together to make a meaningful difference to those around us and demonstrate that a co-operative way of doing things is as relevant today as it was in 1844.

Our purpose frames our ambitions to trade long into the future in a responsible and conscious way. It means we must make decisions that protect our financial sustainability, be conscious of the impact we have on the environment around us and the impact the changing environment has on our business and members, put people first encouraging learning and development. Doing all of this in a way that's inclusive and accessible for all.

We bring our purpose to life through our brand, which is who we are as a Society, how we show up to those around us and how we live and breathe our co-operative values and principles.

We adopted the International Co-operative Alliance (ICA) marque as part of our logo to connect ourselves to the broader co-operative movement. Strengthening the idea that we're all part of something bigger.

Our colleagues bring our brand to life everyday through our difference maker culture, with a framework built around our founding co-operative values.

## We're better every day and working together with purpose

Co-operative values:

- self-responsibility
- self-help
- honesty
- openness

Seeing every day as an opportunity to learn and improve. Ensuring everyone has access to learning and development. Collaborating with others and supporting each other through honest, open interactions. Making it clear the role that everyone can play towards achieving our goals.

## Being a caring community and making a difference to Members and customers

Co-operative values:

- caring for others
- social responsibility
- solidarity
- democracy
- equity
- equality

Recognising the impact we have on the communities we serve. Putting Members and customers at the heart of everything we do, giving opportunities for Members to have their say and shape our future based on their feedback. Ensuring everything we do is striving towards being the most inclusive environment through the activities we support locally, as champions of equality and solidarity.





## Our Food Business

We continued to invest in our Food business during 2023, regenerating 23 retail stores to bring an even better offer to our Members and customers.

We've added 5 new stores to our portfolio which feature our new brand signage and a range of sustainably focused additions, including solar installations, EV chargers and electronic shelf edge labels.

Our rapidly expanding trading estate into new communities and parts of the UK has put more pressure on our distribution network and we made the decision to move to the LIDIA distribution network, which is managed by Co-operative Group. This united co-operative network will reduce costs, improve our environmental impact, and condense distribution points for suppliers. January 2024 saw a smooth transition to the new distribution system for initial stores and we're excited about work to move our full store portfolio over to the network during 2024.

### Investing in Membership

Member prices continue to drive Member participation and reward loyalty. We've also put 'Principle 6' (Co-operation Amongst Co-operatives) into action by offering over 100 special prices which can be unlocked by any Co-operative Society Membership card.

The launch of our App is also helping to make Membership more accessible. Members can now view their Share of the Profits, see points they've earned and stay up to date with our latest news, without having to log onto a computer. Members can also opt-in to receive push notifications for updates and commercially targeted offers so they don't miss out. We expect this additional awareness to drive more Members and customers into our stores.

### Supporting Communities

In line with supporting our communities, we launched two new partnerships in 2023: Pennies and BillyChip. Pennies enables customers to donate to our preferred charity when paying by card. For many who no longer carry small change, this form of donating is a no-fuss alternative to cash. BillyChip encourages customers to gift tokens to

people in need, which can be exchanged for a drink or meal deal. Supported through in-store point of sale, we've seen a strong response to both partnerships and are excited to see how they develop moving into 2024.

### Tackling Retail Crime

The safety and wellbeing of our colleagues is our highest priority. As part of our work to raise awareness of colleague safety and having faced a 59% increase in retail crime in 2023, we wrote 34 letters to MPs and hosted a number of MP and PPC visits at our stores where our colleagues have been assaulted to rally for support and change. We continue to work with other Societies and colleagues across the industry to call for more action to be taken by the government in this area. You can read more about our activity to support the 'Safer Colleagues, Safer Communities' campaign in the President's and Chief Executive's Overview on pages 10 to 14 of the Report.

As part of investment in protective equipment and security measures, we've rolled out the 'Watch Me Now' program across 126 of our stores, with plans to install this technology across the entire retail portfolio. We also adopted the 'Shopkind' campaign and relaunched the 'Be Safe Be Secure' in store promotion to put colleague safety at the forefront of everyone's mind.

To further increase safety in our stores, we're trialling product protection on high value items, and we've developed an external relationship with NCR, a network and online security business to improve risk assessments of ATM locations. Following the introduction of self-checkouts, we've been successful in reducing cash collections, which not only reduces the risk of interception, we're also on track for an annual forecasted saving of £92,000.

5  
NEW FOOD  
STORES

23  
FOOD STORE  
REGENERATION  
PROJECTS AND  
ONE STORE  
RELOCATION

5,628  
COLLEAGUES

**Driving Efficiency**

To boost efficiency and make sure colleagues can spend more time supporting customers and Members, we've invested in over 1.1m electronic shelf edge labels (ESELs) across our entire Food estate. This upgrade will save colleagues more than 3,000 hours per week in manual labelling and reduces the amount of waste material.

With a growing need for both our customers and colleagues, we've made changes to strengthen our in-store WiFi networks. These improvements help our App users connect and scan their digital Membership card, view offers and find out about local community activity as well as supporting our future technology requirements.

To give our colleagues more control and reduce the dependency on third parties for routine maintenance, in 2023 we moved cleaning operations in-house, and we plan to increase the frequency of our building maintenance tasks, focusing on roofing and drainage. This targeted monitoring will provide a more proactive approach to repairs and reduce reactive call volumes.

**More Value For Members**

The retail market has faced inflated product and energy costs, leaving customers prioritising value, and Retailers looking for ways to reduce their costs. To acknowledge this need for value, encourage Member participation and reward loyalty, we introduced a Member exclusive price for our freezer filler offer, enabling Members to buy 5 selected frozen items for £5.00 as part of a new value-led Meal for Tonight campaign.

**Green Energy Self-sufficiency**

To increase energy efficiency, we've continued to work with Sol PV, who install solar panels across our trading estate. Solar panels support our utility costs and save 30% of energy on average, per installation. 105 installations took place across 2023, including our new Support Centre in Lichfield. For 2024/25 there's a further 125 installations planned: 43 food stores and 82 funeral homes.

Solar energy generation has been added to our Environmental Report on page 30.

For 2024, we'll continue to explore ways to reduce our energy consumption to help create a sustainable Society for all. Circuit monitoring trials will measure energy consumption in key areas including lighting, refrigeration, and heating. We also plan to conduct facilities asset audits to identify the age and conditions of critical equipment, including air conditioning and refrigeration units as part of work to reduce emergency maintenance costs and energy wastage.





# Our Funeral Business

We aim to **inspire** our clients with **new** and **exciting** products and unique ways to remember their **loved** ones, delivering value and choice.

## A Leading Funeral Plan Provider

In 2023, we opened our second refurbished funeral home in Wednesfield, bringing our new warm and modern look and feel to the home, and worked up plans for the next set of homes.

At Bretby Crematorium, we finished our massive refurbishment, investing another c.£300,000 to modernise the exterior of the building, and make all areas of the building look modern and comfortable, including the cremator space so families who wish to witness are now able to.

We used £150,000 from our carrier bag levy to create sustainable spaces in the Bretby grounds, including a Covid memorial, tranquil floral courts, pathways around the pond and planting over 2,000 plants in the entrance way to the grounds to increase the biodiversity of the area. We continued to provide our free online memorials to help support people through key events like Christmas, Mother's Day, Father's Day, and Baby Loss Awareness Week, with over 24,000 views.

Central Co-op funeral plans launched our first ever transactional website, empowering customers to choose how and when they buy a funeral plan, which will continue to be a focus for 2024.

## Funeral Plans

As one of the UK's leading funeral plan providers we are delighted that our separate entity, Central Co-op Funeral Plans, continues to sell funeral plans helping to secure our future business in the funerals marketplace. The regulation by the Financial Conduct Authority (FCA), for the sale of funeral plans, introduced in July 2022, provides all customers with a greater level of financial protection and greater confidence in their Central Co-op funeral plan. Colleagues this year have been trained in the Consumer

Duty, a new requirement of regulation by the FCA, and this offers greater protection to all, but particularly for vulnerable customers and products were also reviewed to ensure ongoing compliance.

Our transactional website continues to offer the online purchase of funeral plans in line with FCA regulatory requirements. This site: [www.centralcoopfuneralplans.co.uk](http://www.centralcoopfuneralplans.co.uk) laid the foundation for a programme of digital development work throughout 2023. Later this year our clients will be able to purchase an unattended funeral 'at-need' to make it even easier for them to arrange a funeral.

Following the introduction of the Competition and Markets Authority (CMA) regulation in late 2021 for funeral service providers and crematorium operators to provide transparent pricing, in April 2023, we completed our second annual compliance statement back to the CMA confirming our adherence to all aspects of their funeral market order.

## Further Activity

From June 2022, we made a commitment to plant a tree for every funeral that we conduct, and by the end of 2023 we had planted 34,102 new trees. We will continue to support this activity for all future funerals.

In May 2023, we partnered with Co-op Legal Services to offer our Members, customers, and all funeral clients, expert advice on wills, probate, and lasting powers of attorney. Co-op Legal Services' own value of co-operating for a fairer world has incredibly close synergies with Central Co-op and both of our organisations are driven by our mutual status and supporting our Members, customers, and local communities.

As part of our ongoing strategy, we reviewed and relaunched our floral tributes brochure and floral range in October 2023, collaborating closely with our experienced florists



to introduce new contemporary designs and ensure our sustainable, eco-friendly options provide our families with greater choice. All our sheaves are now plastic free and one of our new products can even be planted after the service!

We saw a sales growth of 69% to £173,000 of memorialisation products from our dedicated memorial products brochure, 'Ways to Remember'. This brochure offers unique remembrance products and are great additions seeing families venture towards new ways for remembering their loved ones.

Throughout 2023, we continued to invest in our funeral fleet, replacing and updating both ceremonial hearses and limousines, as well as our non-ceremonial vehicles. We took delivery of six all-electric 'Etive' hearses and limousines in September 2023. These are a conversion of the Ford Mustang Mach-E car made by a specialist funeral vehicle converter in Lancashire. We also took delivery from them of 29 hybrid ceremonial vehicles, a conversion of the Mercedes E Class saloon, further demonstrating our commitment to make positive steps towards having a more environmentally friendly funeral fleet. Also, for the first time, we brought 6 all-electric Vauxhall Vivaro private ambulances into our fleet. Purchasing these vehicles has allowed us to remove 41 combustion engine vehicles from our overall funeral fleet.

The all-electric 'Etive' ceremonial cars have been well-received by both funeral colleagues and our clients alike, appreciating the opportunity to travel in ultra-modern, quiet, non-polluting electric vehicles.

Our Bretby crematorium is made up of two service rooms, each with a separate and covered floral area, and has been painstakingly designed to create a space that families can say goodbye in a way that's right for them with comfort and personalisation at the heart.

Families can visit all year round, with sustainable memorial options for those that want a place to remember, including bird boxes and wooden plaques.

For families that suffer the loss of a child, we have our Rainbow Garden; a special place for families to spend time with chalk boards available to leave temporary memorials, and stones for families to paint and leave under our rainbow bridge.

Over the past 18 months we have been tendering for a new funeral management system to replace our current software that will soon be obsolete. In the first quarter of 2023, we made the decision to partner with FireHawk Funerals UK to provide a new funeral management solution for us. This will be our dedicated 'Care Hub.'

For the remainder of last year, our project team, including colleagues from all business areas, worked with them to design and develop the right solution for us. This year will be all about delivering this new system across our entire funeral estate. It will be fully implemented in all our funeral homes, florists, our funeral planning department, and our crematorium at Bretby by September 2024 and will improve every aspect of how we support our clients.

Later this year, the Government's Independent Inquiry into the issues raised by the David Fuller case will provide their phase 2 report for those businesses operating mortuary facilities in non-hospital settings. In preparation for the Inquiry's outputs, this year our funeral teams have been reviewing all aspects of the care they provide to people who have died. Further work will continue this year in response to the inquiry outputs, restricting and monitoring access to our mortuary areas, and improving CCTV coverage to our 'back of house' areas. Providing outstanding levels of care to all people who have died is the bedrock to everything our funeral teams do every day.





# Property

Property is an **important asset** for our Society, generating rental income and forming part of our **investment estate**.

The backdrop of the UK commercial property market in 2023 has remained relatively downbeat, with high interest rates and poor economic growth leading to low investor demand resulting in declining property values across most market sectors.

**Our investment portfolio has performed well with an increase in value overall to £130.6m**

According to market data, investment transaction volumes across all UK commercial investment property fell by over 40% in comparison to levels in 2022 and significantly below the 5-year average

Against this backdrop, our investment portfolio has performed well, with an increase in value overall to £127.2m. This partly reflects several new additions to the portfolio, but also values on a like-for-like basis increasing by 3.4%. The property team has continued to work hard to ensure properties are let and leases renewed in line with market conditions and has secured over £400,000 of new rental income during the year, as well as maintaining an occupancy level within the commercial investment portfolio of over 88%. This activity has supported the improved overall value.

### New Additions

We completed the development of two new local centres during the year, at Streethay, Staffordshire and Hethersett in Norfolk, which delivered 7 supporting retail investment units as well as two new local community food stores as anchors for the schemes. These local centres provide more

to the local community, giving space for local businesses and services, providing employment and creating strong communities. Occupiers at these sites already include Titanic Brewery, Domino's Pizza and Kings Fish and Grill. We also purchased a small industrial estate in Halesworth, Suffolk, which provides space for local businesses as well as future development potential which our property team are presently exploring.

We also moved into our new support centre at the end of 2023 following the acquisition of the building in 2022. This followed a substantial refurbishment which has seen the value of the asset increase by over 50% and created two investment units that will generate rental income for the Society. 10,000 sq.ft has been occupied by Pegasus Group, a national planning and development consultancy business, and a further 2,000 sq.ft will be occupied by Liberty Jamboree, a local charity who support young people with SEND (special educational needs and disabilities).

### Disposal Activity

Disposal of property assets has been an important part of our property activity over 2023, to enable capital to be raised to invest in growth activities such as refurbishments and new stores. During the year, the property team has completed the disposal of 9 properties, which together with a deferred payment from the sale of land in 2022 at Desborough, has generated over £22m of cash and also a profit on disposal of £11.7m. These disposals include the sale of the freehold of our chilled distribution centre to Samworth Brothers, a national food production company,



following the decision to move into the co-operative owned distribution network. The sale has been on the basis of a short leaseback to the Society whilst the transition occurs, which has enabled the Society to benefit from the capital proceeds in the current financial year. It has also included the sale of a package of 5 trading food stores to Tesco on a going concern basis, including the transfer of colleagues. These transactions have allowed us to exit sites which do not fit our strategic direction but also raise capital to invest in the business as well as preserve jobs.

### Development Activity

Development activity remains an important focus for our property team, encompassing both our role as a developer and working in partnership with other developers. Acting as the developer, we completed the opening of the new store in Tuxford, Nottinghamshire, having acquired the site in 2022, as well as acquiring a site in Maghull, Merseyside, which will be developed by the Society for a new local community store in the future once planning permission is secured.

Planning permission has also been sought to enable the development of other sites acquired by the Society in prior years for new community stores, but this process has proven difficult for many reasons resulting in several proposed new stores being delayed. However, against this backdrop, we are pleased to confirm that planning permission was secured for a combined new local community store and café at Shelton Lock, Derby at the

end of the financial year. This will be a relocation of a small existing store which does not fully meet local community needs, and we are looking forward to developing and opening the new store during 2024.

Working in partnership with other developers, we have also delivered four further new store openings in 2023 in addition to Tuxford, and signed development agreements on a further four new local community stores which will be delivered by our development partners in 2024 and beyond.

Our property team also continues to look for development opportunities within our investment portfolio, and in 2023 has secured planning consent for a development of up to 40 new dwellings on 6 acres of farmland owned in Burbage, Leicestershire, delivering an increase in value of the asset of almost £4m. The development of Tame Retail and Trade Park, Tamworth in Staffordshire was also completed during the year, with all tenants now in occupation.

The Society has also continued to support two Ukrainian families by providing accommodation within the residential portfolio under the Homes for Ukraine scheme as well as employment in nearby Society community stores.



# The Future of Meaningful Membership

2023 was an **incredible year** for Membership in our Society as we welcomed over **140,000 new members**.

Over 142,000 new Members joined, the number of young Members (under 25) joining us grew by 106%. Members accounted for 27.2% of the sales in our food stores, spending over £230m and saving £7.2m by shopping exclusive Member prices.

We launched our first mobile App and have seen over 184,000 downloads since its launch in March. Our focus on meaningful Membership continues, grounded in insight shared by over 4,000 Members in a survey conducted in September 2023. The research gave us three clear pillars to align our Member proposition to as we move forward.

## Empowering People

Instant rewards are really important – we've seen over 356,000 Members make the most of Member prices in store, with over 50% of baskets containing at least one Member priced item. In the research, Members shared with us the desire to be empowered and in control of the rewards available to earn.

We're focusing on how we can provide greater awareness of the broader co-operative movement, looking at ways we can work co-operatively with other Societies and co-ops to give you access to even more goods and services.

Helping young people thrive in our Society is key to our future, with so much activity underway to support early careers and learning through apprenticeships and access to debt free degrees. Building on this, we know young people under 16 have been missing out on Member savings, especially relevant on lunchtime meal deals and food-to-go items in our stores. In 2024, we'll be trialling a way to enable this, through linking to a parent or guardian's Membership. As well as working closely with Member & Community Councils to deliver meaningful activities, life and employability skills to young people locally.

## A Sustainable Society

We heard in the research that you'd like the opportunity to pay your earned rewards forward. That may be to a charity, or local good cause, or even to a fellow Member you know who's in need. We'll be exploring how we could make this happen. Similarly, we'll be looking at how we can provide options for you to financially contribute towards big strategic initiatives through Member bonds.

In 2023 we undertook an audit of our carbon footprint to help us understand our Scope 1, 2 and 3 emissions, in turn showing us where we must focus to achieve green energy self-sufficiency and Net Zero. In 2024, we'll be validating those findings and submitting our targets to the Science Based Targets Initiative. As Members, you'll play a big part in us achieving our green energy self-sufficiency goals.

Being able to see how the choices you make when shopping in store impacts on your carbon footprint or supports sustainable initiatives like Fairtrade was something that appealed to many of you and connects back to our sustainability targets too. Stay tuned as we work towards ways to share these personal insights back to you.

## Connected Communities

Supporting and giving back to the communities we're privileged to serve is something we're passionate about, and so are you. It's how we bring Co-operative Principles 7 to life.

Members told us that the ability to access funding for local community good causes is very important to you, but you'd like to get more involved in how that works and have your say.

We'll be working with our Board Member & Community Strategy Committee to explore how we make this happen.

Our Membership & Community Councils continue to provide a whole range of activities, classes and events to engage Members and local communities across our trading area. You can read more about this on pages 26 and 27 of the Report.



# Join us today

Be part of something bigger

**Pay**  
£1

**Own**  
a share

# Our colleagues

## Our Difference Makers

Our colleagues are our “Difference Makers” and they have continued to go above and beyond during the past twelve months, embodying our Co-op difference and living our Co-op values and principles in everything they do to drive our business forward and support their local communities.

We're proud of the progress we have made to continuously improve our culture, nurture our talent by offering the exciting career paths and supporting the health and wellbeing of all our colleagues by providing a fair deal that offers the flexibility and choice to suit our colleagues' different lifestyles.

## Our Culture

Last year, we launched our culture 'we are the difference makers' and over the past year we have been aligning everything we do to support our new culture.

Our new difference maker scorecard was launched across the Society, aligning goals and enabling teams to set clear objectives for the year ahead. We simplified our Let's Talk review and personal development plans and invested in 'Leading Performance' workshops for all our leaders to equip them with the knowledge and skills to have better performance and development conversations with their teams. To support this, we have also invested in a new development programme called 'Leading the Difference' for our Head of Departments to help them lead our strategy, change and performance.

We listened to Members and customers about what great service means to them and have launched our STARS 5-point customer service promise; 'Say hello, Take pride, Advise, Respond, Say goodbye' in our Food Stores. This has been supported with a training programme and our new instant recognition Difference Maker awards to thank and reward colleagues 'in the moment' for delivering brilliant service.

We're focusing on making our Society a better place to work every day by listening to our colleagues. Our Colleague Voice Forums in Food, Funeral and our Support Centre help focus on the things that matter most to our colleagues to improve engagement.

We want to be a place where everyone is welcome and we've been working with Diversity in Retail on our inclusion strategy. We were delighted to be awarded 'Silver' and 'Strategic' in their DEI (diversity, equality and inclusion) maturity curve. We value our Inclusion Delivery Group who have played a key role in shaping our inclusion events across the year to 'celebrate and educate' colleagues to help us be more inclusive.

We celebrated our colleagues at our Difference Maker Awards and our Long Service Awards. We were thrilled that we received over 500 nominations for awards this year and it was great to celebrate colleagues making a difference to our Society.

To help measure and drive engagement, we've simplified our Let's Listen survey with 'Gallup' an industry leading engagement survey platform, which offers us a broader insight to improve engagement across the Society and we

were pleased to see overall colleague engagement levels increase during 2023.

## Talent & Careers

Following feedback, we simplified our Let's Talk conversations with our team to align with our difference maker scorecard and so that we have better outcomes on performance and development. We invested in over 400 leaders on our performance and development workshops to help them set their team up for success and help us grow even more leaders in the future.

In 2023, we have focused on establishing our young people agenda and starting our journey to offer a consistent way of training our colleagues.

Through our 'Adopt a School' programme, we saw 7,311 young people receive employability support across our communities (against a target of 1,500), led by our colleagues and our Membership and Community team. We were also able to offer 70 places for work experience across our Society.

Our apprentices increased to 41 colleagues this year and we launched our first debt free degree cohort, our first funeral apprenticeship programme, and our Coaching Academy.

We invested in a Funeral Leadership Programme in partnership with Lane 4 to help strengthen leadership skills and capabilities. Over the year our leadership programme has been delivered to all Funeral field colleagues and has commenced for colleagues who lead teams in the homes too.

We launched a new 'Careers Centre' on the “Difference Maker” hub bringing together all our resources and information to support brilliant career development for all our colleagues.

We continued to invest in external development programmes for our high potential talented colleagues with our partners; Diversity in Retail, Association of Convenience, and the British Retail consortium and we were delighted to achieve a OneRec award for our best use of technology in recruitment, to recognise the work we have achieved with our new automated recruitment system from 2022.

## Reward & Wellbeing

In 2023, we've invested in the reward package for our colleagues with an investment of c.£10m in pay for our colleagues including an increase to base rates of pay to a minimum of £10.75 per hour.

Our new Incentive scheme for 2023 was launched to align all bonus schemes across the Society to the delivery of Member participation, engagement and contribution.

We have broadened the offer on our online Difference Maker Hub to include a wellbeing centre, benefits centre, and careers centre along with new policies, inclusion recognition cards and information about our inclusion events.

We've improved flexibility and want to lead in this area with the launch of WorkFlex. WorkFlex enables our colleagues to work either 4 days per week or a 9-day fortnight.

We enhanced our healthcare benefits with a new free annual health check, a virtual GP service for colleagues and their families, along with additional benefits including a nutritionist consultation. We continued with our offer of free flu vaccinations to all colleagues not eligible through the NHS and our Wellbeing Champions have refreshed their training and have been supporting our menopause champions to deliver our Menopause Workplace pledge work.

We've continued to offer our Holiday Buy Scheme benefit to support our colleagues achieve a positive work and life balance with 428 colleagues participating and we have

extended our flexibility offer with our Workflex trial to offer colleagues the option of a 4-day week or 9-day fortnight. 65 colleagues have participated, and the feedback has been extremely positive from colleagues.

We are looking forward to continuing to invest in reward, benefits, and wellbeing for our colleagues to take us to a leading position in 2024 with the introduction of Wagestream, our new wellbeing Campaign 'We've got you', the launch of our new EV Salary Sacrifice scheme and our new Total Reward Statements on the difference maker hub.

### Our Colleague Highlights

Following colleague feedback around further wellbeing support, new policies launched around Fertility treatment and Pregnancy loss.

We continue to invest in our difference maker hub with a new benefits centre, wellbeing centre and discounts platform so that colleagues can access everything we do for them at a time to suit them.

Investment in more than £10m in pay for our colleagues including an increase to base rates of pay to a minimum of £10.75 per hour with plans to invest in base pay to £12 per hour.

We launched new healthcare and flexibility benefits for our colleagues.

We aligned all our incentive programmes to reward colleagues for delivering on our difference maker scorecard.

We have focused on early careers and launched a new work experience toolkit and our very own debt free degree programme.

We launched our difference maker awards to celebrate our colleagues who have gone above and beyond this year for Members, customers and each other.

Overall colleague engagement has increased to 78, versus 77 in 2022.

New difference maker scorecard launched across the Society, aligning our goals and enabling teams to set clear objectives for the year ahead.

Colleague turnover has reduced to 26.4% versus 29.4% in 2022.

# Membership and Community

Our Membership and Community Councils oversee a range of activities to drive grass roots member participation across our Society.

As a Co-operative Society, we allocate a portion of our surplus each year to fund activities with members and in our local communities for the purpose of promoting education, culture and recreation, and to encourage active participation by members in the Society's affairs. This is overseen by a network of Membership and Community Councils (MCCs), elected by and from our members.

In the 10 years since the MCCs were established, this work has been delivered around five thematic themes, linked where possible with activities undertaken by our trading businesses. These have been: Pathways to Participation, Health and Wellbeing, Sustainable Communities; Education, and Young People.

A snapshot of activity from 2023 is highlighted below:

## Pathways to Member Participation

- All regions have continued to support community events including 'Get to Know Your Co-op' activity at our stores, Funeral branches and in local community rooms.
- Membership and Community Councils promoted Membership at store launches including Halesworth, Tuxford, Alconbury Weald, Stanton and Shaw and supported festive celebrations at our Funeral branches.
- Our community rooms and Insomnia café outlets continue to thrive, providing local groups with space to meet regularly and connect with our stores.
- As part of Member development work, a third networking event was held by Eastern MCC in Peterborough where community interest companies, local charities, Members and Co-op colleagues all came together to discuss ways of working together.

## Health and Wellbeing

- To celebrate International Women's Day, MCCs supported a Women's Voices event held in March which provided an opportunity for both colleagues and Members to come together in a safe space and talk about topical themes affecting women.
- MCCs also supported the Men's Voices event that was held in November. The event promoted positive mental health awareness and included speakers and sessions on topics including mental health, diet and tackling addiction.
- Bike events promoting maintenance and physical wellbeing have continued to be popular at stores across the Society's trading area and these have

been combined with store refit activity in Birmingham, Lichfield, Halesworth, Langley Mill and Heatherton.

- Working with Funeral and Food colleagues, Southern MCC have delivered Co-op Values, Anti Bullying and healthy choices workshops, and supported careers days in Oakham and Market Harborough.

## Education, Culture and Recreation

- The Society's Member groups provide Members with opportunities to learn new skills and meet new Members across a variety of activities including Tai Chi, arts and craft, dance, drama, music and song writing.
- Northern MCC were proud to support the Emmanuel Merchant re-dedication service mentioned in the President's report. Our Masonry, Florist and Funeral teams supported the event and Members were invited to knit and crochet white poppies to recognise the work of the former Women's Guilds symbolising Peace and which were worn by everyone on the day.
- The Yorkshire MCC co-ordinated a visit to the Rochdale Pioneers' Museum to learn about the Co-operative Movement for colleagues from Barnby Dunn, Armthorpe and Shaw.
- Eastern MCC teamed up with 'Opening Doors' – an advocacy group for young people with learning difficulties to deliver a Co-op history workshop.

## Fair and Sustainable Communities

- Southern MCC have supported a range of community events including Coronation themed activity at Whetstone, Ibstock and Desborough. Summer fetes and community days have been supported at Duston, Brigstock, Great Glen and Scraftoft Summer and work has continued with The Peace Centre, Alkhair Charity, the Caribbean Centre and Belgrave Neighbourhood Centre in Leicester to promote inclusivity and diversity.
- Pride events were supported in Corby, Leicester, Birmingham, St Neots, Belper, Chesterfield and Lichfield with support from colleagues from Retail and Funeral across the events.



- Northern MCC has supported refugee projects in both Derby with Upbeat Communities and Chesterfield refugee group with help towards football boots and other sports equipment.
- Activity across all MCC areas to promote and raise awareness of Fairtrade and its alignment to Co-op values and principles including Fairtrade assemblies, workshops, and coffee mornings.
- Awareness sessions have showcased our pioneering Malawi Co-operative Development partnership to Members and customers across more than 30 stores.
- A joint sustainability event was organised alongside Co-operative Group Membership teams which included a seed and tool swap at a community garden in Enderby, Leicester.
- Yorkshire MCC has supported Climate Change workshops in schools with 'fair&funky' – a community interest company who offer interactive workshops on recycling, Fairtrade and the environment.

### Young People

- Western MCC once again supported young people with Choices, Fairtrade and Ethical, and Savvy shopping workshops and supported Lichfield Community Games offering young people the chance to take part in different fitness and play activities.
- Employability events for students were delivered using a 'Mind your Money' Board game that was designed to support money matters workshops in a fun and engaging way.
- A partnership with the YMCA led to a number of volunteering projects with our Funeral and Food colleagues and has also enabled colleagues from the YMCA to visit our coffin factory to look at furthering employability schemes and employability sessions have also taken place with Ripley Academy and the Ripley store where Keir Starmer visited to talk about the cost of living.
- In partnership with Midcounties Co-operative and Heart of England Co-op, we have launched a microsite for young people called [www.morethana.coop](http://www.morethana.coop) and this site will be developed over the coming years.

### Future strategy

Towards the end of 2023, a discussion began about how membership and community activity could be more closely linked with the Society's overall strategic priorities. At the MCCs' annual joint learning event, it was subsequently agreed that the MCCs would broadly align their plans for future work around the themes of Member Participation, Engaging Young People, and delivering on the Green Energy and Sustainability agenda.

### Community Dividend Fund

Over the last 12 months, we have awarded £156,000 in Community Dividend Fund grants to 209 local groups and good causes. Groups can apply for funds ranging from £100 to £3,000 to support projects that aim to support access to food, health and wellbeing, inclusion and the environment.

### Looking to the Future

As our Society continues to grow its trading estate into new areas, we look forward to welcoming many new Members to our Society.

We'll be working hard throughout 2024 to look at how we can evolve the work of our Membership and Community Councils to ensure that we can offer all Members of our Society online and in person access to our fantastic programme of Membership and community activity.

Interested in finding out more? To find out more about the activity of your local MCC or get more involved, please email [Member.community@centralcoop.co.uk](mailto:Member.community@centralcoop.co.uk)

# A Responsible Co-operative Business

We remain committed to creating a sustainable Society for all underpinned by our Co-operative values and principles. We believe in equity and equality and focus on everyone's self-help and self-responsibility in order to build individual and community resilience for the long term.

We believe in the power of democracy and by talking and listening to our Members and partners we understand our responsibilities as a community-based co-operative and aim to deliver meaningful and sustained impact for the people and places we care about.

We are happy to say, we are the difference makers:

## Carbon Reduction

We've reduced our carbon footprint since 2010 and we remain committed to Carbon Neutral 2030 while working on our bigger and better Net Zero strategy. Our ambition to be 100% green energy self-sufficient saved us £650,000 in energy costs last year!

## Protecting our Colleagues and Communities

The BRC's 2024 crime report shows that incidents of violence and abuse have increased to over 1,300 per day, compared to 870 last year. So we continue to campaign for a standalone offence that will offer our colleagues better protection.

We've installed bleed kits at 150 of our 300 defibrillator sites in partnership with East Midlands and West Midlands Ambulance Services that are designed to sustain life in the event of a catastrophic bleed.

## Fighting Food Waste

Since 2018 we've created 6.5m meals in partnership with FareShare Midlands. Over the last few months we've been transitioning to our new food redistribution partner Olio, it's free to use and we can redistribute a much wider range of food – bringing us closer to our ambition of zero food waste.

## Sustainable Spaces

Work has now completed on our final two Sustainable Spaces at Bretby Crematorium and Dibdale Road, Dudley. We look forward to welcoming our communities to these spaces.

## Charity Partnerships

Thanks to the generosity of our customers, Members and colleagues we've raised £2.5m for Dementia UK. Our new partnership with Pennies has contributed £195,000 in just seven short months. In response to Member feedback, we're developing new charity partnerships over the next few months focusing on mental health and wellbeing.

## Goodwill To All

Members told us they were particularly worried about those affected by homelessness over Christmas. Through our partnership with Pennies, we raised £29,000 for Shelter and we donated £44,000 to BillyChip Foundation from our Star Deals sales.

## Inclusion

We continue to create a Society where everyone feels welcome and included. Following colleague feedback, we've launched two new enhanced policies; fertility treatment support and pregnancy loss, ensuring colleagues feel supported when they need it most. Our Inclusion Delivery Group has delivered across the inclusion calendar, trailblazing with the creation of webinars, podcasts and engagement guides. Through our partnership with Diversity in Retail, we've worked closely with them in the development of their inclusion maturity curve model and were thrilled to have been awarded the silver accreditation in recognition of the progress we've made this year.



# Measuring our Co-operative Difference

We report on our performance using the co-operative, environmental and social performance indicators set out by Co-operatives UK. Using these indicators ensures we report on our involvement with Members, our environmental actions and our community and co-operative investments – all important elements of being a co-operative.

Area	Description	Measurement	2023/24	2022/23
Member economic participation	Trade with Members	• Member sales in our food stores including fuel (£m)	<b>£230.8m</b>	£155.3.6m
		• Member sales as a % of total food and fuel sales	<b>24.9%</b>	16.9%
		• Member sales as a % for food sales only	<b>27.2%</b>	18.7%
Member democratic participation	Members taking part in the Society's democracy	• Number of Members voting in Society elections	<b>5,740</b>	3,801
		Member attendance at:		
		• Annual Meetings	<b>733</b>	1,480
		• Interim Meetings	<b>745</b>	464
Colleague engagement	Measurement of colleague satisfaction, feeling and enthusiasm	• Survey response rate	<b>75%</b>	88%
		• Engagement index	<b>78</b>	77
Considerations of ethical issues in procurement decisions	<ul style="list-style-type: none"> <li>• We purchase the majority of our food products through Federal Retail and Trading Services Limited (FRTS) with the buying arrangements subject to high ethical standards and respect for human rights.</li> <li>• We also procure locally sourced products to complement our overall range.</li> <li>• We continue to support Fairtrade through the availability and promotion of Fairtrade products in our stores and providing education and awareness of Fairtrade by our Membership &amp; Community Councils.</li> <li>• We operate a Procurement Policy which reflects our co-operative values and principles and a commitment to treat suppliers in a fair, objective and transparent manner.</li> </ul>			
Investment in co-operative and community initiatives	Community Dividend, Membership & Community funding, support for other co-operatives, grants, funds raised for charity and colleague volunteering	Annual funding and expenditure incurred	<b>£1,598m</b>	£1.626m
Net carbon dioxide (CO <sub>2</sub> ) emissions arising from operations	Net tonnes of CO <sub>2</sub> based on the Society's carbon footprint data	CO <sub>2</sub> tonnes per £m Society Turnover	<b>25.58</b>	24.91 <sup>1</sup>
Proportion of waste recycled or reused	Waste collected and recycled from our Food stores	Percentage of waste recycled or reused	<b>57.29%</b>	61%

<sup>1</sup> This figure is taken from our 2023/24 SECR report in line with current guidance.

# Our Environmental Report

During 2023 the Society has continued to invest in energy reduction and the solar photovoltaic rollout to help lower our carbon footprint.

In September, Central Co-op's Stanton store in Bury St Edmonds was awarded an A+ energy performance certificate (EPC). This accomplishment highlights the effectiveness of Central Co-op's solar installation initiative and general approach on sustainability and sets a precedent for further sustainability achievements within the Society.

Our solar roll out initiative represents a strategic and holistic approach to energy sustainability, driven by co-operative values, technological innovation, and collaborative partnerships and will be rolled out to more than 100 Retail sites in the coming year.

Through our investment in solar energy infrastructure, Central Co-op not only demonstrates its commitment to self-sufficiency and responsibility but also realises

tangible benefits in terms of cost savings, carbon footprint reduction and resilience against energy market fluctuations. Aligning with the co-operative principle of self-help and empowering its Members to contribute to a sustainable future. By December 2023, 92 sites had reported an output of 2.02m kWh.

This past year we've been working hard preparing our net zero commitments in line with the Science Based Targets Initiative. In the meantime we've got a lot of activity planned for 2024/25. We will continue to invest in energy saving technology such as new lighting upgrades and controls, the introduction of 246 chiller doors, replacement of 34 integral freezer cabinets as well as proceeding with our third phase of solar roll out beginning with bringing solar to a further 45 sites.

	01/02/23– 31/01/24	01/02/22– 31/01/23
<b>UK greenhouse gas emissions and energy use data</b>		
<b>Energy consumption used to calculate emissions (kWh)</b>	<b>91,869,794</b>	90,210,741 <sup>1</sup>
Energy consumption breakdown (kWh)		
▪ Gas	<b>11,887,609</b>	13,854,928
▪ Electricity	<b>54,787,681</b>	57,709,848
▪ Transport fuel	<b>23,174,505</b>	18,645,965 <sup>2</sup>
▪ Self-generated solar	<b>2,020,000</b>	n/a
<b>Scope 1 emissions in metric tonnes CO<sub>2</sub>e</b>		
▪ Gas consumption	<b>2,175</b>	2,552
▪ Owned transport fleet	<b>5,245</b>	5,300
▪ Refrigeration gas	<b>5,141</b>	3,720
<b>Total Scope 1</b>	<b>12,561</b>	11,572
<b>Scope 2 emissions in metric tonnes CO<sub>2</sub>e</b>		
▪ Purchased electricity	<b>11,345</b>	10,478
<b>Total Scope 2</b>	<b>11,345</b>	10,478
<b>Scope 3 emissions in metric tonnes CO<sub>2</sub>e</b>		
▪ Purchased electricity transmission & distribution	<b>982</b>	893
▪ Employee business travel	<b>179</b>	191
<b>Total Scope 3</b>	<b>1,161</b>	1,084
<b>Total gross emissions in metric tonnes CO<sub>2</sub>e</b>	<b>25,067</b>	23,134
<b>Carbon intensity ratio (tonnes CO<sub>2</sub>e per £m turnover)</b>	<b>25.58</b>	24.91
<b>Carbon emission reduction (versus 2010 baseline)</b>	<b>80.6%<sup>3</sup></b>	82.12%
<b>Waste<sup>4</sup></b>		
Food waste produced (tonnes)	<b>1,859</b>	1,846
Waste recycled or reused	<b>4,286</b>	4,779
Total waste produced (tonnes)	<b>7,482</b>	7,779
Percentage of waste recycled or reused <sup>5</sup>	<b>57%</b>	61%
Waste intensity ratio (tonnes per £m turnover)	<b>7.63</b>	7.94

<sup>1</sup> 2022/23 energy consumption was underreported, this is amended 2022/23 figure

<sup>2</sup> 2022/23 energy consumption was underreported, due to the omission of funeral fleet data

<sup>3</sup> The government changed its emissions factors on 8 June 2023 driving an overall increase in our emissions despite good progress being made to reduce our Scope 1 and 2 consumption

<sup>4</sup> Totals do not include recycling figures from our Anglia retail region due to Co-operative Group collecting from this area

<sup>5</sup> Waste not recycled or reused was sent to energy recovery facilities



# Our Approach to Taxation

As a responsible business, the Society is committed to paying the right amount of tax at the right time and disclosing all relevant facts and circumstances to the taxation authorities, as well as claiming reliefs and incentives where available. Each element of the Taxation Policy is consistent with the Society's values and in particular, the value of openness and honesty, as a way of working.

Ultimate accountability for the Society's Taxation Policy and compliance rests with the Board. In managing the Society's affairs, the Chief Financial Officer has responsibility for implementing the Taxation Policy. The Audit & Risk Committee (the "Committee") receives an annual report on the management of the Society's taxation affairs with any major issues arising in the intervening period brought to the Committee's attention. The Taxation Policy is reviewed and approved by the Board on a regular basis and at least annually. The Policy set out below relates to the financial year 2023/24.

## Policy

The Taxation Policy commits that the Society:

- takes a responsible and transparent approach to the management of its significant taxation issues;
- will not use contrived or artificial structures to reduce the Society's taxation liabilities;
- will only engage in reasonable taxation planning that is aligned with commercial and economic activity and does not lead to an abusive result;
- where appropriate, take advantage of taxation incentives and reliefs for the purpose for which they are intended, in order to act in the best interests of the Society as a whole and whilst at all times showing respect for the intention and letter of the law;
- maintains an open, honest and co-operative relationship with HMRC, particularly on matters of taxation uncertainty;
- ensures that HMRC is kept aware of significant transactions and changes in the business and seeks to discuss any taxation issues arising at an early stage when submitting tax computations and returns to HMRC. Any inadvertent errors in submissions made to HMRC are fully disclosed as soon as reasonably practicable after they are identified;
- has the relevant skills and knowledge on taxation matters and access to independent professional advice when necessary;

- will report to its Members, as soon as it is practicable, the Taxation Policy in order to foster a greater understanding of the Society's tax obligations;
- will seek to reduce the level of taxation risk arising from its operations as far as reasonably practicable by ensuring that reasonable care is applied in relation to all processes which could materially affect its compliance with its taxation obligations; and
- will provide appropriate training for colleagues who have responsibility for performing activities that relate to taxation processes.

The Society's Taxation Policy is published on our website.

Details of the Society's Corporation Tax and deferred tax charge in respect of the financial year ended 27 January 2024, are set out in the following areas of the Financial Statements:

Income Statement – current year tax charge of £1,915,000 (2022/23: charge of £2,833,000).

Statement of Cash Flows – corporation tax payments made in the year of £nil (2022/23: £177,000).

Note 9 to the Financial Disclosures – details of the current tax and deferred tax charge. The tax charge in the Income Statement is higher than the standard rate of corporation tax of 23.93% (2022/23: 19%), and the note sets out the difference and an explanation of each item.

Note 14 to the Financial Disclosures – details of the Deferred Taxation Asset.

# Governance Report

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This report outlines how the Board has ensured that an effective corporate governance framework is in place and maintained in order that the Society continues to be a successful independent co-operative for the benefit of its Members.



# Corporate Governance



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“Hybrid working and a balance of in person and online meetings has been maintained to maximise the participation of all Board Members”

Elaine Dean, Society President

## Message from the Society President – Elaine Dean

I am pleased to introduce our Governance Report for the year ended 27 January 2023 on behalf of the Board of Directors.

This report outlines how the Board has ensured that an effective corporate governance framework, supported by robust procedures, is in place and maintained in order that the Society continues to be a successful independent co-operative for the benefit of its Members.

It is a privilege to report that your Board has ensured the continuance of the highest governance standards during the year, and the independent review of our Board confirmed that we operate effectively and we look forward to working through the recommendations that will help us to maintain these standards. Hybrid working and a balance

of in-person and online meetings has been maintained to maximise the participation of all Board Members to best support the Board's effective oversight of the Society and endeavours to support the Executive management team.

The Board would like to thank our wonderful colleagues across all parts of the Society for their continued commitment and hard work, which is recognised and greatly appreciated.

Elaine Dean  
Society President

## Democracy

Democratic Member control represents one of the Society's key points of Co-operative difference and sets us apart from competitors.

The Society's Board of Directors is elected 'by and from the Membership', this being one of the founding principles which unites co-operative organisations internationally.

In April 2023, elections were held for five positions on the Board which resulted in the following candidates being elected:

- Elaine Dean (uncontested)
- Maryann Denfhy
- Richard Bickle (elected)
- Bob Burlton
- Brad Tuckfield (re-elected)

5,740 (2022: 3,801) Members participated in the 2023 Board election, which represented a 51% increase in the number of Members who voted versus the previous year.

The 2023 Board election comprised one uncontested constituency in the Central region where Elaine Dean was appointed for a 3-year term. In the Western region, Maryann Denfhy was elected with a 3-year term and Richard Bickle was elected with a one-year term in the Member constituency. In the Eastern region, Brad Tuckfield was elected in the Eastern colleague constituency and Bob Burlton was elected in the Member constituency, both with a 3-year term of office.

Given the importance that democracy has in establishing the top level of the Society's governance framework and ensuring that Members have opportunities to shape the Society that they own, the Board continues to actively review ways in which Member democratic participation can be increased, both in terms of nominations, voting and attendance at Members' Meetings and as part of its support and championing of work to re-shape our current Member proposition by exploring and piloting new forms of digital democratic engagement that will enable more Members to input into decisions that will help to shape Society thinking in a range of areas throughout the year.

# Corporate Governance

## continued

### Governance Framework

The Society strives for the highest professional standards and business performance and seeks to maintain these standards across all of its operations. The Society has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve the Society's objectives. The organisational structure has clearly defined lines of responsibility and of delegated authority. The Board has approved a Schedule of Matters Reserved for the Board which clearly defines those responsibilities reserved for the Board and those delegated to Executive Management. A high-level summary of the Society's governance framework is set out on page 34.

The Board is accountable to the whole Membership and responsible for ensuring the Society carries out its commitment to be a successful co-operative business. The Board has a duty to act in the best interests of the Society for the benefit of its Members as a whole. In doing so, the Board must take into account the long-term consequences of any decision it makes, and the impact on the Society's stakeholders. This long-term, multi-stakeholder approach to decision-making is clearly reflected in the Society's Purpose statement (see page 02) and the Board's rationale statement (see page 36) both of which aim to engender a common co-operative culture across the Society's trading operations and wider activities.

In carrying out its duties, the Board is collectively responsible for the control and direction of the affairs of the Society. The Chief Executive, with the Executive Team, is responsible for the day-to-day operation and management of the Society. Any decision which is likely to have a material impact on the Society from any perspective, including, but not limited to, financial, operational, strategic or reputational, is reserved for the Board.

The Board, in consultation with the Chief Executive and Executive Team, is responsible for setting the Society's strategy and monitoring delivery of the strategy by management, identifying key business risks facing the Society and for the development of policies and procedures to manage those risks.

### Board Governance Activities during the Year

The main areas of focus for the Board and its Committees during the financial year have been:

- the Board's three strategic priorities, Membership, young people and green energy self-sufficiency.
- Establishing and embedding effective strategic relationships with new Members of the Executive team following the Executive restructuring exercise that took place in Spring 2023.
- Shaping the Membership proposition insight work with a particular focus on work to evolve Member participation and community and charity partnerships.
- Renewed focus on Board succession planning including work to ensure there is a diverse pool of candidates that have the skills and experience required for the Board to be effective; and a good balance of new and more experienced directors.
- Further roll out of Member to Director programme to build a future pipeline of prospective Board candidates.
- Work with Membership and Data team around how the Society captures Member demographic data to help baseline Board diversity.
- Increased use of digital engagement tools to support Director communication with other Directors in between Board meeting.

**The Board**

The responsibilities of the Board as set out in the Society's Rules are as follows:

- To ensure that the Society's affairs are conducted in accordance with its Rules, the best interests of the Society and its Members and in accordance with the Co-operative Values and Principles.
- To determine the strategy and policy of the Society in consultation with the Chief Executive and the Executive Team.
- To determine the risk strategy of the Society and ensure that risk management is addressed.
- To oversee the work of the Chief Executive and Executive Team in the day-to-day management of the business of the Society.

**Audit & Risk Committee**

Responsible for overseeing the adequacy of the Society's system of internal controls relating to risk management, disclosure, financial reporting and for ensuring the effectiveness of the internal audit function.

**Remuneration Committee**

Responsible for determining the remuneration policy for the Management Executive and Secretary, overseeing its implementation and setting appropriate and supportable levels of reward for the Executive, aligned to the Society's strategy.

**Rules & Practices Committee**

Responsible for reviewing and monitoring the Rules and constitution of the Society and making any recommendations to the Board. Responsible for reviewing the Society's compliance with Co-operative UK's Corporate Governance Code.

**Search Committee**

Responsible for keeping the effectiveness of the Board under review by ensuring the composition of the Board provides an appropriate balance of skills, experience and diversity to provide effective leadership and oversight of a Society of the size and complexity of Central Co-op.

**Conduct Committee**

Examination and oversight as and when required of any breaches of conduct relating to the actions of Board Directors.

**Chief Executive**

Leads the Executive Team and is responsible for conducting the day-to-day business affairs and Executive management of the Society in accordance with the Society's Rules.

**Executive Team**

Manage the Society's business operations in pursuit of the Society's strategic objectives. The Executive Team provides leadership and direction to all colleagues to ensure the effective management and administration of the Society's trading activities and business affairs, including environmental matters.

**Capital Committee**

Co-ordinate all requests and approvals for capital and significant revenue expenditure, including for onward presentation to the Board for consideration and approval in accordance with the Society's defined delegated authority limits.

**Risk Management Committee**

To monitor the Society's risk framework, to provide summary reporting on Society risk, to provide recommendations to the Audit and Risk Committee on Risk Management policy and risk appetite and to communicate with the Leadership Group on changes to risk environment and progress against the risk frameworks.

**Society Secretary**

To advise and guide the Board and support the Society President in the effective implementation of the Board's duties.

# Corporate Governance

## continued

### Board Rationale Statement

**We are collectively the custodians of the Society, acting in accordance with co-operative values and principles for sustainable business success, to secure a co-operative business for future generations, by:**

- working with the Executive to set and monitor the implementation of our strategy
- setting the ethos and culture of the Society
- fulfilling our obligations to Members and all stakeholders

### Board Effectiveness Framework

Annual	Triennial
One-to-one appraisals for those elected Directors starting the second year of their tenure (typically this will be four Directors per annum), conducted by the President.	Independent Board effectiveness evaluation – to include a skills audit.
One-to-one appraisals with the Independent Non-Executive Directors conducted by the President.	
Board evaluation survey completed by all Directors, reviewed by the President and Secretary to identify key themes, areas for improvement and actions.	

### Co-operative Corporate Governance Code

Co-operatives UK published the new Co-operative Corporate Governance Code (the “Code”) in November 2019 and last updated in November 2020.

Under the terms of the Code’s compliance assessment, the Board has a responsibility to ensure that the Society complies with those recommendations that are appropriate to its circumstances, or to explain its reasons where this is not the case.

The Code is available on Co-operatives UK’s website ([www.uk.coop](http://www.uk.coop)).

The Society conforms to the majority of the current Code’s provisions and principles and where this is not the case, a brief explanation is detailed below. By providing appropriate explanations, the Board is satisfied that it has fully complied with the Code.

The following explanations are provided:

<p><b>Section 3. Roles and Responsibilities</b></p> <p>Provision 9 – an elected chair should have served at least one year of office as a director before being elected to the role. The term of office of the chair should be three years or less and may be renewed up to a total maximum service of six years consecutively.</p>	<p>Appointments are based on skills, knowledge and experience. Rule 87, ‘No Director shall be President of the Board for a period exceeding three consecutive years’.</p>
<p><b>Section 4. Board Composition, Succession and Evaluation</b></p> <p>Provision 10.a. – determining the co-operative’s succession plan</p>	<p>The Search Committee’s Terms of Reference allow for Board succession planning as far as is possible. The Chief Executive is responsible for succession planning in respect of the Management Executive, with oversight provided by the Remuneration Committee.</p>

## Director Attendance at Meetings

The table below lists the attendance record of Directors for the year ended 27 January 2024 at meetings of the Board and those Committees (excluding the Conduct Committee due to the nature of its role) stipulated by the Rules of the Society.

The figures show the number of meetings attended with the number of meetings that the Director was eligible to attend included in brackets.

Directors	Meeting					
	Board	Audit & Risk Committee	Remuneration Committee	Search Committee	Rules & Practices Committee	Membership & Community Strategy Committee
Jane Avery	11 (11)	–	1 (1)	–	–	4 (5)
Suzanne Bennett	11 (11)	–	–	–	–	–
Richard Bickle <sup>2</sup>	8 (8)	2 (2)	–	3 (3)	1 (1)	3 (3)
Marc Bicknell	10 (11)	4 (4)	–	–	–	–
Bob Burlton <sup>2</sup>	8 (8)	3 (3)	–	–	–	–
John Chillcott	8 (11)	–	4 (4)	–	–	–
Elaine Dean <sup>2</sup>	8 (8)	–	2 (2)	3 (3)	1 (1)	3 (3)
Maryann Denfhy <sup>2</sup>	7 (8)	–	–	–	–	–
Danny Douglas	11 (11)	–	4 (4)	–	–	5 (5)
Dave Ellgood <sup>1</sup>	3 (3)	–	–	–	1 (1)	–
Mark Grayling <sup>1</sup>	3 (3)	1 (1)	–	–	–	–
John Howells	11 (11)	4 (4)	4 (4)	–	–	–
Maria Lee <sup>1</sup>	3 (3)	–	–	1 (1)	1 (1)	2 (2)
Jody Meakin <sup>3</sup>	10 (10)	–	–	3 (3)	2 (2)	4 (4)
Tanya Noon	11 (11)	–	–	–	1 (1)	–
Sue Rushton <sup>1</sup>	3 (3)	1 (1)	–	–	–	–
Brad Tuckfield	11 (11)	–	–	3 (3)	–	5 (5)

<sup>1</sup> Resigned on 3 May 2023

<sup>2</sup> Appointed on 4 May 2023

<sup>3</sup> Resigned on 14 Jan 2024

# Report of the Remuneration Committee 2023–24



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“The Committee’s role is to provide independent, robust governance and oversight of Executive remuneration”

John Chillcott, Chair of the Remuneration Committee

## STATEMENT FROM COMMITTEE CHAIR

### Introduction

On behalf of the Remuneration Committee (the “Committee”), in my second year as Chair of the Committee, I am pleased to present the Remuneration Report for the year ended 28 January 2024.

The Committee’s role is to provide independent, robust governance and oversight of Executive remuneration. When making decisions relating to Executive pay, the Committee pays particular attention to both best practice in the external remuneration landscape and developments in corporate governance, whilst ensuring that remuneration is aligned to the Society’s values and principles.

The Committee continues to seek to adopt best practice reporting requirements as set out in the UK Corporate Governance Code and these have been considered when producing this report.

### Business Context

It’s been another challenging year, but with the ongoing commitment of our colleagues, customers and Members we have delivered another strong set of results.

We value and appreciate the contribution of all our colleagues who make a difference to our communities and families. Once again, they have made a huge difference to the Society and a key priority for us has been to continue to invest in pay, and benefits. We are delighted to have made a pay award this year which increased our base rates for all colleagues to a minimum of £10.75 per hour. We are one of the few retailers who also pay our colleagues for their breaks. With paid breaks, this takes our base rate to the equivalent of £11.20 per hour.

During the year, we have offered double discount for our colleagues over the Christmas period. Our colleagues have also continued to benefit from the investment we have made in Member deals this year with an extra 20% off those lines. We have launched a new healthcare benefit, offering all colleagues an annual health check and access to a virtual GP service, this was complemented by a new wellbeing centre on our difference maker hub. We trained more colleagues to become mental health first aiders and introduced new policies such as pregnancy loss and fertility support. And finally, as a thank you, we gave all our colleagues £50 on their Membership card over the festive period.

I’d like to take this opportunity to say thank you to all our colleagues for the part they have played in our success this year.

### Changes to the Remuneration Committee

During the year, I was delighted to welcome Elaine Dean to the Committee who was elected as Society President in May.

### Changes to the Management Executive

In January 2023, we simplified our Executive structure to better align to our strategy and key priorities as follows:

- Sarah Dickins was appointed to Chief Member, Customer and People Officer.
- Andy Peake was appointed to Chief Commercial Officer
- Paul Dennis was appointed to Chief Operations Officer

We welcomed Selina Butterfield-Mashoofi to the Society as our new Chief Financial Officer in June 2023.





## Summary of Executive Remuneration in 2022/23 Pay

In January 2023, Sarah Dickins (Chief Member, Customer and People Officer), Andy Peake (Chief Commercial Officer) and Paul Dennis (Chief Operations Officer) received salary adjustments, aligned to their new roles. Debbie Robinson (Chief Executive) received a market-based pay adjustment. As outlined in our Remuneration Policy, the salaries for these appointments have been set to reflect the individual's role, responsibilities and experience whilst considering the market rate and internal relativities.

As I mentioned in last year's Remuneration Report, the Committee reviewed and made changes to the Management Executive Incentive Scheme (MEIS) during the year to closer align incentives to our strategic focuses and reward philosophy. More detail on the change is provided in the Remuneration Policy section.

### Colleague Pay

The Board remains committed to improving the pay rates of the Society's customer facing colleagues, subject to important affordability considerations and the management of internal pay comparisons. The Society continues to pay above the National Living Wage (NLW) and does not reduce rates for those colleagues under 25 years old. The Committee is pleased to confirm that the Society remains committed to these principles.

The Committee is pleased to report the following increases were awarded to all colleagues through the annual pay awards:

- The hourly rate of pay for Customer Service Assistants employed in Food stores increased from £10 to £10.75 (7.5%) in April 2023.
- The hourly rate of pay for Team Leaders employed in food stores increased from £11.05 to £12.20 (10.4%) in April.
- For colleagues employed in other roles, pay increased by 5%, subject to a minimum rate of pay of £10.75 per hour.

## Gender Pay

We recognise the importance and benefits of an inclusive workforce and in 2023, our median gender pay gap remains ahead of the ONS benchmark of 14.3% in 2023. Our results are as follows:

### Pay

- The Society has seen a 1.1% decrease in the mean average pay gap to 13.9% in comparison to 2022.
- The Society's median average pay gap has decreased by 1.5% to 8.6% in comparison to 2022.

### Bonus

- The Society's mean bonus gap has increased by 1.5% to 83.2% compared to 2022.
- The Society's median bonus gap has increased by 0.4% to 33.3% compared to 2022.

[The full Gender Pay Gap Report and our action plan can be found here:](#)

## Committee Advisor

Willis Towers Watson remained appointed by the Committee during the year. Willis Towers Watson are founders of the Remuneration Consultants' Group (RCG), and signatories of the RCG's Code of Conduct.

The Committee would welcome Members' support for this report when it is put to an advisory vote at the Society's forthcoming Annual Members' Meeting.

### John Chillcott

Chair of the Remuneration Committee

# Report of the Remuneration Committee

## continued

### Remuneration Policy

This section of the report explains the Committee's policy for the remuneration of the Management Executive and the Society Secretary. It contains a description of the overall policy, a table summarising each remuneration component and a description of how the policy for the Management Executive compares to the policy for the Society's other employees.

### Reward Philosophy

Our colleagues are central to the Society's ongoing success and the Society's overall reward strategy supports this. Our objective is to have a fair, sustainable and competitive total reward package which enables the Society to:

- **Attract** the right people that share our purpose and live our values
- **Motivate** our colleagues to collectively deliver the Society's goals
- **Recognise** our colleagues' advocacy and positive contribution to the Society
- **Retain** our colleagues who will enable the Society to deliver its long-term vision

The Remuneration Policy for the Management Executive and the Society Secretary aims to:

- Pay fair base salaries taking into account market benchmarking
- Provide an incentive for the Management Executive and the Society Secretary to drive both the short and long-term strategic goals of the Society
- Ensure that performance metrics are aligned to the Society's values and principles

The incentive opportunities for the Society's Management Executive and the Society Secretary are pitched at market median levels for Executives in PLCs. This approach, together with the measures under the Society's incentive plans, reflects the Society's commitment to providing an incentive for the right behaviours to drive sustainable business success, whilst operating a reward framework which is proportionate and is also transparent to our Members.

## Summary of Remuneration Components

Base Salary	
<b>Purpose and link to strategy</b>	To pay a fair salary commensurate with an individual's role.
<b>Summary and operation</b>	<p>Base salaries should be set taking account of the median level of market-based salaries for fully competent performance.</p> <p>Salaries are normally increased annually in line with formal agreements and to reflect affordability and economic circumstances and salary increases for all colleagues. Formal reviews may be conducted as required, such as a significant change in role responsibilities or to ensure market competitiveness in cases of potential 'flight risk'.</p>
<b>Maximum opportunity</b>	There is no formal maximum salary. When conducting formal salary reviews, the Committee will take into account market data, job scope, function, size and complexity of the business, along with internal relativities between other positions within the Society.
Annual Incentive	
<b>Purpose and link to strategy</b>	To motivate and incentivise achievement of agreed performance measures.
<b>Summary and operation</b>	<p>The performance metrics are set prior to, and measured over, the relevant performance year.</p> <p>All payments are paid in cash and are non-pensionable. If performance conditions have been met, payments are made within four months following the end of the financial year to which they relate. Payments made under the scheme are subject to clawback provisions.</p>
<b>Maximum opportunity</b>	<p>The amount payable under the scheme for the Management Executive is dependent on the financial performance of the Society as follows:</p> <ul style="list-style-type: none"> <li>• Threshold (achieve 90% of budgeted trading profit): 0% of base salary*</li> <li>• On Target (achieve 100% of budgeted trading profit): 25% of base salary*</li> <li>• Stretch (achieve 110% of budgeted trading profit): 50% of base salary*</li> </ul> <p>The amount payable under the scheme for the Chief Executive is dependent on the financial performance of the Society as follows:</p> <ul style="list-style-type: none"> <li>• Threshold (achieve 90% of budgeted trading profit): 0% of base salary*</li> <li>• On Target (achieve 100% of budgeted trading profit): 30% of base salary*</li> <li>• Stretch (achieve 110% of budgeted trading profit): 60% of base salary*</li> </ul> <p>* Base salary is defined as the rate of annual base salary as at the last day of the relevant financial year</p>

# Report of the Remuneration Committee

## continued

Long-term Incentive	
<b>Purpose and link to strategy</b>	To align the Management Executive interests with the long-term strategic goals of the Society.
<b>Summary and operation</b>	<p>All LTIP awards are made annually, have a three-year performance period and are subject to performance measures. Any new joiners of the Management Executive will have any awards pro-rated to reflect the length of service.</p> <p>The Committee retains discretion to select the performance measures and their weighting to align with the Society's strategic priorities or for reasons including the measures can no longer be independently validated.</p> <p>In 2023, a new set of metrics were agreed by the Board for the launch of the 2024 grant: Trading contribution 60%, Living wage accreditation 10%, Green energy self-sufficiency 10% and Young Member sales 20%.</p> <p>All payments are paid in cash and are non-pensionable. If performance conditions have been met, payments are made within four months following the end of the financial year to which they relate. Payments made under the scheme are subject to clawback provisions.</p>
<b>Maximum opportunity</b>	<p>The amount payable under the scheme for the Management Executive is dependent on the financial performance of the Society as follows:</p> <ul style="list-style-type: none"> <li>• Threshold (achieve 90% of performance measures): 0% of base salary*</li> <li>• On Target (achieve 100% of performance measures): 25% of base salary*</li> <li>• Outstanding (achieve 110% of performance measures): 50% of base salary*</li> </ul> <p>The amount payable under the scheme for the Chief Executive is dependent on the financial performance of the Society as follows:</p> <ul style="list-style-type: none"> <li>• Threshold (achieve 90% of performance measures): 0% of base salary*</li> <li>• On Target (achieve 100% of performance measures): 30% of base salary*</li> <li>• Outstanding (achieve 110% of performance measures): 60% of base salary*</li> </ul> <p>* Base salary is defined as the rate of annual base salary at the time that the colleague is notified of the grant (i.e. in the first year of the relevant 3-year performance period)</p>



Pensions	
<b>Purpose and link to strategy</b>	To provide the same level of pension benefits to all other colleagues in the Society.
<b>Summary and operation</b>	Members of the Management Executive are able to join the Society's Defined Contribution pension plan or receive a cash allowance in lieu of pension provision.
<b>Maximum opportunity</b>	The following options are available: <ul style="list-style-type: none"> <li>• Defined Contribution employer pension % determined by date of employment.</li> <li>• Cash alternative</li> </ul>
Benefits	
<b>Purpose and link to strategy</b>	To offer a competitive benefits package that is flexible and offers choice to colleagues.
<b>Summary and operation</b>	The benefits provided to our Management Executive will be in line with normal market practice and include a company car or cash allowance, a fuel benefit in certain cases, life insurance, permanent health insurance, private medical insurance and an annual medical examination.  Members of the Management Executive are also able to take advantage of benefits offered to all colleagues for example, a share incentive plan and colleague discount.
<b>Maximum opportunity</b>	There is no formal cap on the level of benefits that can be provided as the cost of providing these varies year to year, however this will represent a small proportion of the total remuneration.

### Performance Measures and Targets

The Committee reviews and approves the performance measures each year to ensure they are aligned to the Society's overall strategy, following consultation with the Chief Executive.

In 2023, the Board approved the Committees recommendation for a new set of metrics in respect of the 2023/4 LTI grant to align with our key strategic areas of focus: Trading Contribution 60%, Living Wage Accreditation 10%, Green energy self-sufficiency 10% and young Member sales 20%.

The Annual Incentive was also aligned to key in year metrics on the new difference maker scorecard: Trading Contribution 70%, Colleague Engagement 15% and Membership Participation 15%.

### Changes to Remuneration Policy

The only change to the Remuneration Policy during the 2023/24 financial year was the change to the MEIS which included an increase in the maximum opportunity but only if commensurately more stretching performance targets are achieved that have a direct benefit to colleagues and Members including Living Wage Accreditation and young Member sales.

# Report of the Remuneration Committee

## continued

### CEO Pay Ratio

#### Overview

Central Co-operative is committed to openness with our stakeholders and aims to reflect good governance in our reporting and policies. The Society has consistently and voluntarily disclosed the pay ratio between the Chief Executive and colleagues.

Results are generated by comparing the base salary<sup>1</sup> and total pay<sup>2</sup> amounts for the CEO with colleagues<sup>3</sup> at the lower quartile (25th percentile)<sup>4</sup>, median (50th percentile)<sup>5</sup> and the upper quartile (75th percentile)<sup>6</sup>. Set out below is the Society's CEO pay ratio at the statistical points highlighted above, alongside the average (for information only).

	CEO pay	P25 (lower quartile)	P50 (median)	P75 (upper quartile)	Average
Base Salary	£540,086	£21,801	£21,801	£23,099	£24,342
Total pay	£712,573	£21,801	£22,455	£24,061	£25,686
Total Pay Ratio	–	33:1	32:1	30:1	28:1

In 2023, the average CEO pay ratio was 28:1 compared to 2022 at 30:1 and with 33:1 in 2020. The CEO pay ratio for 2023 shows all quartiles have reduced. The reduction in our quartiles is reflective of the investment the Society has made in colleague base pay over the year for our lower paid colleagues.

#### Loss of Office

The employment agreement for the Chief Executive is terminable on twelve months' notice by the Society. Future appointments to the Management Executive will be terminable on six months' notice by the Society. No contracts provide an entitlement to the payment of a pre-determined amount on termination of employment in any circumstances.

The Management Executives' employment agreements contain provisions for payment in lieu of notice in respect of base salary and contractual benefits only. Termination payments will be made in line with the terms agreed with USDAW's professional and managerial arm SATA (Supervisory, Administrative and Technical Association) at the time and those stated in the Management Executives' contracts.

Upon termination, no payment under the annual incentive scheme will be paid under the scheme rules, unless employed on the date of payment or the reason for termination is due to retirement, death, disability, redundancy or any other circumstances at the Committee's discretion. Anyone deemed by the Committee as a 'good leaver' will be entitled to an incentive pro-rated to the period of service during the relevant financial year. The Committee has the discretion to reduce the entitlement of a 'good leaver' in line with performance and the circumstances of the termination.

#### Employment Contracts

The Chief Executive is entitled to twelve months' notice as described above. All other contracts for the Management Executive and Society Secretary are entitled to six months' notice.

Dates of appointments to the Management Executive are included in the Executive Total Earnings table displayed further on in this report.

We reviewed and issued updated contracts of employment to all of the Management Executive in 2023 to reflect the latest market practice for executive contracts.

#### Committee Discretions

The Committee abides by the policy for all components of the remuneration package (unless otherwise stated), however, it has discretion when agreeing and recommending the components of a settlement agreement for a Member of the Management Executive.

The Committee operates the Society's annual incentive and long-term incentive plans according to their respective rules. To ensure the efficient administration of these plans, the Committee has certain operational discretions. These include:

- Agreeing the participants in the plans on an annual basis.
- Determining the timing of grants of awards and/or payments.
- Determining the quantum of awards and/or payments (within the limits set out in the policy table above).
- Making the appropriate adjustments required in certain circumstances (for example, change of control and restructuring events).
- Determining 'good' or 'bad' leaver status for incentive plan purposes and applying the appropriate treatment.

<sup>1</sup> 'Base salary' excludes pension contributions and benefits

<sup>2</sup> 'Total pay' is annual salary plus any incentive payments, pension contributions and benefits

<sup>3</sup> Includes all colleagues employed by the Society as at 31st December 2023 and reflects the full-time equivalent salary

<sup>4</sup> The '25th percentile' is a statistical measure identifying the colleague placed ¼ of the way along a ranking of 'total pay' amounts ranked from low to high

<sup>5</sup> The '50th percentile' is the same statistical measure as above but ½ of the way along

<sup>6</sup> The '75th percentile' is the same statistical measure as above but ¾ of the way along

<sup>7</sup> Reflects the value of the CEO's current annual remuneration arrangements

- Undertaking the annual review of weighting of performance measures and setting targets for the annual incentive plan and long-term incentive plan from year to year.

If an event occurs which results in the annual incentive plan or long-term incentive plan performance conditions and/or targets being deemed no longer appropriate (for example, a material acquisition or divestment) the Committee has the authority to adjust accordingly the measures and/or targets and alter weightings, provided

that the revised conditions or targets are not materially less difficult to satisfy.

### Implementation Report 2023/24

This section of the report explains how the Remuneration Committee has applied its Remuneration Policy during the Society's 2023/24 financial year. It contains a summary of how the remuneration of the Chief Executive, Management Executive and Society Secretary has varied dependent on Society performance and full details of the remuneration received by Members of the Executive during 2023/24.

### Management Executive Total Earnings

	Year	Basic Salary	Taxable benefits	Annual Incentive	Vested LTIP	Pension benefits	Other remuneration	Total Fixed Remuneration	Total Variable	
<b>Deborah Robinson</b>	<b>2023/24</b>	<b>£540,086</b>	<b>£15,220</b>	<b>£160,618</b>	<b>£62,123</b>	<b>£16,203</b>	<b>£794,249</b>	<b>£571,508</b>	<b>£222,741</b>	
Chief Executive	2022/23	£524,278	£16,817	£72,014	£70,258	£15,728	£699,095	£556,823	£142,272	
<b>Andy Peake</b>	<b>2023/24</b>	<b>£223,600</b>	<b>£12,437</b>	<b>£55,414</b>	<b>£22,728</b>	<b>£6,708</b>	<b>£320,887</b>	<b>£242,745</b>	<b>£78,142</b>	
Chief Commercial Officer	2022/23	£187,746	£12,698	£25,779	£25,704	£5,632	£257,561	£206,077	£51,483	
<b>Paul Dennis</b>	<b>2023/24</b>	<b>£223,600</b>	<b>£13,016</b>	<b>£55,414</b>	<b>£22,728</b>	<b>£6,708</b>	<b>£321,466</b>	<b>£243,324</b>	<b>£78,142</b>	
Chief Operating Officer	2022/23	£187,746	£13,277	£25,779	£25,704	£5,632	£258,139	£206,656	£51,483	
<b>Sarah Dickins</b>	<b>2023/24</b>	<b>£244,000</b>	<b>£12,763</b>	<b>£60,470</b>	<b>£25,253</b>	<b>£7,320</b>	<b>£349,806</b>	<b>£264,083</b>	<b>£85,723</b>	
Chief Member, Customer People Officer	2022/23	£207,846	£12,546	£28,540	£28,560	£6,235	£283,728	£226,628	£57,100	
<b>Selina Butterfield-Mashoofi</b>	<b>2023/24</b>	<b>£150,385</b>	<b>£15,017</b>	<b>£37,270</b>	<b>£18,989</b>	<b>£3,450</b>	<b>£225,111</b>	<b>£168,852</b>	<b>£56,259</b>	
Chief Financial Officer	2022/23	-	-	-	-	-	-	-	-	
<b>Andrew Seddon</b>	<b>2023/24</b>	<b>£104,856</b>	<b>£10,000</b>	<b>£25,986</b>	<b>£12,627</b>	<b>£3,146</b>	<b>£156,615</b>	<b>£118,002</b>	<b>£38,613</b>	
Society Secretary	2022/23	£103,094	£10,192	£14,159	£14,280	£2,687	£144,412	£115,973	£28,439	
<b>Neil Robinson</b>	<b>2023/24</b>	<b>£50,815</b>	<b>£3,168</b>	-	-	<b>£1,524</b>	<b>£55,508</b>	<b>£55,508</b>	-	
Chief Financial Officer	2022/23	£187,210	£11,967	-	-	£5,616	£204,794	£204,794	-	
<b>Liz Robson</b>	<b>2023/24</b>	<b>£27,101</b>	<b>£2,070</b>	-	-	<b>£813</b>	<b>£29,984</b>	<b>£29,984</b>	-	
Chief Technology Officer	2022/23	£166,409	£12,892	-	-	£4,992	£184,293	£184,293	-	
<b>Rajesh Gupta</b>	<b>2023/24</b>	<b>£50,815</b>	<b>£4,066</b>	-	-	<b>£1,524</b>	<b>£53,507</b>	<b>£109,912</b>	-	
Chief Member and Customer Officer	2022/23	£187,210	£12,822	£25,714	£25,704	£5,616	£257,066	£205,649	£51,418	
<b>Total 2023/24</b>		<b>£1,615,258</b>	<b>£87,757</b>	<b>£395,172</b>	<b>£164,448</b>	<b>£47,396</b>	<b>£53,507</b>	<b>£2,363,538</b>	<b>£1,750,411</b>	<b>£559,620</b>

### Loss of Office Payments

The above table details the redundancy and loss of office payment made to Rajesh Gupta (Chief Member and Customer Officer) following the change to a simpler executive structure at the start of 2023 that was outlined in the Remuneration Report last year.

Notes:

- Basic salary incorporates any pay increases throughout the financial year and therefore shows the amount earned as salary during the financial year. Note the financial year 2022/23 included 53 weeks of the financial year
- Taxable Benefits include the provision of a car or a cash alternative, fuel and private healthcare
- The annual incentive payment relates to cash payments due to be paid in 2024 under the 2023/24 scheme of 24.8% for the executive team and 29.7% for the CEO and does not include any payments received relating to previous financial years. An annual incentive payment of 14% was paid in 2023 in relation to the performance of the relevant metrics for the 2022/23 financial year
- LTIP award relates to cash payments of 12.63% due to be paid in 2024 in relation to the performance of the relevant metrics over the three years ended in January 2024. An LTIP payment of 14.28% was paid in 2023 in relation to the performance of the relevant metrics over the three years ended in January 2023
- Pension benefit figures show either; the value of contribution made by the Society to the individual's defined contribution pension arrangement, or the value of salary supplement in lieu of pension contributions

# Report of the Remuneration Committee

## continued

### Executive External Directorships

Executive	Role	Company	Date of Appointment
<b>Debbie Robinson</b> Chief Executive	Director	British Retail Consortium	May 2017
	Director	Cult Status Limited	May 2018
	Director	Federal Retail and Trading Services Limited (FRTS)	April 2019
	Vice-President	Euro Co-op	December 2020
<b>Selina Butterfield-Mashoofi</b> Chief Financial Officer	N/A		
<b>Sarah Dickins</b> Chief People Officer	Director <sup>1</sup>	Ranmoor Homes & Developments Ltd	July 2019
<b>Paul Dennis</b> Chief Operations Officer	Non-Executive Director	St Giles Hospice	August 2021
<b>Andy Peake</b> Chief Commercial Officer	N/A		

The Executive receives no remuneration in respect of these appointments.

### Board Director Fees

This section of the Report provides details of the fees, expenses and benefits for Directors of the Society.

In accordance with the Society's rules, the Members are required to approve the level of fees paid to the Society's Directors, and that this should be done, at a minimum, at least every three years. Director fees, including the adoption of a new Committee fee structure was approved by Members at the October 2019 Interim Members' meeting.

Board/Committee	Role	Fees	Fees
		2023/24	2022/23
Board	President	<b>£18,237</b>	£17,740
	Vice-President	<b>£13,677</b>	£13,304
	Director	<b>£9,118</b>	£8,870
Audit & Risk Committee	Member	<b>£645</b>	£627
	Chair	<b>£774</b>	£675
Remuneration Committee	Member	<b>£645</b>	£627
	Chair	<b>£774</b>	£675
Rules & Practices Committee	Member	<b>£645</b>	£627
	Chair	<b>£774</b>	£675
Search Committee	Member	<b>£645</b>	£627
	Chair	<b>£774</b>	£675
Conduct Committee	Member	<b>£215</b>	£209
	Chair	<b>£258</b>	£251
Community Dividend Selection Committee	Member	<b>£430</b>	£418
Membership & Community Strategy Committee	Member	<b>£430</b>	£418
Other Working Groups		<b>£22.44</b>	£22.41



## Expenses

Directors are reimbursed all reasonable expenses incurred whilst carrying out their duties for the Society. In addition, delegation fees (of £40.32 for up to five hours or £80.61 for five hours or more; including travel time) are payable per day where Directors are formally appointed to represent the Society at pre-approved events, such as Co-operative Congress and the annual Co-operative Retail Conference. The Society also operates a policy to reimburse Directors who incur loss of income (from regular or part-time employment) in carrying out their Board duties.

## Benefits

The Society's colleague discount scheme is available to Directors and their partners. Employee Directors are also entitled to other benefits, such as pension Membership, in accordance with the standard terms and conditions of employment with the Society. Director fees do not qualify for Society pension contributions for any Board Directors.

## Directors' Remuneration Table

The table below lists the fees paid to the Directors of the Society who served during the year under review:

Director	Fees (£)	
	2023/2024	2022/23
Jane Avery (President until 18 May 2023)	12,974	19,914
Elaine Dean <sup>2</sup> (President from 18 May 2023)	14,363	4,048
Tanya Noon (Vice President until 18 May 2023)	11,517	12,975
Richard Bickle <sup>2</sup> (Vice President from 18 May 2023)	11,753	2,909
*Marc Bicknell	10,107	10,021
Suzanne Bennett	9,548	6,986
Bob Burlton <sup>2</sup>	7,123	n/a
John Chillcott	9,891	9,758
Danny Douglas	10,407	7,508
*David Ellgood <sup>1</sup>	2,744	9,858
Mark Grayling <sup>1</sup>	2,686	7,247
Maryann Denfhy <sup>2</sup>	6,993	n/a
John Howells	10,788	10,249
*Maria Lee <sup>1</sup>	2,918	10,745
Jody Meakin <sup>3</sup>	11,040	10,640
Sue Rushton <sup>1</sup>	2,744	10,106
Brad Tuckfield	10,247	9,878

\* See 'Other Payments' in respect of fees in connection with CECFPL

<sup>1</sup> Resigned on 3 May 2023

<sup>2</sup> Appointed on 4 May 2023

<sup>3</sup> Resigned on 14 January 2024

## Other Payments

With the exception of the Non-Executive Directors of Central England Co-operative Funeral Plans Limited (CECFPL), no additional payments were made to Directors during the year, other than Board Director fees and the reimbursement of expenses incurred or in respect of any loss of income.

Fees in connection with the Independent Non-Executive Director (Audit & Risk Committee Chair) and Member-Nominated Director appointments to the CECFPL Board were paid as follows:

	Fees	
	2023/24	2022/23
INED (Audit & Risk Committee Chair)	£2,100	£2,100
Member-Nominated Director	£2,100	£2,100
Audit Committee Chair fee	£752	£752

Bob Burlton joined the CECFPL Board on 18 May 2023.

Marc Bicknell and Bob Burlton receive an additional fee of £2,100 per annum as Non-Executive Directors of CECFPL.

Marc Bicknell receives an additional fee of £752 per annum as Chair of the Audit & Risk Committee of CECFPL.

# Report of the Remuneration Committee

## continued

Dave Ellgood and Maria Lee resigned from the CECFPL Board on 3 May 2023, they received a fee of £2,100 per annum during their time on the Board.

For details of fees paid to Independent Non-Executive Directors on the Board of Central England Co-operative Funeral Plans Limited please see the relevant accounts which are available on request from the Society Secretary.

### Tenure

In accordance with the Society's Rules, the normal period of office for elected Directors is three years which expires at the conclusion of the final Members' meeting at the end of their three-year term. Directors cannot serve for more than nine consecutive years without a break of service of at least one year. In addition, the Board may appoint up to two Independent Non-Executive Directors whose length of appointment is determined by the Board. Independent Non-Executive Directors are remunerated on the same basis as the elected Directors. Any such appointments are subject to annual review by the Board and are submitted for ratification at a meeting of the Members of the Society.

### External Directorships and other Relevant Appointments

Director	Role	Organisation
Elaine Dean	Director and Vice Chair	RamsTrust
	Elected Independent Society Member	The Co-operative Group National Members' Council (from Co-operative Press Ltd)
	Director and Chair	Co-operative Press
Richard Bickle	Director	Revolver Co-operative Limited
	Director	Birmingham Co-operative Film Society Limited
	Director and Secretary	Friends of the Earth (Birmingham) Limited
	Secretary	Co-operative Press Limited
		York Supplies Community Society Limited
Jane Avery	Director and Employee	LCDDA Management Co-operative (trading as CASE Limited)
	Elected Independent Society Member	The Co-operative Group National Members' Council
Marc Bicknell	Director	Railway Enginemen's Assurance Society Limited
Bob Burlton	Principal	Energy Saving Group, Sustainable Stansted
John Chilcott	Director	Parity Finance Limited (Dormant)
	Director	Chilcott Consultancy
Danny Douglas	Elected Independent Society Member	Co-operative College
Maryann Denfhy	n/a	n/a
Tanya Noon	Director	Kandaroo CIC
	Non-Executive Director	Co-operatives UK
	Elected Member	The Co-operative Group National Members' Council and Member of The Senate (as an individual Member of The Co-operative Group)
Brad Tuckfield	n/a	n/a
John Howells	n/a	n/a
Suzanne Bennett	n/a	n/a

# Audit & Risk Committee Report



“The Board of Directors is ultimately responsible for the Society’s system of internal control and for reviewing its effectiveness.”

Marc Bicknell, Chair of the Audit & Risk Committee

I am pleased to introduce the report of the Audit & Risk Committee for the financial year ended 27 January 2024.

The Co-operatives UK Corporate Governance Code for Consumer Co-operatives requires the Board of Directors to review the effectiveness of the Society’s system of internal control. This review covers all controls including financial, operational, compliance and risk management.

The Board of Directors is ultimately responsible for the Society’s system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Executive Team is responsible for the implementation, day-to-day operation and management of the Society’s system of internal control.

The Audit & Risk Committee is a sub-Committee of the Board, full details of its duties can be found in the Committee’s Terms of Reference which is available on request.

## Members of the Committee

The Audit & Risk Committee comprises four Directors; the normal term of office is two years. The President and Employee Directors are precluded from serving on the Committee.

The Directors who served on the Committee during the year and a record of their attendance at meetings can be found on page 37.

Audit & Risk Committee meetings were also attended by:

- Chief Financial Officer
- Society Secretary
- Head of Financial Control
- Senior Internal Audit Manager
- Senior Finance Shared Services Manager
- Representatives from the Society’s Auditor
- Attendance by Society management (from time-to-time and as required).

## Committee Activity in 2023

Meeting	
March	<p>Review of the draft Annual Report and Financial Statements for the year ended 28 January 2023 and ancillary documentation.</p> <p>The Society’s Treasury and Taxation reports.</p> <p>Stakeholder Payments for the year ended 28 January 2023 and proposed distributions from Trading Surplus.</p> <p>Received reports relating to Risk Management, Compliance matters and Internal Audit.</p>
June	<p>Received reports relating to Risk Management, Compliance matters, Internal Audit and External Audit Update, and a HMRC Business Risk Review.</p>
September	<p>Review of the Society’s financial information for the 28 weeks to 12 August 2023.</p> <p>Received reports relating to Risk Management, Compliance matters and Internal Audit.</p>
December	<p>Financial Statements January 2024 and Related Matters, including Key Judgements and Estimates December 2023, Taxation Report and Treasury Report.</p> <p>Received reports relating to Risk Management, Compliance matters, Internal Audit and External Audit Update.</p>

During the year and in accordance with corporate governance best practice and the Committee’s Terms of Reference, the Committee met with the external Auditor and separately with the Society’s Senior Internal Audit Manager in private session without the presence of management.

# Search Committee



“In 2023, this Committee helped to co-ordinate the external evaluation of our Board.”

**Elaine Dean**, Chair of the Search Committee

## I am pleased to introduce the report of the Search Committee.

The Search Committee is a sub-Committee of the Board, full details of its duties can be found in the Committee’s Terms of Reference which is available on request.

### Members of the Committee

The Search Committee comprises the Society President and three Directors, who can serve on the Committee for a period of up to two years – which may be extended for a maximum further period of up to two years, provided the Director still meets the criteria for Membership of the Committee.

The Directors who served on the Committee during the year and a record of their attendance at meetings can be found on page 37.

Search Committee meetings were also attended during the year by the Society Secretary and Deputy Society Secretary.

During 2023, this Committee co-ordinated the external evaluation into the effectiveness of our Board and its sub-Committees and it will be considering the recommendations from this review during 2024.

## Committee Activity in 2023

### Meeting

<b>June</b>	Consideration of arrangements for external evaluation. Board Committee appointments. Appointments to external organisations and Board sub-Committees. Consideration of INED succession planning.
<b>August</b>	Discussion around external evaluation methodology and timelines.
<b>November</b>	Review of initial findings and recommendations from Board evaluation.

# Rules & Practices Committee



“The Committee annually reviews the Society’s compliance with the Co-operative Corporate Governance Code.”

**Richard Bickle**, Chair of the Rules & Practices Committee

## I am pleased to introduce the report of the Rules & Practices Committee.

The Rules & Practices Committee is a sub-Committee of the Board, full details of its duties can be found in the Committee’s Terms of Reference which is available on request.

### Members of the Committee

The Rules & Practices Committee comprises the Society President or Vice President and three Directors, who can serve on the Committee for a maximum of nine consecutive years (subject to being re-elected to the Board every three years and re-appointed to the Committee every two years).

### Committee Activity in 2023

#### Meeting

<b>January</b>	Annual Review of Co-operative Governance Compliance 2022/23.
<b>July</b>	Review of Member Democratic Engagement. Review of Committee Terms of Reference.

The Directors who served on the Committee during the year and a record of their attendance at meetings can be found on page 37.

Rules & Practices Committee meetings were also attended by the Society Secretary and Deputy Society Secretary.

# Membership & Community Strategy Committee



“The Committee’s purpose is to strengthen Membership and community engagement across all parts of the Society.”

**Brad Tuckfield**, Chair of the Membership & Community Strategy Committee

## I am pleased to introduce the report of the Membership & Community Strategy Committee.

I am pleased to introduce the report of the Membership & Community Strategy Committee.

The Membership & Community Strategy Committee is a sub-Committee of the Board. The Committee’s purpose is to strengthen Membership and community engagement across all parts of the Society and monitor the effectiveness and operation of the Society’s Membership and Community Councils (MCCs) in the context of the Society’s wider Membership & Community strategy. Full details of the Committee’s duties can be found in the Committee’s Terms of Reference which is available on request.

### Members of the Committee

The Membership & Community Strategy Committee comprises five Directors and the President who attends in an ex-officio capacity.

The Directors who served on the Committee during the year and a record of their attendance at meetings can be found on page 37.

Membership & Community Strategy Committee meetings were also attended by:

- Chief Executive
- Chief Member, Customer and People Officer
- Society Secretary
- Deputy Society Secretary
- Membership and Community Relations Officers
- Head of Digital Marketing, Membership & PR
- MCC representatives

## Committee Activity in 2023

### Meeting

<b>February</b>	Membership Marketing Update. Review of Membership and Community Activity plan.
<b>April</b>	Membership proposition development strategy update. Approach to Annual Members’ Meetings. Review of Membership and Community Activity plan.
<b>July</b>	Membership proposition development strategy update. Review of Annual Members’ Meetings and approach to Interim meetings. Review of Membership and Community Activity plan.
<b>August</b>	Review of Member insight survey arrangements
<b>November</b>	Membership proposition development strategy update. Review of Interim Members’ Meetings. Review of Membership and Community Activity plan.

# Conduct Committee

The Conduct Committee is a sub-Committee of the Board, full details of its duties can be found in the Committee's Terms of Reference which is available on request.

## Members of the Committee

The Conduct Committee comprises not less than four Directors. The normal term of office is two years. The President is precluded from serving on the Committee.

The Directors who served on the Committee during the year were:

- Jane Avery
- Marc Bicknell
- Danny Douglas
- Jody Meakin (resigned 14 January 2024)
- Tanya Noon

The Committee met once during the year, in May 2023, as part of the Society's standard process to review the operation of the annual Board elections and immediately prior to announcing the results of the election.

# Other Committees Attended by Directors

Directors are also appointed to the Society's Membership & Community Councils (MCCs) which, in addition to attending meetings, involves participating in the MCCs' events and activities.

Region	Covering	Appointed Directors
<b>Northern</b>	Derbyshire Nottinghamshire	Elaine Dean
<b>Southern</b>	Leicester/Leicestershire East/South Leicestershire Northamptonshire North Warwickshire	Jane Avery John Howells
<b>Eastern</b>	Peterborough, The Fens Norfolk Suffolk Cambridgeshire and surrounding counties	Danny Douglas, Brad Tuckfield
<b>Western</b>	Birmingham West Midlands and surrounding counties Staffordshire Lancashire and Merseyside	Richard Bickle, Maryann Denfhy
<b>Yorkshire</b>	West and South Yorkshire	Elaine Dean

Five Directors serve on the Society's Community Dividend Selection Committee. The Committee meets on a bi-monthly basis to review grant applications. The Directors who served on the Community Dividend Selection Committee during the year were:

- Jane Avery (resigned 16 May 2023)
- Richard Bickle (joined 22 June 2023)
- Suzanne Bennett
- Maryann Denfhy (joined 22 June 2023)
- John Howells
- Jody Meakin (resigned 14 Jan 2024)
- Sue Rushton (resigned 3 May 2023)

The Committee is also attended by management representatives.

The Society also participates on the governance bodies of a number of organisations in which it holds a corporate shareholding. Once a Director has been appointed to the respective governance body, their fiduciary duties are owed to that organisation and not the Society.

The Directors involved receive fees from the relevant organisation, in accordance with the particular arrangements of those organisations.

Organisation	Role	Director
The Co-operative Group National Members' Council	Elected Independent Society Member	Maria Lee – until 3 May 2023 Marc Bicknell – from 3 May 2023 Jane Avery
Co-operatives UK	Director	Tanya Noon
Co-operative College	Director	Danny Douglas
Co-op Press	Director	Elaine Dean



# Risk

## Our approach to Risk

The Society operates a risk management process, that involves colleagues from across the Society, which identifies the key and emerging risks facing each part of the business. These are then documented in the Society's Corporate Risk Register. The Risk Register is formally reviewed by the Head of Risk and Regulatory Compliance every quarter with input from each risk owner and discussions around any new or emerging risks. Reports are presented to the Society's Risk Management Committee which in turn is accountable to the Board, via the Audit & Risk Committee, for the appropriate management of risk.

The Risk and Compliance team has operational responsibility for the management of health and safety, risk and insurance, General Data Protection Regulations (GDPR) and FCA Compliance, and works closely with the Loss Prevention and Internal Audit functions to provide an integrated approach to risk mitigation and assurance.

Society management recognise the risks attendant on all areas of business resulting from operating in increasingly competitive and changing marketplaces and continue to review processes and procedures with the objective of ensuring effective controls are maintained, overcoming any identified weaknesses and achieving business efficiencies.

Where problems do arise, positive action is taken to implement appropriate control mechanisms.

There is a continuous process for identifying, evaluating and managing the significant risks faced by the Society during the year under review and up to the date of approval of the Annual Report and Financial Statements. This process, which includes the prioritisation of key risks, is regularly reviewed by the Audit & Risk Committee on behalf of the Board.

The Society's Internal Audit department performs independent reviews of regulatory, operational and financial control procedures across the business and reports its findings into the Audit & Risk Committee. Progress against management action plans to overcome internal control weaknesses and business risks, is also monitored and reported to the Audit & Risk Committee.

Accordingly, the Board of Directors confirms that the effectiveness of the system of control for the year commencing 23 January 2022 and ending on 28 January 2023 has been reviewed in line with the criteria set out in Corporate Governance Code for Consumer Co-operatives.

# Principal Risks and Uncertainties

## Risk Management

Our colleagues have a shared responsibility in identifying risk, appropriate mitigation and response in accordance with our values and risk framework.

Our risk framework involves colleagues from across the Society, that continually reviews and identifies the key and emerging risks facing each part of the business. Governance of the framework is owned and led by the Society Risk Team supported by the Executive team. Updates are reviewed by the Audit & Risk Committee overseen by the Board.

This year we focused on dividing our risk landscape into enduring, point in time and emerging risks. Enduring risks are always a consideration and require consistent, enduring key controls to manage them such as supplier management and legal compliance. For point in time risks (risks which can't be managed properly through the Key Control Framework) and emerging risks, we assign management ownership and identify and execute appropriate and timely mitigating actions.

We use a 'three lines of defence' model to manage risk activities across the Society:

- First line – frontline colleagues, managers and leaders review risk as part of their day-to-day activities providing escalation as required.
- Second line – our risk functions provide advice and oversight to help the frontline manage risk within our risk appetite.
- Third line – our internal audit team provides independent assurance and challenge.

Internal Audit place reliance on the risk management framework to identify key risks and to adopt a risk-based process of planning and prioritising activities. Internal Audit then perform independent reviews of regulatory, operational, and financial control procedures across the business and reports its findings into the Audit & Risk Committee.

Risk	Description and Potential Impact	Mitigation
<b>Competition and the External Environment</b>	The Society operates in a competitive food and funeral sector. Failure to ensure we protect and grow our market share by offering the right products and services, to the right quality and price, risks customers taking their business elsewhere. Our channels to market must be relevant and adapt.	The Society actively monitors and manages its commercial activities. Performance and external market conditions are monitored weekly. Regeneration programmes ensure we keep our trading sites relevant and up to date. Our Commercial Team works closely with suppliers, national and local, to ensure our food products meet the high standards expected and are sold in line with legislation.  Following our announcement that our Distribution facility will transition across to the Co-operative Group network in 2024, we focused on ensuring appropriate risk mitigations were in place throughout 2023 to ensure limited-service interruptions to our deliveries into our retail store network.
<b>Business Strategy and Change</b>	If the Society were to pursue the wrong business strategy or fail to execute its strategy effectively, the business could be negatively impacted in a highly competitive market. The Society has a number of change programmes and a failure to manage, prioritise and deliver them in an effective way could have a negative financial impact on the Society.	Oversight in delivering strategy and change are reviewed is undertaken regularly as part of the Society's governance process, with updates provided to the Board, including a quarterly health check on financial outlook and business change activities.
<b>Co-operative Principles</b>	The Society has an underlying purpose beyond profit. If the Society was to operate or behave in a manner inconsistent with its core values and principles the Society's brand and reputation would be impacted negatively.	The Board sets the tone in this area ensuring that significant decisions are evaluated against co-operative values and principles. Members have the opportunity to influence the Society's approach to the application of these values and principles through attendance and participation at Members' meetings. Evidence of the Society's purpose beyond profit can be seen in its Sustainability strategy, Membership & Community activities and events, Community Dividend Awards and support for other co-operatives alongside ongoing work in areas such as our Malawi partnership, working with young people and green energy self-sufficiency aspirations.

Risk	Description and Potential Impact	Mitigation
<b>Colleague engagement, capability and succession</b>	The Society employs over 7,000 colleagues who are pivotal to its future success. Attracting the best people, recognising diversity and investing in colleague learning and development are essential to the sustainability and future success.	<p>The Society has a clear people plan to focus on attracting and retaining the right talent, being a place where our talent thrives and being a great place to work for everyone. This includes initiatives and processes, as follows:</p> <ul style="list-style-type: none"> <li>▪ Promotion of our culture of being 'difference makers'.</li> <li>▪ Our Learning Management System – Let's Learn – makes learning accessible and engaging for all our teams.</li> <li>▪ Let's Talk – our annual and mid-year conversations to focus on performance, development and careers.</li> <li>▪ Biannual talent reviews to look at succession planning and future talent needs.</li> <li>▪ Continual review of policies, rewards and benefits to ensure that they remain competitive in the marketplace.</li> <li>▪ Annual Let's Listen surveys to listen to our colleagues and improve engagement.</li> <li>▪ Our difference makers hub which provides a reward and engagement platform for all our colleagues.</li> </ul>
<b>Liquidity &amp; Financial Control</b>	The Society is reliant on a combination of internally generated cash and bank borrowing to fund its business strategy, thus any material downgrade in trading cash flows may impact the deliverability of the Society's strategy.	<p>The Society maintains a rolling flow forecast supplemented with daily cash flow forecasts to manage this risk. This forecast has been informed by the annual budget and quarterly reforecast processes together with a rolling capital expenditure forecast.</p> <p>In addition, the Society conducts an annual Five-Year Financial Plan process which allows it to confirm that medium-term cash requirements are within committed bank funding levels. Bank covenant compliance is reviewed quarterly and reported to the Board.</p>
<b>Health and Safety &amp; Security</b>	The prevention of injury or illness to colleagues, Members, customers, and the public is of paramount importance to the Society. Any failure in this regard would significantly reduce customer and colleague confidence.	<p>Policies, procedures and colleague engagement plans are in place detailing the controls required to manage health and safety and food safety risks across the Society. Colleague-based Health and Safety forums operate in our Retail, Funeral and Distribution business functions which supported the Health and Safety Advisory Committee where health and safety matters were actively discussed and mitigations agreed.</p> <p>The Society's internal Health &amp; Safety (including food safety) Advisors and Loss Prevention Advisors work proactively on strategy and controls to protect our colleagues on all safety matters, including the threat of violence and aggression which colleagues face on a day-to-day basis. In 2023, the Society signed up to the National Business Crime Solution (NBCS) which enables effective data sharing between police, crime reduction agencies and business to help reduce crime and risks.</p>

# Principal Risks and Uncertainties

## continued

Risk	Description and Potential Impact	Mitigation
<b>Data Protection</b>	<p>The Society creates, captures, and uses a significant amount of data in its business operations. Failure to keep data secure, up to date and relevant, or use personal data where there is no consent or legitimate reason, can result in breach of confidential information, harm to individuals, reputational damage and/or financial penalties under General Data Protection Regulations (GDPR).</p>	<p>Policy, processes, and controls are in place to ensure data is appropriately captured, maintained, and used as permitted. A Compliance Framework has been developed to achieve the standards required for GDPR. The Society has appointed a managed Data Protection Officer (DPO) service that provides expertise in monitoring and advising the Society's performance in this area. The DPO supports the Society in ensuring:</p> <ul style="list-style-type: none"> <li>▪ Effective data management policies and practices;</li> <li>▪ Colleague awareness and training is effectively designed and tailored;</li> <li>▪ Data breaches and requests for access are managed in accordance with GDPR requirements; and</li> <li>▪ Timely advice relating to GDPR requirements are managed effectively and in a compliant manner. This includes management of data breaches, review and update of privacy notices and data subject access requests.</li> </ul>
<b>Technology and Cyber Security</b>	<p>The Society is increasingly reliant on technology. As technology usage in the business increases so does the risk of data breaches and cybercrime which is fast becoming one of the biggest global threats to business. Cybercrime can create significant business interruption or reputational damage through loss of confidence by customers and stakeholders.</p>	<p>The Society's IT Security team and our third-party security managed service partners provide a broad range of cyber resilience capabilities that allow us to detect and respond to security-related incidents efficiently. Ongoing investment in this area has been key to ensuring we have the right controls in place to provide assurance that we are keeping the organisation's systems and data safe and secure. Cybercrime is evolving all the time and it's our job to keep ahead of the curve by introducing and maintaining measures through technology, compliance, awareness and continual improvement through security reviews, penetration testing, vulnerability management and internal and external audits. All of these initiatives and our security roadmap provided the business with confidence that we take cyber security seriously as a Society.</p> <p>In 2023, the Society purchased Cyber insurance which is designed to help cover any associated costs of a cyber-attack and improve cybersecurity.</p>
<b>Pensions</b>	<p>The Society has a significant deficit in its closed defined benefit pension scheme. There is a risk that the obligation to fund this deficit will deprive the Society's trading businesses of investment funding.</p>	<p>The Society works closely with its advisers and the Pension Scheme Corporate Trustee to ensure that deficit recovery plans are both affordable to the Society and offer sufficient funding to the Pension Scheme in order to continue to reduce the deficit.</p>

Risk	Description and Potential Impact	Mitigation
<b>Regulation / Legislation Compliance</b>	Failure to comply with relevant legislation and/or legislation could damage the Society's reputation as well as resulting in significant financial penalties or sanctions.	<p>Assurance arrangements in the second line of defence cover key regulatory and legislative matters specifically relating to areas such as health and safety, food safety and FCA regulated activities within our Funeral Plans business. Updates on assurance progress and conclusions are provided to various governance Committees: Food Safety Governance, Health and Safety, Executive Risk Management, and Audit &amp; Risk Committee on a quarterly basis.</p> <p>Programmes of planned preventative maintenance operate to ensure key statutory compliance requirements are identified and managed as required. Examples include fire and electrical testing and maintenance.</p> <p>External as well as internal expertise is utilised to 'horizon scan' and provide insight to the Society regarding any plan changes to the regulatory environment.</p>
<b>Trading</b>	There continued to be the significant macroeconomic uncertainties around the level of inflation, high energy prices, pressure on wage growth alongside increasing commodity prices. All these impact consumers' ability to spend, and the Society's Membership and community activities may not provide a sufficient point of difference to attract customers to our stores.	<p>To help customers and Members, the Society continue to drive Membership participation and improve commercial performance.</p> <p>The Society is committed to environmental sustainability and reducing our environmental impact. A number of initiatives continue to be driven to reduce this impact, such as the roll-out of solar panels and refrigerator replacements to improve energy efficiency.</p> <p>As external product and operating costs have increased, the Society's trading teams have actively focused on efficiency improvements and simplifying our process to release focus to optimise Member and customer service as well as keep costs under control.</p>

# Other Corporate Matters

## Political Subscriptions and Donations

The Society welcomes all customers and Members who use its services and subscribe to the values and principles of the co-operative movement, irrespective of their religious or political beliefs or personal characteristics.

At the Society's Interim Members' Meeting(s) held in October 2022, Members approved a resolution for the Society to set aside funding for political purposes in furtherance of co-operative values and principles, amounting to 0.6% of trading profit (to not exceed £120,000 per annum) for each of the three financial years, ending January 2024, January 2025 and January 2026.

During the course of the year, Central Co-op's long-standing affiliation to the Co-operative Party was maintained to secure a co-operative voice in the political arena in furtherance of the Society's, and the movement's, wider interests. This comprised paying a national subscription and also funding and participating in Society Co-operative Party Councils in our trading area.

The Group Income Statement for the year ended 27 January 2024 (Note 8 to the accounts) reports that £89,400 (2022/23: £92,000) was paid by the Society in respect of political subscriptions and related funding. This included support at national level for the Co-operative Party and grants to four Society Party Councils.

## Withdrawable Share Capital

The Society follows Co-operatives UK's Code of Best Practice on Withdrawable Share Capital (WSC) where it is applicable to Central England Co-operative Limited. The Society's Terms and Conditions provide Members with full details about the nature of their shareholding and its legal status as withdrawable share capital. The Terms and Conditions are available on the Society's website (or available from the Secretary, on request). Members may withdraw money from their share accounts at any time, unless the Board of Directors has removed the facility in accordance with procedures set out in the Society's Rules.

Members share capital is risk capital and, therefore, if the Society is unable to meet its debts and liabilities, Members risk losing some or all of their shares held. The Financial Services Compensation Scheme (FSCS) does not apply to Members' share accounts and, therefore, Members are not eligible to claim compensation under the FSCS in the event of the Society not being able to meet requests for withdrawal of shares.

The Society is not subject to supervision by the Prudential Regulation Authority or by the Financial Conduct Authority in relation to withdrawable share capital. The Financial Ombudsman Service does not apply to withdrawable share capital or the relationship between Members and the Society.

# Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the Society's financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under Co-operative and Community Benefit Society law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Society and of the profit or loss of the Society for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Society will continue in business.

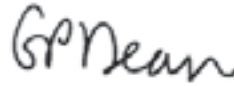
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Society's transactions and disclose with reasonable accuracy at any time the financial position of the Society and enable them to ensure that the financial statements comply with the Co-operative & Community Benefit Societies Act 2014. They are also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Society's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

So far as the Directors are aware, there is no relevant audit information of which the Society's auditors are unaware and they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Society's auditors are aware of that information.

## Board Certification

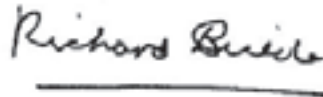
These financial statements are hereby signed on behalf of the Board of Directors pursuant to the requirements of the Co-operative and Community Benefit Societies Act 2014.



**Elaine Dean**  
Society President



**Debbie Robinson**  
Chief Executive



**Richard Bickle**  
Society Vice President



**Andrew Seddon**  
Society Secretary

19 April 2024





# Independent Auditor's Report

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CENTRAL ENGLAND CO-OPERATIVE LIMITED

### Opinion

We have audited the group financial statements of Central England Co-operative Limited (the 'Group') for the 52 week period ended 27 January 2024, which comprise the Group Statement of Comprehensive Income, the Group Statement of Financial Position, the Group Statement of Changes in Equity and the Group Statement of Cash Flows and the related notes, 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 Group's affairs as at 27 January 2024 and of its income and expenditure for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014 and the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969.

### 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 Group 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 directors' 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 Group'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 directors with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, 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 the auditor is 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 control over transactions has not been maintained; or
- the Group 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 Statement of Directors' Responsibilities, the directors are 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 directors determine 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 directors are responsible for assessing the Group'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 directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

# Independent Auditor's Report

## continued

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the group 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 group financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Reviewing minutes of the Board of Directors and the Audit and Risk Committee;
- Holding discussions with the Risk and Audit Committee/Board of Directors regarding known or suspected instances of non-compliance with laws and regulations and fraud;
- A review of legal and professional expense nominal accounts for any indications of non-compliance with laws and regulation;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of larger or otherwise unusual journal entries and other adjustments for appropriateness;
- Review of cashbook for evidence of larger and unusual payments; and
- Challenging assumptions and judgements made by management in their significant accounting estimates and judgements (due to the susceptibility of these areas for management bias) and assessing their reasonableness.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

### Other matter

This audit report does not extend to the financial statements of the Society itself. A separate report will be issued on the financial statements of the Society in due course.

### Use of the audit report

This report is made solely to the society, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the society those matters we are required to state to it 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, for our audit work, for this report, or for the opinions we have formed.

*MHA*

### MHA, Statutory auditor

Birmingham, United Kingdom

19 April 2024

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313).

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Facebook: @centralcoop

X: @mycoopfood

Registered society under the Co-operative and  
Community Benefit Societies Act 2014

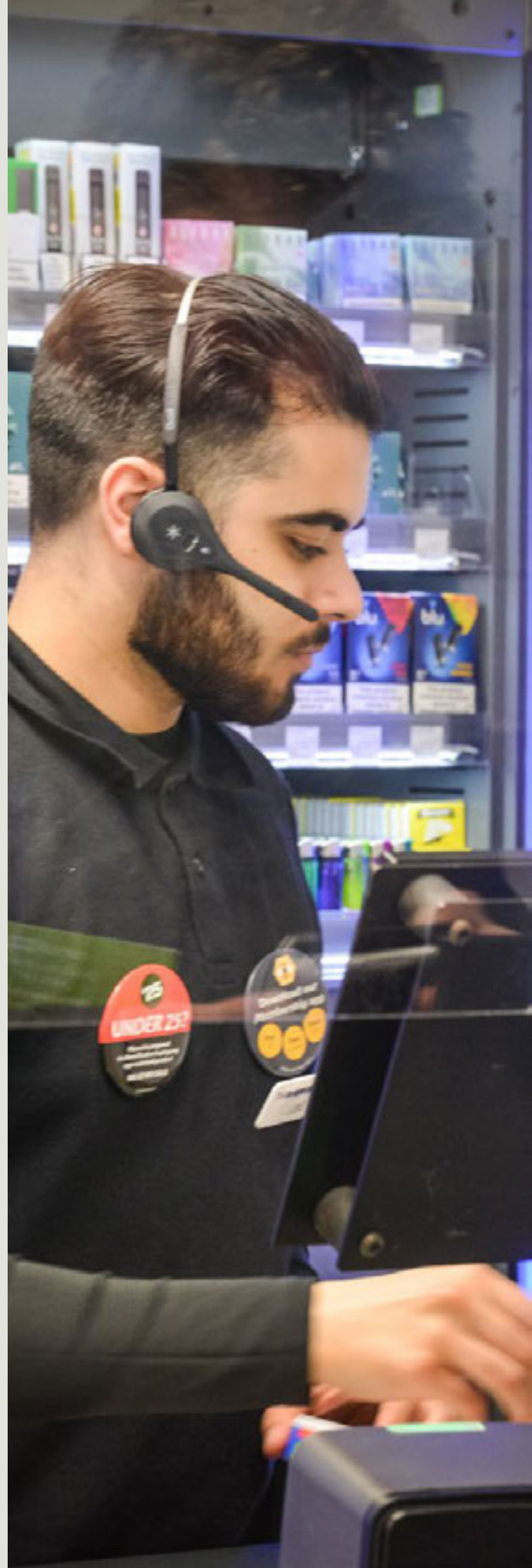
Registered No. 10143R

# Financial Statements

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These consolidated Group financial statements for the 52 weeks ended 27 January 2024 (2023: 53 weeks ended 28 January 2023) have been prepared in accordance with the Co-operative and Community Benefit Societies Act 2014 and applicable United Kingdom accounting standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.



# Accounting Policies

For the 52 weeks ended 27 January 2024

## 1. General Information

Central England Co-operative Limited (the 'Society') is a registered Society under the Co-operative and Community Benefit Societies Act 2014. The address of the Society's registered office is Central House, Queen Street, Lichfield, Staffordshire WS13 6QD.

Central England Co-operative Limited trades as Central Co-op.

## 2. Basis of Preparation

### Statement of Compliance

This consolidated Group Annual Report for the 52 weeks ended 27 January 2024 (2023: 53 weeks ended 28 January 2023) has been prepared in accordance with the Co-operative and Community Benefit Societies Act 2014 and applicable United Kingdom accounting standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

The financial statements have been prepared under the historical cost convention except for modification to the revaluation of certain land and buildings; and to fair value for certain financial instruments, funeral bonds and investments as specified in the accounting policies below. The financial statements are presented in pounds sterling and amounts have been rounded to the nearest thousand pounds (£'000).

### Basis of Consolidation

The consolidated annual report incorporates the audited annual report of Central England Co-operative Limited and all of its subsidiary undertakings. The results of subsidiary undertakings are included in the Group annual report from the date on which control transferred to the Society or, in the case of disposals, up to the effective date of disposal. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. The individual results of Central England Co-operative Limited are not presented within this Annual Report and are filed separately.

### Investment in Subsidiaries

The consolidated Annual Report incorporates the Annual Reports of the Society and entities controlled by the Group (its subsidiaries). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate, using accounting policies consistent with those of the parent.

## Going Concern

The Directors are required to assess whether the Society has adequate resources to continue in operational existence for the foreseeable future. The annual report has been prepared on the assumption that the Society remains a going concern.

The Society currently meets its day-to-day working capital requirements through utilising its cash reserves and bank facilities. The bank facilities consist of a revolving credit facility of £60.0m which is allocated as a bank overdraft of £10.0m, and a loan facility of £50.0m. The facility was extended in November 2023 and expires in November 2027 with an option to extend for one year. There are two financial covenants attached to the revolving credit facility which are tested on a quarterly basis, neither of which have been breached or are expected to be breached in the 12 months from the date of signing this Annual Report. The repayment terms and details of the revolving credit facility are detailed in Note 16 to the financial statements.

As part of the Society's budget and forecasting process, on an annual basis the Society prepares a five-year financial plan, taking account of reasonable possible changes in trading performance. The Society anticipates it will operate within the available banking facility during this five-year period.

The Directors have also reviewed the forecasts for the current and upcoming financial period, with specific consideration of macro-economic factors, including increases in inflation, and considering specific areas such as potential issues in the supply chain and a decrease in sales volume. A range of downside scenarios have been considered, including a combination of risks which are considered to be a severe but plausible scenario, and the Directors have concluded that, under these scenarios, and after implementing some mitigating actions which are available at short notice, the Society can continue as a going concern. The Society also has opportunities to implement further mitigating actions if required. The Society has sufficient resources with its current bank facilities to continue operating for the foreseeable future. On this basis the Directors continue to prepare the annual report as a going concern.

# Accounting Policies continued

For the 52 weeks ended 27 January 2024

## 3. Significant Judgements and Estimates

The Group makes judgements and assumptions concerning the future that impact the application of policies and reported amounts. The resulting accounting estimates calculated using these judgements and assumptions may not equal the related actual results but are based on historical experience and expectations of future events.

The key judgements that have a significant impact in the annual report are discussed below:

### Impairment of Goodwill and Tangible Fixed Assets

The Group assesses individual cash generating units or groups of cash generating units for indication of impairment. Impairment is recognised based on the higher of value in use and fair value less costs to sell. The value in use calculation requires the estimation of the present value of discounted future cash flows applying a weighted average cost of capital. Actual outcomes could vary from these estimates.

Impairment models are continually reviewed to ensure data and assumptions are appropriate. The accuracy of any such impairment calculation will be affected by unexpected changes to the economic situation, and assumptions which differ from actual outcomes. As such, judgement is applied when determining the levels of provisioning.

The approach considers a central overhead allocation on EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation), and the budgeted profitability of each site for next year (2024/25). The market values of trading sites are also considered in the impairment process.

In the 52 weeks ended 27 January 2024, an impairment of £1,632,000 (2023: £5,283,000) has been recognised in relation to tangible fixed assets (and goodwill in 2023). Due to this being a significant area of estimation in calculating the impairment value, it is sensitive by nature. For the year ended 27 January 2024, onerous leases were recognised for the sites that were impaired resulting in a charge of £2,387,000.

### Pension Costs

The Group operates a defined benefit scheme for some of its employees, which is closed to future accrual and new entrants. The present value of the scheme's liabilities recognised at the reporting date and the net financing charge recognised in the income statement are dependent on interest rates of high quality corporate bonds. Other key assumptions within this calculation are based on market conditions or estimates of future events, including discount rate, inflation assumptions and mortality rates, as set out in note 18.

Any changes to assumptions used will impact the carrying value of the retirement benefit obligation. The retirement benefit obligations are most sensitive to changes in the discount rate.

### Supplier Rebates

The Group receives supplier rebate income from the buying group, Federal Retail Trading Services ('FRTS'). At year end, the Group is required to estimate supplier income due from annual agreements for marketing and promotion costs and volume rebates which span across the year end date.

Estimates are required due to the fact that final confirmation of amounts due is often received after the year end date. All rebate income is received from third parties via the supplier agreements with FRTS. The estimates for this income are prepared following discussions with FRTS throughout the period and are regularly reviewed by senior management.

A forecast is received quarterly for the income that is expected and this is recognised in accordance with paragraph 23.3 of FRS 102 across the period to which it relates.

### Investment Properties

Properties held for long-term investments are recognised as investment properties, initially recognised at cost, and are subsequently measured at market value. The market value is determined on an annual revaluation by external valuers in accordance with the Royal Institution of Chartered Surveyors (the 'RICS') Valuation - Professional Standards January 2014 (the 'Red Book') prepared by the RICS, using appropriate judgements that incorporate market conditions which are subject to fluctuations. The value of future disposals may differ from the valuation depending on market conditions as at the date of disposal. The valuation of investment properties held as at 27 January 2024 is £127,267,000 (2023: £121,171,000).

### Funeral Plan Liabilities

In the prior year, a subsidiary of the Group, Central England Co-operative Funeral Plans Limited obtained authorisation under the Financial Conduct Authority (FCA). As a result, the Society conducted a review in the way it accounted for funeral plan liabilities.

As part of the transition to be compliant with FCA rules, in the prior year, accounting estimates relating to funeral contracts were modified resulting in a remeasurement of the liability.

The Society accounts for funeral plan liabilities using the deferred revenue method. The principles of revenue recognition for the provision of services has been applied in order to better reflect the nature of the transaction.

When a plan is taken out by a customer, the plan value is held on the balance sheet as deferred income within liabilities. Due to the nature of this transaction it is necessary to increase this deferred revenue liability annually to reflect the fact that costs will increase to fulfil the performance obligation. A long term borrowing rate, reflecting the expected life of funeral plans, has been used to calculate this increase on an annual basis, which is charged to the income statement each year.

### 3. Significant Judgements and Estimates continued

Contracts are also considered annually to identify any that become onerous. Where such an indicator is present, the liability will be reviewed, and where considered necessary increased accordingly, with a corresponding charge processed within the income statement.

Following the Financial Conduct Authority (FCA) regulations and modification in contracts, the remeasurement in the prior year of the fair value was taken to the income statement against revenue and included as an exceptional item due to the size and non-recurring nature.

### 4. Principal Accounting Policies

#### Gross Sales

Gross sales is a memorandum disclosure and represents the total transaction value of all the Group's services. The gross value of sales includes amounts recognised in respect of sales made on an agency basis, principally relating to concessions in supermarkets and certain petrol stations.

Gross sales is a non-GAAP measure i.e. it does not follow the criteria for revenue recognition under FRS102. This is a voluntary memorandum disclosed in order to provide additional information to the reader of the annual report.

#### Turnover

Turnover is measured at fair value of the consideration received or receivable, net of VAT, discounts and incentives.

#### Retail Turnover

Turnover through retail outlets are shown net of returns, employee discounts, vouchers and sales made on an agency basis. Commission income is recognised in revenue based on the terms of the contract. Turnover is recognised at the point of sale.

#### Wholesale Turnover

Turnover from the provision of distribution services to third party independent Co-operative Societies are recognised at the point when the customer has signed for the delivery of the goods.

#### Funeral Turnover

Revenue from funeral operations comprises the amount recoverable from clients for the provision of funerals, income from crematoria and other services, to the extent that those services have been performed or goods supplied.

#### Pre-need Funeral Plans

The Society sells pre-arranged funeral plans, with monies received from selling funeral plans being invested with Royal London. The sale of a pre-need plan is accounted for as a long term contract, with the majority of revenue being recognised at the point of delivery of the funeral.

Amounts received from plan holders are deferred on the balance sheet within contract liabilities until the related funeral is performed or the plan cancelled.

For the majority of plans where the service as per the funeral plan is expected to be performed, the deferred amount is subject to an adjustment to reflect a significant financing component.

This significant financing component, which has been calculated based on a relative borrowing rate, would be reflected in a separate financing transaction between the Society and the plan holder at contract inception and is charged to the income statement as a finance cost until the performance obligation is satisfied.

The rate applied is fixed for the duration of each plan at inception.

All costs in respect of the administration of the pre-need funeral plans are expensed in the Society's income statement as incurred.

The Group pays certain disbursements such as crematoria fees, cemetery fees, Ministers' fees and doctors' fees on behalf of clients. These amounts are recovered as part of the invoicing process. These amounts are not included within turnover as they are simply passed on to clients at cost.

#### Rental Income

Rental income is generated from the Group's investment property portfolio and recognised on a straight-line basis over the lease term. The cost of lease incentives is recognised as a reduction to rental income over the lease term on a straight-line basis.

#### Investment Income

Interest receivable is accounted for on an accruals basis. Dividends are accounted for when the right to receipt is established.

Funeral plans are invested in whole-of-life insurance policies, the value can be dependent on market conditions. The plan investment is a financial asset, which is recorded at fair value at each reporting period through the income statement as Income from other fixed asset investments.

This is a change in presentation from the prior period where fair value movements were recognised as other income, see note 2 for details.

#### Trading Profit

The Society uses trading profit as a measure to provide additional information to its Members on the core operations of the business to generate a profit. This does not include any financing-related income or expenses, impairments or restructuring provisions.

#### Employee Benefits

Short-term employee benefits and contributions to defined contribution pension plans are recognised as an expense in the period in which they are incurred.

# Accounting Policies continued

For the 52 weeks ended 27 January 2024

## 4. Principal Accounting Policies continued

### Long Term Incentive Plan

The Group has a long-term scheme in place to incentivise the Management Executive within the Society. An expense is recognised over the vesting period of three years based upon meeting specific targets and objectives.

### Exceptional Items

Exceptional items are disclosed separately as they are significant to the Group or non-recurring in nature and require further explanation, such as transfer of engagements and costs arising from re-organisation of business.

### Payments To and on Behalf of Stakeholders

The surplus shown in the income statement is not considered to be attributable solely to the Members, but also to various stakeholders including the Group's employees, charitable institutions or other organisations with objectives or purposes consistent with those of the Group.

Payments to and on behalf of stakeholders are recognised in accordance with the Group's rules to include approved dividends, Member relations costs, subscriptions and grants to the Co-operative Party. Payments to and on behalf of stakeholders are recognised in the income statement in the period in which they are approved by Members.

### Intangible Fixed Assets

#### Goodwill

Goodwill on acquisition is initially measured at cost, being the excess of the fair value of the consideration of the business combination over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated amortisation and impairment losses, and is amortised evenly over its useful economic life of three to twenty years.

#### Computer Software

Computer software and licences are carried at cost less accumulated amortisation and any provision for impairment. Computer software is amortised on a straight-line basis over the useful economic life of three to ten years.

#### Investment Properties

Properties held for long term investments are recognised as investment properties, initially recognised at cost, and are subsequently measured at market value. The market value is determined on an annual revaluation by external valuers in accordance with the Royal Institution of Chartered Surveyors (the 'RICS') Professional Standards January 2014 (the 'Red Book').

All surpluses and deficits arising on revaluation to market value are taken to the income statement. No depreciation or amortisation is provided in respect of freehold investment properties or leasehold investment properties with over 20 years remaining on the lease.

### Tangible Fixed Assets and Depreciation

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on all tangible fixed assets, other than investment properties, properties under development, assets in the course of construction and freehold land, at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings: 2-10% per annum

Leasehold properties: Over the unexpired part of the lease

Plant and machinery, fixtures and fittings: 6.7-33.3% per annum

Fleet vehicles and other transport: 10-50% per annum

### Impairment

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount (higher of value in use or fair value less costs to sell). An impairment assessment is triggered by loss making units, and impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units, and then to reduce the carrying value of other fixed assets.

### Assets Leased by the Group

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the Group. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at the fair value of the leased assets (or if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining liability. The outstanding commitment is analysed between current and long term liabilities. Assets held under finance leases are included in tangible fixed assets and are depreciated in accordance with the Group's normal accounting policy.



#### 4. Principal Accounting Policies continued

The aggregate benefit of lease incentives are recognised as a reduction to the expense over the lease term on a straight-line basis.

Rentals due under operating leases are charged to the income statement over the lease term on a straight line basis.

##### Investments

Investments in shares and funeral plan investments are measured at fair value. Changes in the fair value are recognised in the income statement in the period in which they occur.

In the income statement a revised presentation of income from other fixed asset investments has been made in the year, along with a related comparative restatement, reclassifying them from other income within trading profit to below operating profit.

Investments in the withdrawable share capital of other Co-operatives are held at cost less any provision for impairment.

##### Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is calculated using the FIFO (first-in, first-out) method. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation.

##### Trade Debtors and Other Debtors

Debtors and other debtors, as basic financial instruments, are initially measured at the transaction price. Such assets are subsequently measured at amortised costs less any impairment. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment, any impairment loss identified is recognised in the income statement.

##### Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities three months or less from inception and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

##### Financial Liabilities

Basic financial liabilities, including creditors, other creditors and bank loans are initially recognised at transaction price.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of the business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives held by the Society relate to an interest rate swap. As defined by FRS102 this is not seen as a basic financial instrument. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the income statement as finance costs or finance income as appropriate, unless they are included in a hedging arrangement. The Society has not applied hedge accounting in the current or prior period.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

##### Taxation

###### Current Tax

Current tax is accounted for on the basis of tax laws enacted or substantively enacted at the reporting date. Current tax is charged or credited to the income statement unless it relates to a transaction that is recognised in other comprehensive income and in such circumstances it is recognised in other comprehensive income.

###### Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the reporting date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax is measured on a non-discounted basis.

# Accounting Policies continued

For the 52 weeks ended 27 January 2024

## 4. Principal Accounting Policies continued

Deferred tax is charged or credited to the income statement, except when it relates to items charged to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income respectively.

### Funeral Plans

The performance obligation to deliver the funeral is treated as a contract liability (deferred income) and is held on the balance sheet as deferred income within current and non-current liabilities as a contract liability until the delivery of the funeral at which point the revenue is recognised and the liability is discharged.

The liability is apportioned into less than and more than one year based upon the Group's experience of funerals carried out under its pre-payment plans over the last five years.

All money received for funeral plans is paid into a contract for whole of life insurance policy on the life of the customer for the purpose of providing the funeral and disclosed within investments at fair value on the statement of financial position, using the valuation provided by the insurance policy provider. The values reflect the amount the policy provider would pay on redemption of the policy at the valuation date. This investment strategy complies with the provisions of the Financial Service and Markets Act 2000.

### Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, for which it is probable that an outflow of economic benefit will be required to settle the obligation, and where the amount of the obligation can be reliably estimated. If the effect is material provisions are determined by discounting the expected, risk adjusted, future cash flows. The unwinding of the discount is recognised as interest payable in the income statement.

The Group provides for the following short and long term liabilities:

### Holiday Pay Provision

The Group recognises a provision for annual leave accrued by employees as a result of service rendered in the current period, but has not been taken by the reporting date, and which employees are entitled to carry forward and use within the next two months. The Group also recognise a provision for certain employees who have unused annual leave entitlement under the holiday banking scheme not utilised by the reporting date. The provision is measured at the total salary cost payable and national insurance for the period of absence.

### Onerous Lease Provisions

Where the Group is committed to future rental payments on a property that are in excess of income received, an onerous lease provision is made. The provision is discounted at the weighted average cost of capital.

### Decommissioning Provision

Provisions are made in respect of decommissioning obligations for petrol filling stations. The amounts provided are based on the Group's best estimate of the present value of costs to be incurred to decommission the petrol tanks in the future.

### Dilapidation Provisions

A dilapidation provision is recognised for sites where there is reasonable certainty that the Society will exit the lease. The provision relates to costs for returning the property to the condition required in the lease agreement.

### Other Provisions

Other provisions such as property provisions or site closures are recorded when the contractual obligation arises.

### Pension Costs

The Group currently operates a defined benefit pension scheme, the Central England Co-operative Society Limited Pension Scheme which is closed to future accrual and new entrants.

The assets of the scheme are held in a separate trustee administered fund.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Society agrees with the Trustees of the Scheme the contributions to be paid to address any shortfall against the Statutory Funding Objective.

The comprehensive actuarial valuation is updated by an independent qualified actuary to the reporting date allowing for cash flows in and out of the Scheme and changes to assumptions over the period.

The deficit on the defined benefit scheme is recognised in full on the statement of financial position and represents the difference between the fair value of the assets and the present value of the defined benefit obligation at the reporting date.

Finance cost is recognised in the income statement based on the interest on pension assets less the interest on pension scheme liabilities.

#### 4. Principal Accounting Policies continued

Differences between the interest and actual return on assets, experience gains and losses and changes in actuarial assumptions are included directly in other comprehensive income.

The Group also operates a defined contribution scheme. The contributions payable to the scheme in respect of the accounting period are charged to the income statement.

##### Share Interest

The Group's Members' share capital maintains a fixed nominal value and attracts interest. Share interest is disclosed as a movement in equity and within the reconciliation of movements in Members' funds.

##### Reserves

The Revenue Reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

##### Capitalised Labour

The Group capitalises internal labour costs where they are directly attributable to bringing an asset into use. This has been applied to IT projects and store regeneration projects in the current period where appropriate.

Management believe that it gives a more accurate reflection of the long term benefits of the labour costs incurred, and therefore better information to the readers of the Annual Report.

Costs are depreciated in line with the depreciation policy on the associated asset.

##### Sale and Leaseback Transaction

In the current period, the Group entered into a lease funding agreement for the rollout of solar panels on a selection of retail stores. The agreement is for a period of 7 years.

The risks and rewards of the solar panels remain with the Group and are treated as a finance lease in the financial statements in accordance with FRS102.

The solar panels remain as an asset to the Group and a finance lease creditor has been created at the present value of the minimum lease payments using the effective interest rate method.

The liability will be remeasured and unwound over the term of the lease.

# Group Income Statement

For the 52 weeks ended 27 January 2024

	Note	2024 52 weeks			As Restated 2023 53 weeks		
		Underlying results £'000	Exceptional Items (Note 5) £'000	Total £'000	Underlying results £'000	Exceptional items (Note 5) £'000	Total £'000
<b>Turnover</b>	1	<b>960,860</b>	-	<b>960,860</b>	953,912	21,851	975,763
Cost of sales		<b>(674,131)</b>	-	<b>(674,131)</b>	(680,789)	-	(680,789)
<b>Gross profit</b>		<b>286,729</b>	-	<b>286,729</b>	273,123	21,851	294,974
Administrative expenses		<b>(276,744)</b>	<b>(123)</b>	<b>(276,867)</b>	(264,016)	(10,972)	(274,988)
<b>Trading profit*</b>		<b>9,985</b>	<b>(123)</b>	<b>9,862</b>	9,107	10,879	19,986
Profit on disposal of fixed assets and businesses		<b>11,099</b>	-	<b>11,099</b>	237	-	237
Impairment and onerous lease on fixed assets		<b>(4,019)</b>	-	<b>(4,019)</b>	(5,283)	-	(5,283)
Profit /(loss) on revaluation of investment properties	11	<b>3,681</b>	-	<b>3,681</b>	(870)	-	(870)
<b>Operating profit*</b>	3	<b>20,746</b>	<b>(123)</b>	<b>20,623</b>	3,191	10,879	14,070
(Loss)/profit on financial assets at fair value	24	<b>(373)</b>	-	<b>(373)</b>	442	-	442
Fair value movement on financial instruments*	2	<b>4,662</b>	-	<b>4,662</b>	5,746	-	5,746
Interest and dividends receivable	6	<b>683</b>	-	<b>683</b>	301	-	301
Other finance cost	18	<b>(3,072)</b>	-	<b>(3,072)</b>	(2,176)	-	(2,176)
Interest payable	7	<b>(13,869)</b>	-	<b>(13,869)</b>	(11,951)	-	(11,951)
<b>Profit before tax and payments to and on behalf of stakeholders</b>		<b>8,777</b>	<b>(123)</b>	<b>8,654</b>	(4,447)	10,879	6,432
Payments to and on behalf of stakeholders	8	<b>(2,885)</b>	-	<b>(2,885)</b>	(3,227)	-	(3,227)
Taxation	9	<b>(1,915)</b>	-	<b>(1,915)</b>	(113)	(2,720)	(2,833)
<b>Retained profit for the financial period</b>		<b>3,977</b>	<b>(123)</b>	<b>3,854</b>	(7,787)	8,159	372

\* A revised presentation of income from unrealised fair value movement on financial instruments relating to funeral plans has been made in the year 2023 reclassifying it from trading profit to below operating profit. Refer to note 2 for further details.

# Group Statement of Comprehensive Income

For the 52 weeks ended 27 January 2024

	Note	2024 52 weeks £'000	2023 53 weeks £'000
<b>Retained profit for the period</b>		<b>3,854</b>	372
Actuarial loss on pension scheme	18	(1,507)	(3,521)
Movement on deferred tax		(100)	333
<b>Total comprehensive income/(expense) for the period</b>		<b>2,247</b>	(2,816)

# Group Statement of Financial Position

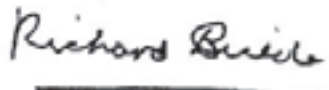
As at 27 January 2024

	Note	27 January 2024		28 January 2023	
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Intangible assets	10		31,191		34,088
Tangible assets	11		389,784		381,202
Investments	12		246,762		255,048
			<b>667,737</b>		670,338
<b>Current assets</b>					
Stocks	13	37,183		45,396	
Debtors: due within one year	14	36,423		39,849	
Debtors: due after one year	14	2,961		5,085	
Cash at bank and in hand		7,838		12,913	
		<b>84,405</b>		103,243	
<b>Creditors: due within one year</b>					
Creditors	15	(113,400)		(125,891)	
Borrowings	16	(606)		(272)	
		<b>(114,006)</b>		(126,163)	
<b>Net current liabilities</b>			<b>(29,601)</b>		(22,920)
<b>Total assets less current liabilities</b>			<b>638,136</b>		647,418
<b>Creditors: due after one year</b>					
Creditors	15	(275,206)		(284,844)	
Borrowings	16	(32,324)		(32,281)	
			<b>(307,530)</b>		(317,125)
Provisions for liabilities and charges	17		(14,655)		(12,859)
Net pension liability	18		(42,485)		(45,303)
<b>Net assets</b>			<b>273,466</b>		272,131
<b>Capital and reserves</b>					
Share capital	19		22,147		22,696
Revenue reserve			251,319		249,435
<b>Members' funds</b>			<b>273,466</b>		272,131

The financial statements on pages 66 to 98 were approved and authorised by the Board of Directors on 4th April 2024 and authorised for issue on 19 April 2024. Signed on behalf of the Board by:



Elaine Dean



Richard Bickle

# Group Statement of Cash Flows

For the 52 weeks ended 27 January 2024

	Note	2024 52 weeks		2023 53 weeks	
		£'000	£'000	£'000	£'000
<b>Net cash generated from operating activities</b>	20		<b>13,525</b>		13,583
<b>Cash flows from investing activities</b>					
Proceeds from disposal of tangible assets		<b>21,249</b>		10,443	
Purchase of tangible assets		<b>(35,067)</b>		(36,967)	
Interest received		<b>683</b>		301	
Purchase of business		<b>-</b>		(3,000)	
<b>Net cash flows used in investing activities</b>			<b>(13,135)</b>		(29,223)
<b>Cash flows from financing activities</b>					
Draw down of bank loans	16	<b>-</b>		16,000	
Repayment of bank loans	16	<b>(2,000)</b>		-	
Net decrease in share capital		<b>(911)</b>		(433)	
Interest paid		<b>(2,167)</b>		(690)	
Repayment of finance lease obligations		<b>(387)</b>		(246)	
<b>Net cash flows generated from financing activities</b>			<b>(5,465)</b>		14,631
<b>Net decrease in cash and cash equivalents</b>			<b>(5,075)</b>		(1,009)
<b>Cash and cash equivalents at beginning of the period</b>			<b>12,913</b>		13,922
<b>Cash and cash equivalents at end of the period</b>			<b>7,838</b>		12,913

# Group Statement of Changes in Equity

For the 52 weeks ended 27 January 2024

	Share capital £'000	Revenue reserve £'000	Total £'000
<b>At 22 January 2022</b>	<b>22,909</b>	<b>252,471</b>	<b>275,380</b>
Profit for the financial year	-	372	372
Other comprehensive gains:			
Actuarial loss on pension scheme	-	(3,521)	(3,521)
Movement on deferred tax relating to pension scheme	-	333	333
Total comprehensive loss for the period	-	<b>(2,816)</b>	<b>(2,816)</b>
Share capital contributions	249	-	249
Share capital withdrawals	(682)	-	(682)
Share interest	220	(220)	-
<b>At 28 January 2023</b>	<b>22,696</b>	<b>249,435</b>	<b>272,131</b>
Profit for the financial period	-	3,854	3,854
Other comprehensive gains:			
Actuarial loss on pension scheme	-	(1,507)	(1,507)
Movement on deferred tax relating to pension scheme	-	(100)	(100)
Total comprehensive profit for the period	-	2,247	2,247
Share capital contributions	299	-	299
Share capital withdrawals	(1,211)	-	(1,211)
Share interest	363	(363)	-
<b>At 27 January 2024</b>	<b>22,147</b>	<b>251,319</b>	<b>273,466</b>



# Notes to the Annual Report

For the 52 weeks ended 27 January 2024

The 'Keeping it Simple' boxes are additional information to assist with the readers' understanding and interpretation of the Group's Annual Report.

## 1. Turnover and Gross Sales Reconciliation

Turnover represents the income received by the Group.

	<b>Gross sales Reconciliation 2024 52 weeks £'000</b>	Gross Sales Reconciliation 2023 53 weeks £'000
Gross sales including VAT	1,070,522	1,065,129
<b>less:</b>		
VAT	(108,150)	(110,220)
Concessions	(1,512)	(997)
<b>Turnover</b>	<b>960,860</b>	<b>953,912</b>
	<b>Turnover 2024 52 weeks £'000</b>	Turnover 2023 53 weeks £'000
Retail – Food	724,970	691,328
Retail – Fuel	105,075	131,553
Wholesale	54,182	61,772
Funeral	67,765	60,561
Rent receivable from investment properties	8,868	8,698
<b>Total</b>	<b>960,860</b>	<b>953,912</b>

Turnover consists of sales made in the United Kingdom and is analysed by category as follows:

	<b>2024 52 weeks £'000</b>	2023 53 weeks £'000
Sales of goods	886,045	884,895
Rendering of services	61,906	56,571
Commission	4,041	3,748
Rent received from investment properties	8,868	8,698
	<b>960,860</b>	<b>953,912</b>

## 2. Fair Value Movement on Financial Instruments

Represents the investment growth made on Funeral plans in the year.

	<b>2024 52 weeks £'000</b>	2023 53 weeks £'000
Unrealised fair value movement on funeral plan investments	4,662	5,746

In the prior year, unrealised fair value movement on funeral plan investments of £5,746,000 was presented within other income included in trading profit. In the current year, the presentation has been revised and moved below operating profit as this income is not earned from the Group's normal trading activities.

# Notes to the Annual Report continued

For the 52 weeks ended 27 January 2024

## 3. Operating Profit

This is the profit the Group has made after accounting for all direct costs incurred in providing goods and services delivered to customers. These costs include the amounts paid to colleagues and the costs of running the trading businesses.

Operating profit is stated after charging:

	<b>2024</b>	2023
	<b>52 weeks</b>	53 weeks
	<b>£'000</b>	£'000
Bad debt provision movement	749	588
Operating lease rentals:		
– Plant and machinery	1,113	649
– Land and buildings	8,375	7,672
Intangible assets (note 10)		
– Amortisation	3,813	4,023
– Impairment	–	1,530
Tangible assets (note 11)		
– Depreciation on owned assets	20,855	20,358
– Depreciation on assets held under finance leases	202	276
– Impairment	1,632	3,753
Stock provision	322	313
Auditor's remuneration	295	343

### Fees Payable to the Society's Auditors

	<b>2024</b>	2023
	<b>52 weeks</b>	53 weeks
	<b>£'000</b>	£'000
Fees payable to the Group's auditors for the audit of the Group's annual statement	238	171
– The audit fees of the Society's subsidiaries	57	172
Total audit fees	295	343

The Group's auditors provided no additional non-audit services to the Group in the current or prior period.

## 4. Staff Number and Costs

These are the costs associated with paying colleagues, including employer taxes and pension contributions.

	<b>2024</b>	2023
	<b>52 weeks</b>	53 weeks
	<b>Number</b>	Number
The average number employed by the Group was:		
Full-time	2,770	2,458
Part-time	4,753	5,191
	<b>7,523</b>	<b>7,649</b>

The average number of full-time equivalent employees during the 52 weeks ended 27 January 2024 was 4,545 (2023: 4,678).

#### 4. Staff Number and Costs continued

	<b>2024</b> <b>52 weeks</b> <b>£'000</b>	2023 53 weeks £'000
Aggregate amounts paid in respect of:		
Wages and salaries	<b>137,431</b>	131,725
Social security costs	<b>9,157</b>	9,119
Defined contribution pension scheme costs	<b>5,451</b>	5,283
	<b>152,039</b>	146,127

Included in wages and salaries above are amounts relating to temporary agency staff, casual labourers and contractors of £3,268,000 (2023: £2,679,000).

Details on the Management Executive total earnings and information on Directors' remuneration are included in the Governance reports from the Remuneration Committee.

#### 5. Exceptional Items

These items are treated as exceptional because they do not form part of the Group's normal day-to-day trading business. By highlighting these items separately, the Group's underlying performance is clearer.

	<b>2024</b> <b>52 weeks</b> <b>£'000</b>	2023 53 weeks £'000
Strategic consultancy	<b>472</b>	-
Costs arising from the reorganisation of business	<b>71</b>	2,269
Depot closure costs	<b>(420)</b>	8,672
Funeral contract modification adjustment	-	(21,851)
Project costs	-	31
	<b>123</b>	(10,879)

During the year, the Society has worked with Strategic consultants resulting in costs of £472,000.

Costs of £71,000 (2023: £2,269,000) were incurred this year relating to the final phase of the reorganisation of the business support centre that occurred in July 2022, this included one-off external consultancy fees, redundancy and personnel costs.

The provision that has been held for the future closure of the distribution business has been reassessed this year and has resulted in a reduction of (£420,000). The provision consists of redundancy costs and property and vehicle exit costs.

In the prior year, the funeral plan business became regulated under the FCA. Due to the changes in the terms and conditions in funeral plans, the Society reviewed and changed the accounting treatment for funeral plan liabilities. Due to the change in estimation methodology all plan liabilities were recalculated, resulting in a release of £21,851,000. Due to this being a one-off calculation reassessing the liability, this has been classed as an exceptional item. No such gain has occurred in the current year.

During the prior year, one-off project costs of £31,000 were incurred in relation to the defined benefit pension scheme for the design and implementation of new Member options to manage the pension deficit whilst giving added flexibility to Members of the scheme. No such costs were incurred this year.

#### 6. Interest and Dividends Receivable

These are the dividends the Group has received from investments and interest received on cash balances.

	<b>2024</b> <b>52 weeks</b> <b>£'000</b>	2023 53 weeks £'000
Interest receivable	<b>574</b>	194
Dividends receivable	<b>109</b>	107
	<b>683</b>	301

# Notes to the Annual Report continued

For the 52 weeks ended 27 January 2024

## 7. Interest Payable

This is the amount of interest the Group has paid on bank loans and for any assets purchased under finance lease agreements. It also includes interest charges in relation to the Group's pensions arrangements, accounting adjustments to unwind the discounting of provisions and the finance cost recognised on funeral plans.

	<b>2024</b>	2023
	<b>52 weeks</b>	53 weeks
	<b>£'000</b>	£'000
Interest payable on bank loans	<b>2,093</b>	860
Interest payable on finance leases	<b>60</b>	14
Interest unwind on the Central Asset Reserve	<b>4,430</b>	4,083
Unwinding of discounted provisions	<b>366</b>	144
Finance cost on funeral plans	<b>6,920</b>	6,850
	<b>13,869</b>	11,951

The increase in interest payable on bank loans reflects an increase in SONIA rates in the year and an increase in the Revolving Credit Facility (RCF) in the year.

## 8. Payments To and on Behalf of Stakeholders

The Group returns some of the profits earned each year to its Members and colleagues as well as supporting other Co-operatives and organisations with a similar purpose through grants and donations.

	<b>2024</b>	2023
	<b>52 weeks</b>	53 weeks
	<b>£'000</b>	£'000
Member benefits	<b>150</b>	20
Membership & Community funding and other grants	<b>603</b>	540
Members' dividend	<b>1,188</b>	1,497
Total Member distributions	<b>1,941</b>	2,057
Co-operative Party	<b>88</b>	92
Community dividend	<b>150</b>	155
Employee dividend	<b>706</b>	923
	<b>2,885</b>	3,227

## 9. Taxation

This explains the adjustments which are made to the profits or losses to calculate the tax and deferred tax charge for the period. Deferred tax arises due to timing differences in accounting standards treatment and when tax amounts are physically paid over to the authorities.

	2024 52 weeks £'000	2023 53 weeks £'000
Current tax:		
Provided on chargeable income and gains in the period	-	-
Adjustment to tax charge in respect of prior periods	(109)	-
	(109)	-
Deferred taxation:		
Origination and reversal of timing differences	1,822	1,963
Impact of changes in tax rates	82	485
Adjustments in respect of prior periods	120	385
	2,024	2,833
<b>Total taxation</b>	<b>1,915</b>	<b>2,833</b>

The effective rate of tax applied to reported profit on ordinary activities is 23.93% (2023: 19%).

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021, and the deferred tax asset as at 27 January 2024 has been calculated based on this rate unless otherwise stated.

There is no expiry date on timing differences, unused tax losses or tax credits.

### Factors Affecting the Tax Charge for the Period

The tax assessed for the period is higher (2023: higher) than the effective rate of corporation tax in the UK of 23.93% (2023: 19%). The differences are explained below:

	2024 52 weeks £'000	2023 53 weeks £'000
Profit before taxation	5,769	3,205
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.93% (2023: 19%)	1,381	609
Effects of:		
Fixed asset differences	886	2,245
Expenses not deductible for tax purposes	129	250
Income not taxable	(544)	(219)
Capital allowances super deduction	(30)	(922)
Adjustment to current tax in respect of prior periods	(109)	-
Adjustment to deferred tax in respect of prior periods	120	385
Impact of changes in tax rates	82	485
<b>Tax charge for the period</b>	<b>1,915</b>	<b>2,833</b>

### Fixed Asset Differences

The accounting treatment of capital assets differs from the tax treatment. For accounting purposes an annual rate of depreciation is applied to capital assets and charged to the profit and loss account. For tax purposes the depreciation charge is added back and instead a tax capital allowance is claimed on assets qualifying for capital allowances, a relief provided by law.

### Expenses Not Deductible for Tax

Some expenses incurred by the Society and included in its Annual Report are not allowable as a deduction against taxable income when calculating the Society's corporation tax liability. Examples of these include: entertaining, abortive project costs, lease surrender premiums and certain legal and professional fees.

# Notes to the Annual Report continued

For the 52 weeks ended 27 January 2024

## 9. Taxation continued

### Capital Allowances Super Deduction

The Government announced in 2021 a capital allowances super deduction which both accelerates and enhances the capital allowances available when entities invest in qualifying assets between 1 April 2021 and 31 March 2023. Due to the level of investment the Group makes in capital projects it is expected that increased tax deductions will be available as a result of this.

Following the end of Super Deduction, from 1 April 2023, a 100% deduction is available when entities invest in qualifying assets and a 50% first year allowance is available on certain other assets.

### Additional Deductible Expenditure

There are expenses which are not included within the income statement but are tax deductible for the Society. This includes an element of a discount unwind related to the Society's pension scheme and interest paid on the Society's shares. This movement is partly offset by the unwind of fair value movements following business combinations.

### Prior Period Adjustment

Adjustments to tax charges in earlier years arise because the current and deferred tax charge in the Annual Report are an estimate that is prepared before the detailed tax computations are required to be submitted to HMRC, which is 12 months after the year end. HMRC also have a period of time after the year end to raise queries on the tax returns submitted (ordinarily 12 months) and this may also result in a prior period adjustment.

### Impact of Changes in Tax Rates

Deferred tax is recognised on the balance sheet at a rate of 25%. This amount relates to the income statement impact of the rate change from 24.5% in the prior year to 25.0% in the current year. In addition, there is also an element going through reserves in relation to the pension scheme which is directly linked to the pension movement.

## 10. Intangible Assets

An asset is something used by the Group to generate financial benefit. An intangible asset is an asset that cannot be physically touched, such as computer software.

	Software £'000	Goodwill £'000	Total £'000
<b>Cost</b>			
At 29 January 2023	17,837	70,439	88,276
Additions	917	-	917
Disposals	(123)	(1,388)	(1,511)
At 27 January 2024	18,631	69,051	87,682
<b>Accumulated amortisation</b>			
At 29 January 2023	13,928	40,260	54,188
Provided this period	1,152	2,661	3,813
Impairment	-	-	-
Disposals	(122)	(1,388)	(1,510)
At 27 January 2024	14,958	41,533	56,491
<b>Net book value</b>			
At 27 January 2024	3,673	27,518	31,191
At 29 January 2023	3,909	30,179	34,088

## 11. Tangible Assets

Tangible assets are used by the Group to generate financial benefit and include property, plant and equipment and vehicles.

Investment properties are those held by the Group for the purpose of generating rental income and not used by the Group for trading. Trade properties include the Group's retail sites, head office and funeral homes and are the sites that the Group trades from. All of the fixtures and fittings within these sites are included within plant and machinery.

Transport includes vehicles used within the Group, such as for the distribution network or within the funeral business.

	Investment properties £'000	Trade properties £'000	Plant & machinery, fixtures & fittings £'000	Fleet vehicles and other transport £'000	Total £'000
<b>Cost or valuation</b>					
At 29 January 2023	121,171	280,329	247,715	17,441	666,656
Additions	712	6,475	29,764	-	36,951
Transfers	2,473	(2,521)	48	-	-
Disposals	(770)	(27,963)	(12,006)	(1,591)	(42,330)
Revaluation	3,681	-	-	-	3,681
At 27 January 2024	127,267	256,320	265,521	15,850	664,958
<b>Accumulated depreciation</b>					
At 29 January 2023	-	84,139	185,813	15,502	285,454
Provided this period	-	4,637	15,623	797	21,057
Impairment	-	786	846	-	1,632
Transfers	-	(48)	48	-	-
Disposals	-	(20,219)	(11,218)	(1,532)	(32,969)
Revaluation	-	-	-	-	-
At 27 January 2024	-	69,295	191,112	14,767	275,174
<b>Net book value</b>					
At 27 January 2024	127,267	187,025	74,409	1,083	389,784
At 29 January 2023	121,171	196,190	61,902	1,939	381,202

Colliers International, independent qualified valuers, (Simon Summerby-Bent BSc (Hons) MRICS and James Cubitt BSc (Hons) MRICS) have valued all investment properties as at 27 January 2024. Of the investment properties, one-fifth have been inspected and the remainder have been valued by Colliers International at 27 January 2024 based on information provided by the Group. The valuation has been prepared in accordance with the Royal Institution of Chartered Surveyors (the 'RICS') Valuation – Professional Standards January 2014 (the 'Red Book').

These valuations have been incorporated into the Annual Report and the resulting revaluation adjustments have been taken to the income statement. The revaluations during the period resulted in a revaluation gain of £3,681,000 (2023: revaluation loss of £870,000).

Tangible fixed assets with a carrying value of £48,546,000 (2023: £52,766,000) are pledged as security for the Group's bank loans.

Assets in the course of construction included within trade properties amounts to £11,657,000 (2023: £10,862,000). Assets under construction are not depreciated.

The Group no longer capitalises borrowing costs connected to the purchase of a fixed asset. The cumulative value of finance costs previously capitalised and included within fixed assets (cost or valuation) amounts to £1,026,000 (2023: £1,382,000).

# Notes to the Annual Report continued

For the 52 weeks ended 27 January 2024

## 11. Tangible Assets continued

Included within fixed assets are assets with a net book value of £2,841,000 (2023: £503,000) relating to assets held under finance lease. Depreciation charged on these assets amounted to £483,000 (2023: £276,000) during the period.

Transfers arise to reflect the most appropriate class for each asset and include sites transferring from trade to investment and sites transferring from investment to trade.

In line with the Group's accounting policies, an impairment review of loss-making trade properties was performed during the period and gave rise to an impairment of £1,632,000 (2023: £5,283,000) including £nil (2023: £1,530,000) relating to intangible assets. For the loss making units an onerous lease provision has been booked resulting in a charge of £2,387,000 (2023: £nil).

Retail sites which have been operational for three years and generate a negative contribution, after allocating a share of central overheads, were reviewed for impairment. Impairment losses were recorded on loss-making stores to reduce the carrying value of a trading unit to its recoverable value. The fair value of property assets was based on an assessment by independent qualified valuers.

Within trade properties there is an asset that is being held for disposal that has a net book value of £2,107,000.

The carrying value of land and buildings comprises:

	2024 £'000	2023 £'000
<b>Investment properties:</b>		
Freehold	122,175	115,816
Leasehold	5,092	5,355
	<b>127,267</b>	121,171
<b>Trade properties:</b>		
Freehold	174,365	177,397
Leasehold	12,660	18,793
	<b>187,025</b>	196,190
<b>Total properties:</b>		
Freehold	296,540	293,213
Leasehold	17,752	24,148
	<b>314,292</b>	317,361

Included in the carrying values of land and buildings is £60,572,000 (2023: £62,126,000) relating to land which is not depreciated.

The historical cost of investment properties now included at valuation:

	2024 £'000	2023 £'000
Cost	126,506	125,836
Accumulated depreciation	(17,103)	(17,340)
Net book value	<b>109,403</b>	108,496



## 12. Investments

Investments include shares held in other businesses and investment of monies received for funeral pre-payment plans.

	2024 £'000	2023 £'000
The Co-operative Group Limited – shares	2,684	2,684
Other societies – shares	3	3
Companies – not quoted	7	7
Funeral plans	244,068	252,354
	<b>246,762</b>	<b>255,048</b>

The following analysis shows the movement in the year on investments held during the period ended 27 January 2024:

	Co-operative Group Limited £'000	Other Societies £'000	Unquoted shares £'000	Funeral plans £'000
<b>Carrying amount</b>				
At 29 January 2023	2,684	3	7	252,354
Additions	-	-	-	8,771
Disposal and redemptions	-	-	-	(21,567)
Change in fair value	-	-	-	4,510
At 27 January 2024	<b>2,684</b>	<b>3</b>	<b>7</b>	<b>244,068</b>

## 13. Stocks

Stock are goods purchased by the Group for resale to customers.

	2024 £'000	2023 £'000
Goods for resale	37,183	45,396

## 14. Debtors

A debtor is an amount owed by a person or business that has received goods or services from the Group but has not yet paid for them.

	Due within one year		Due after one year	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Trade debtors	9,406	12,473	-	-
Other debtors	17,654	18,740	-	-
Prepayments and accrued income	9,363	8,636	-	-
Deferred tax	-	-	2,961	5,085
	<b>36,423</b>	<b>39,849</b>	<b>2,961</b>	<b>5,085</b>

Trade debtors are stated after a provision for impairment of £2,944,000 (2022: £2,813,000).

The Society holds an interest rate swap with a principal value of £12,000,000 (2023: £12,000,000), which matures on 14 November 2024. The market value of the interest rate swap at the balance sheet date is an asset of £468,121 (2023: asset of £840,779) which is included in other debtors. See note 24 for further details.

# Notes to the Annual Report continued

For the 52 weeks ended 27 January 2024

## 14. Debtors continued

Deferred tax arises because accounting and tax rules are different. A deferred tax asset occurs because a tax saving will be made in the future as a result of transactions that have already happened. A deferred tax liability occurs when tax will be due in the future as a result of transactions which have already happened.

The deferred taxation asset comprises:

	2024 £'000	2023 £'000
Accelerated capital allowances	(6,041)	(670)
Capital gains	(3,702)	(2,614)
Pension scheme	2,639	2,970
Unutilised losses	8,409	3,594
Other timing differences	1,656	1,805
	<b>2,961</b>	<b>5,085</b>

All deferred tax losses are expected to be reversed within five years.

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%. The legislation implements a domestic top-up tax and a multinational top-up tax, effective for accounting periods starting on or after 31 December 2023. The Group has applied the exception allowed by an amendment to IAS 12 to recognising and disclosing information about deferred tax assets and liabilities related to top-up income taxes.

## 15. Creditors

Creditors are amounts owed by the Group to other parties. They are created when the Group carries out an activity, which results in a cost that will be settled at a later date.

	Due within one year		Due after one year	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Trade creditors	47,529	64,088	-	-
Central Asset Reserve liability	8,365	7,604	61,967	65,862
Funeral plans	17,769	18,262	212,997	218,772
Taxation and social security	5,953	5,272	-	-
Other creditors	2,252	2,351	-	-
Accruals and deferred income	28,327	25,073	242	210
Payments to and on behalf of stakeholders	3,205	3,241	-	-
	<b>113,400</b>	<b>125,891</b>	<b>275,206</b>	<b>284,844</b>

## 16. Borrowings

This represents the total cost that the Group will have to pay in the future for the amounts borrowed in respect of its Bank loan and for settlement of its finance leases.

	Within one year		After one year	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Bank loan	-	-	30,000	32,000
Finance lease obligations (note 21)	606	272	2,324	281
	<b>606</b>	<b>272</b>	<b>32,324</b>	<b>32,281</b>

Interest payable on the bank loan for the 52 weeks ended 27 January 2024 was £2,093,000 (2023: £860,000). Interest payable on finance lease obligations was £60,000 (2023: £14,000).

## 16. Borrowings continued

	2024 £'000	2023 £'000
Borrowings are aged as follows:		
Borrowings falling due:		
Within one year	606	272
Between one and two years	909	32,281
Between two and five years	31,185	-
Over five years	230	-
	<b>32,930</b>	32,553

The Society's bank loan is a revolving credit facility of £60,000,000 which is made up of £50,000,000 loan and £10,000,000 overdraft. (2023: £40,000,000 loan, £10,000,000 separate overdraft) which is repayable on 23 November 2027. £30,000,000 (2023: £32,000,000) of the facility was drawn down at the year end. The facility has two financial covenants: interest cover and leverage ratio. The interest rate incurred on the loan is driven by the outcome of the leverage ratio.

## 17. Provisions for Liabilities and Charges

Provisions represent the Group's estimate of the cost of a future liability.

	Onerous leases £'000	Other provisions £'000	Total £'000
As at 29 January 2023	3,059	9,800	12,859
New provisions created in the period	2,783	1,150	3,933
Utilised this period	(1,620)	(27)	(1,647)
Released this period	(54)	(436)	(490)
As at 27 January 2024	<b>4,168</b>	<b>10,487</b>	<b>14,655</b>

The onerous lease provision represents an assessment of the costs to cover rent and rates for leasehold premises where the Group is committed to future rental payments on properties that are in excess of incomes receivable, taking account of the anticipated period until the leases are assigned or reassigned. The assessment, which is undertaken at the end of each accounting period, is made on a property by property basis. The provision is expected to be utilised within the next 11 years (2023: 7 years).

Other provisions represent an assessment of costs associated with the decommissioning of petrol filling stations of £332,000 (2023: £332,000), property provisions of £1,788,000 (2023: £665,000), provision for the closure of the distribution centre of £8,236,000 (2023: £8,673,000) and other provisions of £130,000 (2023: £131,000).

## 18. Employee benefits

### Defined Benefit Pension Scheme

The Society operates a defined benefit pension arrangement called the Central England Co-operative Limited Pension Scheme (the Scheme). The Scheme provides benefits based on final salary and length of service on retirement, leaving service or death. The value of these benefits (the 'liabilities') is currently significantly more than the value of the Scheme assets.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process, the Society must agree with the Trustees of the Scheme the contributions to be paid to meet any shortfall against the Statutory Funding Objective.

The most recent comprehensive actuarial valuation of the Scheme was carried out as at 31 December 2020 and the next valuation of the scheme is due as at 31 December 2023, but has not been received at the time of completing these financial statements. In the event that the valuation reveals a larger deficit than expected, the Society may be required to increase contributions above those set out in the existing Schedule of Contributions. Conversely, if the position is better than expected, it's possible that contributions may be reduced.

# Notes to the Annual Report continued

For the 52 weeks ended 27 January 2024

## 18. Employee benefits continued

The Society implemented a pension deficit reduction arrangement (Central Asset Reserve) which has resulted in additional scheme assets of £72,020,000 (2023: £74,244,000) being recognised. The scheme assets are underpinned by way of subordinated pledges given by Central Midlands Estates Limited, a subsidiary of the Society.

The Society expects to pay deficit reduction contributions of £4,000,000 in the period to 25 January 2025. Furthermore, during the period to 25 January 2025, contributions to the Scheme will be paid from the Central Asset Reserve (CAR). 31% of the CAR contributions are deemed as contributions whilst 69% is treated as investment returns. Therefore, the Society expects a further £3,600,000 of contributions from the CAR, giving total contributions of £7,600,000 during the period.

The Scheme is managed by a Corporate Trustee with Directors appointed in part by the Society and in part from elections by Members of the Scheme. The Trustee has responsibility for obtaining valuations of the fund, administering benefit payments and investing the Scheme's assets. The Trustee delegates some of these functions to professional advisers where appropriate.

A requirement of FRS102 is to include the value of all insurance policies and the related obligations held covering pensions in payment. However, where the insurance policy (annuities) exactly matches the related obligation they have been excluded from the gross disclosures since this information is not readily available and its inclusion would have a neutral effect on the overall FRS102 financial position.

The following amounts are recognised in the balance sheet:

	2024 £'000	2023 £'000
Fair value of assets	497,292	545,439
Present value of funded obligations	(539,777)	(590,742)
Deficit in the scheme	(42,485)	(45,303)

The following amounts are recognised in the income statement:

	2024 52 weeks £'000	2023 53 weeks £'000
Administration cost	1,192	1,236
Interest on liabilities	25,679	18,096
Interest on assets	(23,799)	(17,156)
Other finance cost	3,072	2,176

The remeasurements over the period are as follows:

	2024 52 weeks £'000	2023 53 weeks £'000
Loss on scheme assets in excess of interest	50,265	261,341
Experience loss on liabilities	20,850	46,166
Gain from changes to demographic assumptions	(11,645)	(12,465)
Gain from changes to financial assumptions	(57,963)	(291,521)
Total remeasurement	1,507	3,521

The movement in the balance sheet over the period was:

	2024 52 weeks £'000	2023 53 weeks £'000
Deficit at the start of the period	(45,303)	(46,842)
Other finance costs	(3,072)	(2,176)
Society contributions	7,398	7,236
Total remeasurements	(1,507)	(3,521)
Deficit at the end of the period	(42,485)	(45,303)

**18. Employee benefits** continued

The movement in the assets over the period was:

	2024 52 weeks £'000	2023 53 weeks £'000
Opening fair value of scheme assets	545,439	811,600
Interest on assets	23,799	17,156
Society contributions	7,398	7,236
Benefits paid	(27,886)	(27,976)
Administrative costs	(1,192)	(1,236)
Loss on assets less interest	(50,265)	(261,341)
	<b>497,292</b>	<b>545,439</b>

The movement in the defined benefit obligation over the period was:

	2024 52 weeks £'000	2023 53 weeks £'000
Opening obligation	590,742	858,442
Interest cost	25,679	18,096
Benefits paid	(27,886)	(27,976)
Experience gain on defined benefit obligation	20,850	46,166
Changes to demographic assumptions	(11,645)	(12,465)
Changes to financial assumptions	(57,963)	(291,521)
Closing obligation	<b>539,777</b>	<b>590,742</b>

The major categories of assets as a percentage of total assets are as follows:

	2024	2023
LDI*	40%	45%
Debt	11%	12%
Property & Infrastructure	18%	19%
Cash/Cash Equivalents	4%	11%
Other	27%	133%
	<b>100%</b>	<b>100%</b>

\* Inclusive of bonds at 111% and repurchase agreements at -71% (2023: bonds at 82%, repurchase -36.5%).

The amounts do not include the Central Asset Reserve asset.

The actual return on the Scheme's assets over the period to the review date, net of investment expenses but including the Central Asset Reserve, was a loss of £26,467,000. (2023: loss of £244,185,000) which corresponds to a -5% (2023: -36%) return over the period.

The assets do not include any investment in shares of the Society.

The principal assumptions used to calculate the Scheme's liabilities include:

	2024	2023
Discount rate – per annum	5.10%	4.45%
Inflation assumption (RPI) – per annum	3.30%	3.40%
Inflation assumption (CPI) – per annum	2.90%	2.95%
RPI max 5.0% pension increases in payment – per annum	3.15%	3.25%
RPI max 2.5% pension increases in payment – per annum	2.25%	2.30%
CPI max 3.0% pension increases in payment – per annum	2.35%	2.40%
Members assumed to take maximum tax free cash	90%	90%
Increase for post PIE (CPI max 5%)	2.80%	2.85%
Increase for post PIE (CPI max 2.5%)	2.10%	2.15%

# Notes to the Annual Report continued

For the 52 weeks ended 27 January 2024

## 18. Employee benefits continued

Revaluation in deferment is based on the relevant inflation assumption and subject to relevant caps.

The mortality assumptions used are based on 95% of the S3PA\_H tables for males and 105% of the S3PA\_H tables for females (2023: 95% of the S3PA\_H tables for males and 105% of the S3PA\_H tables for females) with an allowance for future mortality improvements using the CMI 2022 projections with a long-term rate of improvement of 1.25% per annum in both the current and prior year. The initial addition is 0.00% per annum (2023: 0.00% per annum). The Central Asset Reserve asset value is assumed to be 69% of Trustees' valuation as at 31 December 2023, adjusted for significant changes to 27 January 2024 (2023: 69% of Trustees' valuation as at 31 December 2022).

Under the adopted mortality tables, the future life expectancy at age 65 is as follows:

	2024	2023
Male currently age 45	21.0	21.6
Female currently age 45	23.8	24.3
Male currently age 65	19.7	20.2
Female currently age 65	22.3	22.8

A potentially landmark judgement in the High Court case of Virgin Media vs NTL Trustees was handed down on 16 June 2023. The judge in this case ruled that, where benefit changes were made without a valid 'section 37' certificate from the Scheme Actuary, those changes could be considered void. The judgement could have material consequences for some Defined Benefit schemes which previously contracted-out of the state pension system. We understand this judgment is being appealed and the appeal is due to be heard in June 2024. In order to determine the impact of this judgment, if any, it would be necessary to undertake a legal review of historic changes of the Trust Deed and Rules. These disclosures have been calculated assuming that this ruling will not affect the Scheme's benefits.

## Defined Contribution Scheme

The Group also operates a defined contribution scheme.

The contributions payable to the defined contribution scheme in respect of the accounting period are charged to the income statement, which amounted to £5,451,000 (2023: £5,283,000).

## 19. Share Capital

This section contains information about share capital which is money invested by Members into their share accounts.

	2024 52 weeks £'000	2023 53 weeks £'000
Contributions	299	249
Withdrawals	(1,211)	(682)
	(912)	(433)
Interest	363	220
<b>Movement in period</b>	<b>(549)</b>	<b>(213)</b>
Opening balance	22,696	22,909
<b>Closing balance</b>	<b>22,147</b>	<b>22,696</b>

At 27 January 2024, the Society had a total of 1,826,065 (2023: 1,700,050) Members each entitled to one vote. The total number of Members, including those who are not eligible to vote, at the reporting date was 2,151,984 (2023: 2,007,747) At the reporting date the whole of the share capital comprises non-equity shares of £1 each, attracting interest at rates between 0% and 4.0% (2023: between 0% and 2.5%).

Share capital is generally withdrawable on demand; however, in accordance with the Society rules, the Board may suspend the right of withdrawal for a limited time and may impose a notice period for withdrawals should they consider it to be in the best interests of the Society. The Society rules for the distribution of the final surplus in the event of winding-up after repayment of the paid-up, share capital state that such assets shall not be paid to or distributed among the Members of the Society but shall be:

## 19. Share Capital continued

a. transferred to one or more other societies in membership of the Co-operatives UK Limited having the same or similar rule provisions as regards surplus distribution as this rule, as may be determined by the Members at an ordinary or special meeting; or

b. if not so transferred shall be paid or transferred to the Co-operatives UK Limited.

Dividends to Members are paid by way of e-dividend redeemable against purchases.

The Group operates a Share Incentive Plan (SIP) to benefit colleagues. Colleagues can invest a proportion of their salary which may not exceed the lower of £1,800 or 10% of a colleague's pay, on which they earn a return of 2.25% in that period. Interest earned is recognised in the share capital note. Shares withdrawn after a five-year period are paid free of income tax and national insurance.

The Society is allowed to allocate matching shares under rules governed by HMRC. As an incentive to colleagues to join and remain in the SIP, the Society will match the first £10 paid in by each colleague for the purchase of partnership shares in the first year of the scheme by awarding £10 in matching shares. Each year colleagues who continue to contribute will receive a further £10 in matching shares for the first £10 of partnership shares acquired in later years. A year for the purposes of matching shares will be the Society's financial year.

As long as the matching shares are held for at least five years, they can be redeemed with the Society free of income tax and national insurance contributions. If they are redeemed before this date, income tax and national insurance contributions will normally be payable. The issue of matching shares is discretionary. The Society therefore reserves the right to amend or withdraw the issuing of matching shares at its discretion.

## 20. Cash Flow Statement

This is the analysis of the total cash flow earned from the Group's operating activities.

	<b>2024</b> <b>52 weeks</b> <b>£'000</b>	2023 53 weeks £'000
Profit for the financial period	<b>3,854</b>	372
Adjustments for:		
Loss/(gain) on financial assets at fair value	<b>373</b>	(442)
Net interest expense	<b>9,338</b>	6,976
Payments to and on behalf of stakeholders	<b>2,885</b>	3,227
Taxation	<b>1,915</b>	2,833
Operating profit	<b>18,365</b>	12,966
Adjustment for:		
(Profit)/loss on revaluation of investment properties	<b>(3,681)</b>	870
Profit on disposal of fixed assets and businesses	<b>(11,099)</b>	(237)
Depreciation and impairments	<b>22,688</b>	24,387
Amortisation and impairment of goodwill	<b>3,813</b>	5,553
Payments to and on behalf of stakeholders	<b>(2,920)</b>	(2,808)
Fair value movements	<b>(373)</b>	442
Net movement on funeral plan asset and liability	<b>(1,968)</b>	(15,782)
Taxation	-	(177)
Decrease/(Increase) in debtors	<b>2,186</b>	(7,155)
(Decrease)/Increase in creditors	<b>(8,379)</b>	7,033
Decrease/(Increase) in stocks	<b>8,212</b>	(4,506)
Increase in provisions	<b>1,796</b>	7,299
Other non-cash movements	<b>(154)</b>	135
Net cash generated from operating activities before pension deficit funding	<b>28,486</b>	28,020
Pension deficit funding	<b>(14,961)</b>	(14,437)
Net cash generated from operating activities after pension deficit funding	<b>13,525</b>	13,583

# Notes to the Annual Report continued

For the 52 weeks ended 27 January 2024

## 20. Cash Flow Statement continued

As at 27 January 2024, the Group had a net debt position of £25,092,000 (2023: net debt of £19,640,000).

	2024 £'000	2023 £'000
Cash at bank and in hand	7,838	12,913
Debt due after one year	(30,000)	(32,000)
<b>Net debt excluding lease liabilities</b>	<b>(22,162)</b>	<b>(19,087)</b>
Lease liabilities	(2,930)	(553)
<b>Net debt</b>	<b>(25,092)</b>	<b>(19,640)</b>

### Analysis of changes in net debt

	Cash at bank and in hand £'000	Debt due after one year £'000	Lease liabilities £'000	Total £'000
<b>At 29 January 2023</b>	12,913	(32,000)	(553)	<b>(19,640)</b>
Cash flows	(5,075)	2,000	387	<b>(2,688)</b>
Lease liabilities acquired	-		(2,764)	<b>(2,764)</b>
<b>At 27 January 2024</b>	<b>7,838</b>	<b>(30,000)</b>	<b>(2,930)</b>	<b>(25,092)</b>

## 21. Financial Commitments

### Finance Leases

A finance lease is where the Group will either own the asset at the end of the lease payments or that the lease is substantially for the whole of the life of the asset.

The minimum finance lease payments to which the Society is committed in future years are:

	2024 £'000	2023 £'000
Within one year	606	272
In the second to fifth year inclusive	2,094	281
Over five years	230	-
	<b>2,930</b>	<b>553</b>

Obligations under finance leases are shown as part of borrowings in note 16.

### Operating Leases – Receivable

These leases are termed as operating since they generally have shorter terms and the Group does not lease the asset for the whole of its life.

The future minimum operating lease payments to the Group under non-cancellable leases are:

	Land & Building 2024 £'000	Land & Building 2023 £'000
Operating leases expiring:		
Within one year	7,572	8,381
In the second to fifth year inclusive	14,059	15,002
Over five years	9,528	11,137
	<b>31,159</b>	<b>34,520</b>



## 21. Financial Commitments continued

### Operating Leases – Payable

This is where rent is paid by the Group to use an asset it does not own such as a property or equipment.

The minimum operating lease payments to which the Group is committed in future years are:

	<b>Land &amp; Building 2024 £'000</b>	Land & Building 2023 £'000	<b>Other 2024 £'000</b>	Other 2023 £'000
Operating leases expiring:				
Within one year	<b>7,456</b>	7,427	<b>3,368</b>	947
In the second to fifth year inclusive	<b>22,134</b>	23,222	<b>10,051</b>	2,177
Over five years	<b>27,445</b>	32,898	<b>1,890</b>	1,366
	<b>57,035</b>	63,547	<b>15,309</b>	4,490

Included within the minimum operating lease payments are onerous lease and discontinued operation commitments of £4,628,000 (2023: £3,344,000) which are fully provided for as described in note 17.

### Capital Commitments

This is the value the Group has committed to spend on assets after the year end.

Amounts contracted for but not provided for in the annual report were £17,779,000 (2023: £19,089,000).

## 22. Subsidiaries and Associates

These are separate legal entities that are wholly owned, managed and controlled by the Society.

<b>Entity</b>	<b>% of equity owned</b>	<b>Principal activity</b>
Central Midlands Estates Limited	100	Property Management
Terry Smith Limited	100	Coffin Manufacturer
Oakwell Stores Society Limited	100	Corporate Trustee
Midlands Co-op Scottish Limited Partnership	77	Investment in Corporate Bonds
Midlands Co-op General Partner Limited	100	Partnership Administration
Advantage Motor Group Limited	100	Non-Trading
Metro Discount Stores (Midlands) Limited	100	Non-Trading
Anglia Co-operative Properties Limited	100	Property Management
Central England Co-op Pension Trustee Limited	100	Dormant
CEC Optical Limited (formerly Westgate Optical Limited)	100	Non-Trading
Yaxley Farm Limited*	100	Non-Trading
Central England Dersingham Limited*	100	Non-Trading
James Retail Holdings Limited	100	Non-Trading
More Thought For Food Limited	100	Non-Trading
Central England Co-operative Funeral Plans Limited	100	Funeral plan provider

\* Held wholly or partly by subsidiary undertaking.

All subsidiaries are registered within the United Kingdom. The registered address for the above entities with the exception of Midlands Co-op Scottish Limited Partnership and Midlands Co-op General Partner Limited is Central Co-op Support Centre, Queen Street, Lichfield, Staffordshire WS13 6QS. The registered address for Midlands Co-op Scottish Limited Partnership and Midlands Co-op General Partner Limited is Citypoint, 65 Haymarket Terrace, Edinburgh EH12 5HD.

# Notes to the Annual Report continued

For the 52 weeks ended 27 January 2024

## 22. Subsidiaries and Associates continued

### Subsidiary Audit Exemptions

Central England Co-operative Limited has issued guarantees over the liabilities of the following companies at 27 January 2024 under section 479 of Companies Act 2006 and these entities are exempt from the requirements of the Act relating to the audit of individual annual reports by virtue of section 479A of the Act.

Company name	Company number
Terry Smith Limited	02095147
Midlands Co-op General Partner Limited	SC410710
Advantage Motor Group Limited	05800376
CEC Optical Limited (formerly Westgate Optical Limited)	07526437
Yaxley Farm Limited	02553217
Central England Dersingham Limited	04827499
James Retail Holdings Limited	09613820
More Thought For Food Limited	06029567

## 23. Related Party Transactions

These are transactions between the Society and individuals, organisations or other parties who are connected to the Society.

There have been no related party transactions requiring disclosure identified in the current or prior period.

## 24. Financial Instruments

This section details the value of the Group's financial assets and liabilities recorded in the annual report. This is either cost (i.e. the transaction value) or fair value (i.e. its value in the market) at the balance sheet date.

The carrying value of the Group's financial assets and liabilities are summarised by category below:

	2024 £'000	2023 £'000
<b>Financial assets measured at fair value through profit or loss</b>		
Unquoted investments	7	7
Interest rate swap	468	841
Funeral plans	244,068	252,354
<b>Financial assets measured at amortised cost</b>		
Trade debtors and other debtors	26,592	30,373
<b>Equity instruments measured at cost less impairment</b>		
Fixed asset investments	2,687	2,687
<b>Total financial assets</b>	<b>273,822</b>	<b>286,262</b>

## 24. Financial Instruments continued

### Credit Risk

Funeral plans are invested in whole-of-life insurance policies which pay out a lump sum when the insured person dies. The provider of these policies to the Group must be authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

	2024 £'000	2023 £'000
<b>Financial liabilities – Deferred income</b>		
Funeral plans	230,766	237,034
<b>Financial liabilities measured at amortised cost</b>		
Finance lease payables	2,930	553
Bank loan	30,000	32,000
Trade creditors and other creditors	58,938	74,952
<b>Total Financial Liabilities</b>	<b>322,634</b>	<b>344,539</b>

The Group's income, expenses, gains and losses in respect of financial instruments are summarised below:

	2024 52 weeks £'000	2023 53 weeks £'000
Fair value (loss)/gain	(373)	442
Interest expense	(2,153)	(874)

The interest rate swap settles on a quarterly basis. The floating rate on the interest rate swap is SONIA (2023: SONIA). The Group settles the difference between the fixed and floating interest rate on a net basis.

Interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges to reduce the Group's cash flow exposure, resulting from variable interest rates on borrowings. The hedge cash flows are expected to occur and to affect the profit or loss over the period to maturity of the interest rate swap.

# Member Notes



The production of this report supports the work of the Woodland Trust, the UK's leading woodland conservation charity. Each tree planted will grow into a vital carbon store, helping to reduce environmental impact as well as creating natural havens for wildlife and people.

# Central

**Registered Office:**

Central House, Queen Street, Lichfield,  
Staffordshire, WS13 6QD

Registered society under the Co-operative  
and Community Benefit Societies Act 2014

**Registered No 10143R**