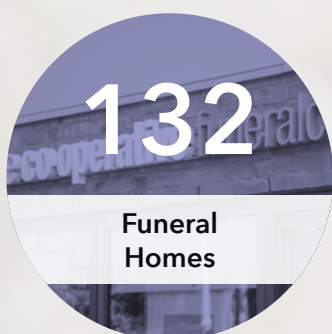


Central England Co-operative



ANNUAL REPORT 2020/21

Our Family of Businesses



Quick reads

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

- 2020 Highlights page 8
- President's Message page 14
- Chief Executive's Message page 16
- Our Purpose and Strategy page 18
- Our Colleagues page 26
- Membership & Community page 28
- A Responsible Co-operative Business page 30

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Thank You Key Workers

*Created by Barnby Dun
Primary Academy*



We work with local schools to create community artwork on new and regenerated food stores



About Us

We are a
**successful,
independent,
community-based
Co-operative** owned by
our Members



Our proud heritage
dates back over

165
YEARS

We trade
in over
16
counties



We operate
OVER
400
trading outlets



Our Purpose
***Creating a sustainable
Society for all***



We invest 1%
of our trading
profit into **supporting
local groups and good
causes** through our
Community Dividend Fund



WE  U

Our colleagues are at the
heart of our business

We employ over
7,800 PEOPLE


We are
guided by the
internationally
recognised
**Co-operative
values**



Self-help
Self-responsibility
Democracy
Equity
Equality
Solidarity

Hand sanitiser stations are among several Covid-19 safety features now in place in our stores



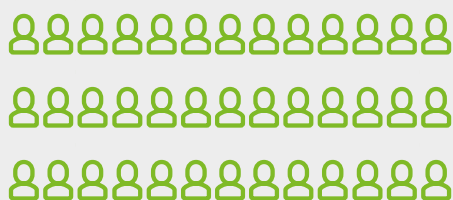
Covid-19 Update



We handed out over **2,500 care and treat packs to the NHS**, care homes and vaccination centres to say 'thank you' for their amazing frontline efforts



Colleagues and customers have been provided with over **four million items of Personal Protective Equipment to keep them safe** while serving and shopping



Hired over **1,000 temporary colleagues to support stores** and funeral homes at the height of the pandemic

Pioneered a **new way of working for our funeral teams** that allowed them to offer the same caring and compassionate service via phone, email and online to keep all involved safe



We have **rewarded our colleagues** for going above and beyond for their communities **with extra pay** and enhanced discounts



Rolled out a Call & Collect service to provide options for our communities and **supported over 2,000 people with the help of partner organisations** via our Community Food Hub scheme

We have invested in our food stores and funeral homes to make them **Covid-19 secure** by putting in place a range of measures including automatic hand sanitiser machines, clear and concise signage and plastic screens at our till points



Continued to **support our members by taking valued activities such as member classes online** or socially-distanced to help alleviate feelings of loneliness and isolation

Financial Highlights

Gross Sales in continuing operations



£869.0m

2019/20: £843.8m
(excluding VAT)



Trading Profit

£28.0m

2019/20: £17.5m



Operating Profit

£21.1m

2019/20: £15.5m



Cash Generation

£50.3m

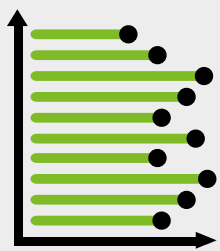
2019/20: £33.3m



Net Cash

£17.9m

2019/20:
Net Debt £16.1m



Capital
Expenditure
£21.2m

2019/20: £22.1m

Payments to Stakeholders

£3.1m

2019/20: £3.2m



Growing our Business



New
Stores



Funeral
Sites



Food Store
Regenerations



Net Assets

£208.1m

2019/20: £191.7m

Outdoor selling has played a key part in our success during the past 12 months

co-operative food



Working closely with our communities is a key part of our co-operative difference



Society Highlights

Launched our new Purpose:



Creating a sustainable Society for all

Implemented strategy for the Society to be
Carbon Neutral by 2030



Our ongoing efforts to minimise our impact on the environment saw our carbon footprint reduce by

76%

(since 2010)



Over 200 MPs, police forces and **influential figures joined forces** with us to continue to lobby the Government **to change the law to better protect shopworkers**

We outlined our commitment to **tackling diversity and inclusion in the workplace** by signing the Race at Work Charter

Our revamped



to tackle the impact of Covid-19 saw **£175,000** shared out between **116** good causes



Our kind-hearted **customers and members donated over 350,000** items via our store collection points, **helping to create over 100,000 meals** for those in need



Our food redistribution project support and donations to FareShare Midlands saw **our partnership hit a record two million meals created** for outstanding community organisations

Our second **Christmas Toybox Appeal** saw local charities, hospices and food banks distribute over

12,000

donated presents to youngsters who otherwise might have missed out



DementiaUK

Our continued link-up with Dementia UK saw fund-raising levels reach over **£1.5 million**

We hosted **our first-ever set of online Members' Meetings** to keep our members democratically involved with how the Society operates



FAIRTRADE

Trialled new schemes such as **Fairtrade community café**

Executive Team



Debbie Robinson
Chief Executive



Tracey Orr
Chief Operating Officer



Louise McFadzean
Chief Financial Officer



James Watts
Society Secretary

Leadership Team



Mike Brough
Head of Data and
Analytics



Andrew Buckley
Head of Property



Richard Denning
Business
Development
Director



Paul Dennis
Retail Director



Paul Fairhurst
Head of Shared Services



Hazel Moss
Head of Funeral



Juliet Oosthuysen
Brand Director



Andy Peake
Commercial
Director



Neil Robinson
Finance Director



Liz Robson
IT and Digital
Director

Your Board of Directors



CD
R
S

Jane Avery
President



C
MC
RP
S

Elaine Dean
Vice President



A
C
R
RP

Richard Bickle



MC
RP
S

Maria Lee



A
C
ID

Marc Bicknell



A

Marta Mayhew



CD

Jody Meakin



MC
R

John Chillcott



C
S

Tanya Noon



MC

Dave Ellgood



CD

John Howells



A
CD

Sue Rushton



MC

Brad Tuckfield



C
R
RP
ID

Rachel Wilkinson

ID Independent Non-Executive Director

A Audit & Risk Committee

C Conduct Committee

CD Community Dividend Selection Committee

MC Membership & Community Strategy Committee

R Remuneration Committee

RP Rules & Practices Committee

S Search Committee

Message from our President

I am extremely proud to present our Annual Report after being elected Society President in November 2020 and seeing first-hand the amazing effort of our colleagues to ensure our communities have had access to food, vital essentials and services, during these unprecedented times.

In a normal year, the President is elected by the Board, in May. However, as we know, 2020 was anything but normal. Our annual elections to the Board were postponed in April, and Elaine Dean continued in the role of President until it was safe and possible to hold elections in October. I am grateful to Elaine for the leadership shown during this exceptional time.

I want to personally thank my fellow Board members, Executive and Leadership teams and all colleagues for their role in helping our Society record a successful 12 months in what has seen us transform as a business to deliver strong results, as well as new and innovative ways for our colleagues and members to shop with us in the safest way possible.

The Board's ambition for the Society is that we continue to provide a great service to our members and customers in times of need and in times of plenty.

As the past year has shown, the so-called 'humble' shop is actually a pillar of our local community, and the colleagues who serve in our shops and funeral homes are the everyday heroes who continued to meet the challenges of a global pandemic; the loneliness caused by lockdown, the worry over vulnerable relatives, providing home schooling – and still turned up for work to do their bit.

During the past 12 months, the Board has worked hard to develop the Society's Purpose and strategic priorities for the coming years. It was vitally important that we reacted quickly to what our communities needed by doing everything possible from making our stores Covid-19 secure to rolling out new initiatives, such as home delivery services.

We also continued to look ahead and ensure our business is fit for the future, ready to grow and ready to face the fallout from the pandemic, Brexit outcome and the changing shape of the retail and funeral industries.

During these uncertain times, we have never forgotten what sits at our core – our co-operative values and principles. This year, more than ever, has seen us forge closer links with the

co-operative movement to make sure we are involved with important society-wide issues, such as food poverty, keeping our colleagues safe from abuse whilst they work, and tackling climate change.

This has all been achieved while embracing new ways of working, including adapting how we operate as a Board to provide good governance. From March 2020 to the present day, we have held formal board meetings via video link, with regular catch-up meetings also being held remotely.

Our Annual Meeting was held online in June 2020 and over 1,200 members joined in. The Interim Meeting in October was also held online with over 1,000 members taking part. Our members actively engaged and mastered the art of digital technology – some for the first time, making sure our democracy was lively, informative and engaging.

Our delayed Board elections were finally held in October 2020, and over 2,000 members took part. Were you one of those? If so, thank you for making the effort and engaging with the unique model of running a successful, democratic co-operative business, on behalf of all the members.

As a result of the elections, we welcomed Jody Meakin, Dave Ellgood and Brad Tuckfield as new Directors and congratulated Elaine Dean and Maria Lee on their re-election. Our grateful thanks go to Sean Clothier and Paul Singh for their loyal service to the Board.

I am looking forward to the coming year, knowing that we have been resilient to the past challenges and can plan a hopeful future as we develop a strong and sustainable Society, ready and able to meet the needs and aspirations of our members.



Jane Avery
President



Message from our Chief Executive

What a year it has been!

Thank you to our President, our Board, our Executive and Leadership team, and all our colleagues for their tremendous efforts during this extraordinary year.

Thank you also to our members and customers for their ongoing support and loyalty.

A very special mention must go to our Society heroes, the frontline colleagues in our Food stores, Funeral homes, coffin factory, crematorium and distribution centres who have stopped at nothing to support our families and keep our communities fed. Thank you for everything that you have done and continue to do during these challenging times.

The overall Society performance has been solid during the past 12 months, with total gross sales in continuing operations (excluding VAT) growing by 3.0% to £869.0m (2019/20: £843.8m). Trading profit was £28.0m was well ahead of the previous year (2019/20: £17.5m). This strong trading performance was largely offset by downwards revaluation of investment property and asset impairments. Despite this, operating profit at £21.1m was £5.6m ahead of prior year (2019/20: £15.5m), due to exceptional items and planned disposals of fixed assets. The Society received government support totalling £10.2m, which primarily related to business rates relief, although this was more than offset by significant additional costs incurred across the business in response to Covid-19 trading conditions.

Strong cash generation from operating activities of £50.3m (2019/20: £33.3m) enabled continued investment and capital expenditure of £21.2m (2019/20: £22.1m) resulted in the opening of two new funeral sites, seven new food stores and 15 major regeneration projects across our food estate. This included a major investment in our flagship store at Boley Park in Lichfield, where we implemented a range of new concepts which have been very well received by our members and customers.

The Society's net assets of £208.1m show an improved position relative to the prior year (2019/20: £191.7m), with net cash of £17.9m (2019/20: net debt of £16.1m). We remain fully aware of the Society's obligations related to the Pension Scheme deficit and will be working closely with the Trustee of the Scheme on the latest triennial valuation exercise which will be conducted during the course of the coming year.

During the year, we saw strong demand in our Food business resulting in a like-for-like increase in food sales of 12%. We implemented a number of new initiatives

allowing us to reach and serve more of our members and customers, including Call & Collect, click and collect, and home delivery services as well as the installation of self-scan checkouts, and the introduction of a 'Scan and Go' app, where members and customers can scan their products as they shop and checkout on their mobile device.

We also launched a Fairtrade community café at our Littleover store in Derby which serves fabulous food and delicious Fairtrade coffee. Even with the adverse impact of government restrictions, this has been a great success, when open, for trade.

Our incredible Funeral teams arranged 15,821 funerals during the year, an increase of 13.2% on the previous 12 months. In response to ongoing and constantly changing pandemic restrictions, our colleagues have had to quickly adapt their usual ways of working in order to continue caring for our families during their time of need. Arrangements have moved to being organised via phone and email, and we launched a 24-hour Funeral phone line, so that clients can reach our colleagues at both a time to suit and from a location of their choice. As well as coping with the Covid-19 pandemic, the funeral team has responded to an industry-wide Competition & Markets Authority investigation into the supply of funeral services and the Financial Conduct Authority investigation into the selling and regulation of funeral plans.

In our Property business, we experienced similar challenges to the rest of the industry, with an increase in vacant properties and tenants struggling to pay their rent. This resulted in a significant rise in bad debts (recognised in operating costs) and a downwards revaluation in our investment property portfolio of 6.4%. Whilst this is an adverse movement year on year, our Property Team has done an excellent job to minimise this impact and our portfolio has proved to be relatively robust in the face of severe challenges experienced during the last 12 months.

Our fuel sales were unsurprisingly impacted by the travel restrictions implemented due to the pandemic which has resulted in a year-on-year decline of 35%.

We took the very difficult decision earlier in the year to transfer our Travel business to Midcounties Co-operative. Job security for our travel colleagues was of the highest importance, and every travel business colleague was offered the opportunity to either transfer to Midcounties or take on a role within our Food or Funeral businesses.

The protection of our colleagues, members and customers has been our number one focus throughout the pandemic, and we have reacted quickly to implement the highest level of safety measures across all our sites, including the introduction of social distancing measures within hours of

the Prime Minister's March 2020 lockdown announcement, the installation of protective screening and automatic hand sanitisers, provision of personal protective equipment (PPE) and face coverings for our colleagues, and additional security and door marshalling. We also rewarded frontline workers for their phenomenal commitment and efforts with additional one-off payments and enhanced colleague discount, to ensure they could continue to shop in our stores, in a safe environment, throughout the pandemic.

Our Risk and Compliance Team invested considerable time and effort looking at extra ways in which we can protect the security of our colleagues, and we have rolled out additional measures such as the installation of panic buttons and the provision of personal protection devices to lone working colleagues.

There continues to be a concerning increase in threats and violence towards our frontline colleagues. We fundamentally believe everyone has the right to go to work and return home safely. Every time there is an incident, I write to the Home Secretary, the MPs in the local area, the Shadow Chancellor, and the General Secretary of the Co-operative Party. The levels of abuse and violence that we are currently experiencing is unacceptable. For many, being threatened or assaulted is a life-changing event – something that nobody should have to face for simply doing their job. More must be done to deter this kind of crime and to make the penalties more effective.

Embracing inclusivity, equality and diversity continues to be of huge importance to the Society and signing up to the Business in the Community (BITC) Race at Work Charter is one of the first steps that we took during the year to demonstrate our commitment. A Race at Work project group has also been experiencing created with the objective of establishing and developing further ways in which we can progress and move forward in this hugely, important area.

Summer 2021 will see the retirements of Tracey Orr, Chief Operating Officer, and Louise McFadzean, Chief Financial Officer, having dedicated 37 years and 18 years respectively to the Society. It is thanks to the inspiring leadership and invaluable contribution from Tracey and Louise that the Society is in the strong position it is today. I would like to extend my most sincere gratitude and appreciation to them both for the outstanding job they have done.

The new Executive team is currently being recruited and, when in place, will be focused upon developing and delivering our member and customer journey, our co-operative culture, and further initiatives and ideas in a co-operative and inclusive manner.

As we look to the future, we do so with our new Society Purpose in place, Creating a sustainable Society for all. Each word has been carefully chosen. 'Creating' – what we make of the opportunities around us. 'Sustainable' – in every way. Financially sustainable, to invest in and grow the business, serving the needs of our members, customers and local communities. Humanly sustainable, by looking after our colleagues' health and wellbeing. Environmentally sustainable, by choosing wisely and always looking for the best solution that will protect our planet. 'Society' – a co-operative Society, owned by our members. 'For all' – an inclusive, diverse Society, where everyone feels valued, appreciated and respected.

We are fully committed to play our part to address the impact of climate change and are pleased to have implemented our strategy for the Society to be Carbon Neutral by 2030. The strategy will be supported by significant investment across the Society in energy-efficient equipment, lighting and building design coupled with changes to operational processes to achieve this important goal.

We continue to be faced with uncertain times ahead, but have proven our ability to adapt and be agile, not only in a rapidly changing environment, but also in response to the needs and requirements of our members and customers.

Going forward, we believe we will come out of this crisis stronger, both individually and collectively as a Society. We have a great team and strong foundation on which to grow, we will continue to expand our new channels to market, allowing members and customers to access our products and services more conveniently, and in an increasing number of ways. We have a clear strategy for future growth and innovation, investing in digital offerings, application of new technology, data analytics and the regeneration of community food stores across our trading estate. Together, I am confident that we will meet the challenges ahead.

Debbie

Debbie Robinson
Chief Executive



Our Purpose

Creating a sustainable Society for all

Our new Purpose will provide inspiration, direction and will help shape the future of our Society.

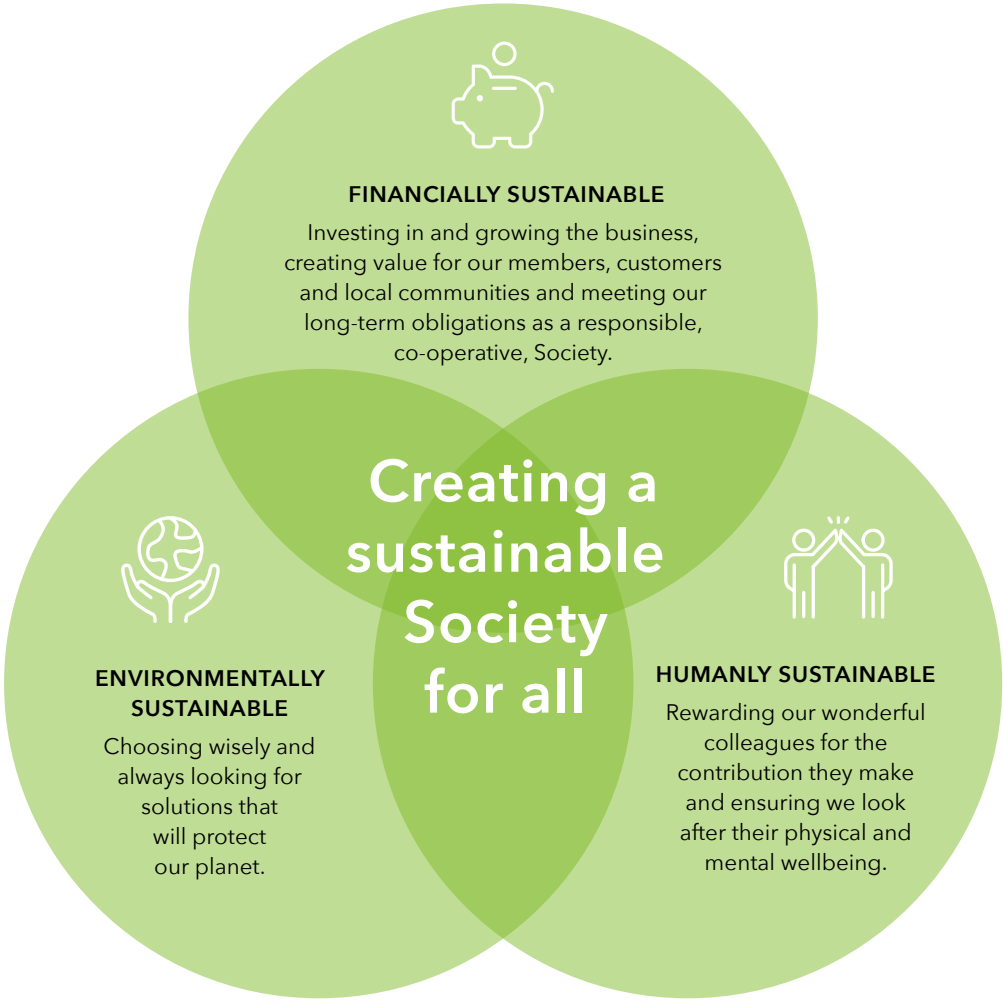
We are committed to creating a strong and successful co-operative business that is invested in protecting the environment and the wellbeing of our members, customers and colleagues.

Our Purpose is underpinned by the internationally recognised co-operative values, together with our mission to provide a co-operative difference and member benefit, in the operation of our business activities.

Each word of our Purpose has been chosen very carefully.

We will **create** new opportunities as we adapt in a rapidly changing environment.

We want to be **sustainable** in every way:



And finally, but very importantly – **for all**. We are a co-operative Society for all; owned by our members, where everyone feels valued, appreciated and respected.



Our Strategy

Our Purpose will flow throughout our strategy, inform our decision making and support our drive as a progressive, inclusive, relevant and diverse Society.

For our members, customers and colleagues, this means:

- Offering a welcoming and accessible shopping experience that makes it easier for local members and customers to live more sustainable lives, however they choose to shop. This will include opening more new stores, regenerating current sites and ensuring we offer the very best and latest technology. We will provide a quality range of relevant products and services that cater to the diverse needs and interests of our communities, support their health and wellbeing, provide the best possible value and continue to promote ethical and sustainable trading.
- Transforming our funeral business, putting the support of families at the heart of all we do through life planning, funeral planning and memorialisation. This will be delivered through enabling the use of more digital platforms to make the experience more accessible, flexible and overall easier to use, showcasing our understanding of what our members and customers want and need from a modern, funeral business.
- Structuring a rebalanced and sustainable, investment property estate that extends into new areas, formats and partnerships.
- Commitment to a service-orientated, easy journey, for our members, customers and colleagues to do business with us, that delivers a more personalised service to them than ever before, via the use of digital technology, communication and investment in new equipment.
- Innovative delivery of a dynamic and relevant membership scheme which sits at the heart of everything we do. A scheme which is simple to join and use, personalised and rewards engagement with our co-operative way of doing business and the opportunity to participate in and support our core campaigns.
- Fostering an inclusive culture for the benefit of our colleagues, and a reputation for being a caring and rewarding employer. An increased focus on employee wellbeing and safety, with enhanced investment and campaigning for front line worker protection, more flexible working conditions, learning and development opportunities and more recognition and reward.
- Commitment to ensure that our plans are linked to ongoing work to reduce our carbon footprint and support our drive to Create a sustainable Society for all.

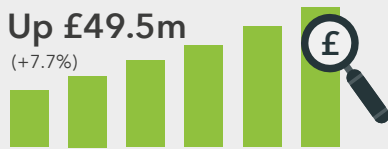


Our Food Business

Food Gross Sales

£691.2m

Up **£49.5m**
(+7.7%)



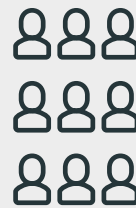
2019/20 £641.7m

(excluding VAT)

15 Store Regenerations



7 New Stores



6,222

Colleagues

Over the last 12 months our food stores have been at the heart of ensuring our communities had access to vital food and essentials throughout the pandemic, with consistent emphasis placed on ensuring the safety of our colleagues, members and customers with the rollout of various safety measures.

Alongside a robust supply chain, great product availability and keeping each and every one of our shops open during the pandemic, our stores also played a pivotal role in the rollout of a new Call & Collect service to offer shoppers choice, as well as spearheading a pioneering food hub partnership in five areas (Burton, Derby, Leicester, Lichfield and Stafford) during the first lockdown with local councils and organisations to deliver food to those most in need.

Our food distribution operation, in Leicester, played a key part in keeping shelves stocked and stores open by delivering 34.5 million cases of product across the year and implementing measures to ensure all sites were safe for colleagues to support increased delivery schedules.

Despite the impact of Covid-19, we continued our strategic investment for the future with the opening of seven new stores during the year. This included major investment at our flagship supermarket at Boley Park, in Lichfield, which included a zero-waste refill station, free hot and cold water refill station, eco-friendly fridges which reduce carbon footprint by 60% and emission-free home delivery.

The new look store enjoyed a tremendous start, with great feedback from our members, customers and colleagues. The new concepts and features will form the basis of our ongoing investment in our existing food store estate.

We also re-launched 15 stores as part of our regeneration programme which incorporates improved store layouts and the introduction of new products and services. Our commitment to store innovation included the opening of our first Fairtrade community café at our Littleover store in Derby, serving delicious lunch options, tasty treats and the finest Fairtrade coffee.

We also worked hard in our efforts to provide more for our members and customers by trialling or launching a wide range of services and options including online delivery, click and collect service, scan and go and self-checkouts. Our pipeline of new store development sites remains in good shape, with a busy programme of new openings scheduled for the coming year, alongside plans to regenerate a further 50 existing stores in 2021.

Our Funeral Business

The last 12 months has been an extraordinary year for the Society's funeral business. Our funeral teams completely overhauled the way they work during the pandemic to ensure they could still offer consistently high levels of care, compassion and service to families in a safe and secure environment.

This included launching phone and email arrangements as well as investing in additional health and safety measures to protect and keep our colleagues safe. These measures ranged from the purchase of personal protection equipment supplies, funeral home modifications and safety screens in our limousines.

Our teams also worked tirelessly to keep all families informed of the regular changes to services resulting from government restrictions and also responded to help those unable to say goodbye to their loved ones, in the way they would have wanted, via memorialisation, future planning, holding our first-ever online memorials service and expanding our partnership with a free 24/7 grievance counsellor service via Grief Chat.

The roll out of the measures ensured that our funeral business was able to support over 15,800 clients, something only achievable thanks to the great collaboration between our family of funeral businesses, including our coffin manufacturing operation, Bretby Crematorium, floral and masonry.

We opened a new funeral booking office next to our Castle Donington food store and moved the onsite funeral arrangement pod to Atherstone, to provide more support for the local community.

Away from our response to the pandemic, the Society welcomed the final report from the Competition and Markets Authority into the funeral industry in addition to the Financial Conduct Authority's forthcoming regulation of funeral plans. As the funeral market continues to adapt to meet changing customer needs and trends, we remain committed to providing the highest standard of care and services to bereaved families while offering transparency and choice.

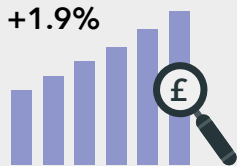
The future of our funeral business is firmly based around innovation as well as offering new services and products for our families, which has recently included the launch of our new online offering for legal and probate services.



Gross Sales

£40.7m

Up £0.8m
+1.9%



2019/20: £39.9m

(excluding VAT)

15,821

Arrangements

2019/20: 13,974



2

New
Funeral
Openings



894

Colleagues



Our property teams play a key part in building new stores, regenerating other sites and sourcing new investment opportunities



Investment Property

Rental Income

£8.2m

2019/20: £8.7m



Investment Property Valuation



£126.4m

2019/20: £130.6m



Commercial
tenants

+



Residential
tenants



investment properties

Our property team has worked hard throughout the past 12 months to try and mitigate the impact of Covid-19 to both the Society and our tenants. This has meant we have experienced challenges seen across the wider investment property sector, with an increase in vacant properties and tenants struggling to pay their rent.

The impact of the external environment has resulted in a significant rise in bad debts (recognised in operating costs) and a downwards revaluation in our investment property portfolio of 6.4%. While this is an adverse movement year-on-year, our property team has done an excellent job to minimise this impact and our portfolio has proven to be relatively robust in the face of severe challenges during the last 12 months.

The team completed the planned disposal of six sites during the year, generating proceeds of £2.3 million to reinvest in the Society's expansion programme across our food and funeral businesses.

A significant project during 2020 related to the major redevelopment of our Boley Park site, in Lichfield. Alongside the flagship supermarket, parts of the former store have been converted into additional property units which have been let to a gym and chip shop, both of which are set to open later this year.

Other areas of investment have resulted in planning consent and work commencing on a McDonalds restaurant at our Cromer site, completion of a letting to a spa operator, in Alfreton, and the Blue Cross charity, in Halesowen, as well as purchasing the freehold of our successful Wigston community food store in Leicester, securing future trading on the site.

Following the disposal of our travel business to Midcounties Co-operative, we have transferred six former travel shops into our investment property estate and let them to Midcounties to continue their travel business from those locations.


The forthcoming year will focus on continuing to support tenants as the country moves towards recovery and rebounding from the impacts of the pandemic, coupled with ongoing efforts to push for new development opportunities which fit the Society's Purpose and strategy in addition to making the most of our existing property portfolio.

Our Colleagues

£743,000
shared



with colleagues as part of our annual **Share of the Profits**




Improvements achieved in our **Gender Pay Gap**






Launched **new family friendly** policies




Significant focus on **protecting the safety and wellbeing** of colleagues throughout the Covid-19 pandemic

45
colleagues celebrated a **long-service** milestone during 2020




Implemented a range of rewards to recognise colleagues for their amazing efforts during the crisis





Colleague engagement score **78 - three points higher than 2019**



Continued focus and **investment in our apprenticeships** programme across all parts of the business

Over the last 12 months, our colleagues have gone above and beyond during the Covid-19 pandemic, ensuring our members, customers and local communities had continual access to food, vital essentials and services.

Throughout this challenging time, the protection of our colleagues has been a major priority through investment in safety measures, personal protective equipment and cleaning products and providing support in terms of adapting ways of working and putting wellbeing at the centre of business decisions. We also rewarded our colleagues through a range of actions, including an extra week's pay for our frontline staff together with other initiatives.

Further support was provided with the employment of 1,070 additional, temporary colleagues between April and June, to help food stores, funeral homes and our food distribution operation cope with the increase in demand on our services. Extensive work was also undertaken to ensure all colleagues from our Business Support Centre, in Lichfield, could move to a home-working set up or access to a safe and secure work environment at the centre, in order to support all parts of our business.

We rolled-out the use of a new social media channel, Yammer, to offer further connectivity amongst colleagues and enable the cross-engagement of teams across the business and efficiently communicate important Society information.

Our annual colleague survey was completed by 77% of colleagues, with an engagement score of 78 - three points higher than in 2019 - and is a testament to the endeavours made to continue to motivate, develop and recognise our colleagues and the contribution they consistently make to the success of the Society.

In November, the amazing efforts of our colleagues was marked with an online version of our Leading Brilliance awards. Eleven awards were presented from 58 nominations including three, special contribution awards, and an outstanding achievement award.

Alongside making stores safer for our colleagues in response to the global pandemic, we continued our efforts to raise the profile of our campaign for the statutory protection of shopworkers by working with over 200 MPs, other retailers and trade unions to push the Government to bring about changes to legislation.

In October, the Society signed the Business in the Community 'Race at Work Charter' to demonstrate our commitment to bringing about racial equality in the workplace. The Charter provides a best practice framework for employers and we have introduced a cross-functional working group to drive action alongside a colleague survey.

As part of our continued focus on diversity and inclusion, we have modernised and launched a range of family friendly policies (covering maternity, paternity, adoption, shared parental leave, parental and carer leave) with increased levels of pay and leave.

Meanwhile, we are pleased that the Society's Gender Pay Gap Report has improved with a 3.77% reduction in our mean average pay gap to 13.24% (2019: 17.01%). Our median average pay gap has improved significantly to 0.90% (from 8.26% in 2019). Our efforts and commitment to close the gap will continue in 2021.

Our people strategy aims to positively contribute to the creation of a rewarding performance culture and support the continued success of the Society:

- Creating a performance culture which supports the delivery of strategic priorities.
- Becoming an employer of choice where colleagues are rewarded for their contribution and we attract and retain talent.
- Ensuring the safety of colleagues and supporting our colleagues' wellbeing.
- Supporting our trading businesses to achieve best in class operating models.

Embedding the Society's new Purpose will support colleagues' understanding of what is expected of them in their role and, at the same time, foster a deeper connection with our co-operative values and principles.



Membership and Community

Our Members and the communities we serve are central to the success of our Society. By continuing to shop with the Society, our Members allow us to invest back into our trading estate, provide Member rewards, support Member groups and activities as well as fund local good causes and vital community projects, via our Community Dividend Fund.

Our approach to supporting our Members and communities remains underpinned by five key strategic themes. The events of the last 12 months and the impact of the pandemic saw our five Membership & Community Councils having to adapt and adjust to the external environment and the restrictions imposed during long periods of lockdown.

Despite the challenges caused by the pandemic, our Membership & Community Councils have continued to meet, plan, take part and support various events and activities, alongside the promotion of the Society's important initiatives in response to the crisis.



Pathways to member participation

We supported our colleagues at the launch of new food stores by talking to customers about membership and building links in both established and brand new areas to establish new Member groups and opportunities. We also supported a range of socially distanced community events and fund-raising activities across all regions.



Health and wellbeing

In such a challenging year for everyone, supporting the health and wellbeing of our colleagues and communities played a significant role in our work.

Many of our Member and Community Relations Officers (MCROs) are also trained mental health champions for the Society, and they have been supporting colleagues in their regions through the challenges of these uncertain times and partnering with organisations locally to support the wellbeing of vulnerable Members and communities.

Projects we embarked upon included a partnership with Derby County Community Trust on the subject of cooking skills for men who are widowed. We also worked with the charity The Hygiene Bank to create donation points at two of our Leicestershire stores to provide access to vital products to help with the growing issue of hygiene poverty.





Education, culture and recreation

Our education programmes have adapted to pilot and successfully deliver online healthy choices and Fairtrade workshops while face-to-face sessions have not been possible, to ensure we can still deliver these important messages to youngsters.

Our Member groups and classes also had to temporarily halt during the pandemic, but we have continued to keep in touch with our tutors and members with many continuing to provide activities virtually, while groups such as our Tai-Chi class were able to meet outdoors during the summer months.

Keeping healthy and active has become increasingly challenging for us all, but we continued our commitment to encourage young people to enjoy exercise and get active, by organising a Living Sports virtual running event in Peterborough, and supporting the Lichfield Games 2020, with funding and content as the event moved online.



Fair and sustainable communities

Our work to address the issues of food poverty have intensified during recent times as the impact of the pandemic has hit hard, and work with our food bank partners and campaigns around issues such as holiday hunger have become increasingly important.

We also made connections with local Covid-19 groups, supported local charities with the vital provision of hygiene products and toiletries and provided much needed refreshment supplies for healthcare professionals and testing centre teams.

We made a significant donation of thousands of items, including shelving and even a kiosk from our Bolev Park store following its revamp to the Derby Community Action group so it could set up its first-ever community shop, providing people in need and at risk of food poverty, a means of receiving the help they need.



Young People Engagement

We are working with Derby University to deliver a virtual Co-operative Masterclass as we look at how we can continue to educate and engage young people about the importance of co-operatives, and also build on the relationship with Derby University to deliver financial education programmes.

We have engaged with schools to produce wonderful pieces of artwork with a local significance in communities around brand new and existing stores undergoing regenerations to help strengthen links between young people and our community stores.

Our work to improve understanding and awareness of co-operative values included the completion of a new online module in conjunction with a leading provider of health and wellbeing education for children.



Community Dividend Fund

During 2020, we awarded £175,000 in Community Dividend Fund grants to 116 local groups and good causes.

In October, we adapted and relaunched the Fund with the aim of providing immediate financial support to help local good causes, groups and charities deal with the impact of the Covid-19 pandemic. A key focus of the relaunch was targeted at attracting applications from organisations that are providing essential support in the areas of food provision and mental health and wellbeing services.

A Responsible Co-operative Business

As a co-operative business, we have a purpose beyond profit which is guided by our values and principles for the shared benefit our members, colleagues and local communities.

Our new Purpose fully reflects our sustainable approach to doing business and our wider responsibilities to the environment, local communities and our colleagues.

Our activities over the last 12 months have included a range of initiatives that demonstrate the positive impact of our co-operative ethos:



Our food redistribution scheme with FareShare has continued to provide a sustainable way for people to get the choice and quality of food they need when they need it.

Ongoing work with our Foodbank partners

Including focused activity such as our summer holiday hunger campaign to help vulnerable youngsters and their families over the summer months.



Despite uncertain times, our colleagues, customers and members continued to support an amazing cause in Dementia UK, helping us to hit the £1.5 million fund-raising milestone.



Tackling food justice and joining forces

Work to tackle food justice saw us become one of the first retailers to upgrade Healthy Start vouchers by £1. We were also delighted to join forces with footballer Marcus Rashford and be part of his Child Food Poverty Taskforce.



Our ongoing efforts to reduce our impact on the environment has seen us commit to the Society being Carbon Neutral by 2030 with the launch of a new strategy to achieve this important goal.



Pioneering projects

Our pioneering Offender to Rehab project which aims to help prolific shoplifters turn their lives around, continues to go from strength to strength, with further expansion planned in 2021.

Our Environmental Impact

As a co-operative, we recognise our responsibilities to protect the planet and the environment around us.

In the face of a climate emergency and a broad range of other environmental issues, we are committed to playing our part, addressing the impact of our own business activities whilst also supporting the communities we operate in to become more sustainable.

We have committed to reduce our carbon emissions by 90% for 2030 and have now included a carbon metric within the Executive long-term incentive scheme. Our work in this important area builds on the success of our 100% renewable electricity supply arrangements, zero-waste to landfill and our Carbon Trust Triple Standard.

Carbon Emissions

UK Greenhouse gas emissions and energy use data	01/02/20 - 31/01/21	01/02/19 - 31/01/20
Energy consumption used to calculate emissions (kWh)	97,716,305	104,304,725
Energy consumption break down (kWh)		
- Gas	14,361,257	16,238,400
- Electricity	59,811,526	65,929,456
- Transport fuel	23,543,521	22,136,869
Scope 1 emissions in metric tonnes CO₂e		
- Gas consumption	2,641	2,985
- Owned transport fleet	5,660	5,405
- Refrigeration gas	4,931	6,727
- Total Scope 1	13,232	15,118
Scope 2 emissions in metric tonnes CO₂e		
- Purchased electricity	13,944	16,852
Scope 3 emissions in metric tonnes CO₂e		
- Purchased electricity transmission & distribution	1,199	1,431
- Employee business travel	87	197
- Total Scope 3₁	1,287	1,628
Total gross emissions in metric tonnes CO₂e*	28,462	33,597
Carbon intensity ratio (Tonnes CO ₂ e per £m turnover)	32.79	37.62
Carbon emission reduction (versus 2010 baseline)	75.84%	72.28%

Waste₁

Food waste produced (Tonnes)	1,469	1,835
Waste recycled or reused ₃ (Tonnes)	5,492	5,099
Total waste produced (Tonnes)	8,046	8,139
Percentage of waste recycled or reused	68%	63%
Waste intensity ration (Tonnes per £m turnover)	9.11	9.11

1. Scope 3 emissions are restricted to electricity transmissions, distribution and staff travel.

2. Totals do not include recycling figures from our Anglia retail region due to Co-operative Group collecting from this area.

3. Waste not recycled or reused was sent to energy recovery facilities.

* CO₂e (Carbon dioxide equivalent) is a term for describing different greenhouse gases in a common unit. For any quantity and type of greenhouse gas, CO₂e signifies the amount of CO₂ which would have the equivalent global warming impact.



Quantification and reporting methodology


Our reporting is in line with the 2019 HM Government Environmental Reporting Guidelines and the GHG Reporting Protocol – Corporate Standard. We used the 2020 UK Government’s conversion factors, with electricity emissions calculated on ‘market based’ emissions factors.

Measures taken to reduce our environmental impact

Continued investment in energy-efficiency measures has supported further reductions in consumption with electricity reduced by 9% versus 2019 and gas by 12%. Over the year 25 funeral homes and petrol filling stations received a full LED lighting upgrade and old gas heating systems continue to be replaced with 100% renewable electricity powered upgrades. The recent refit of our Boley Park store in Lichfield led to a halving in electricity usage, demonstrating the progress made on designing efficient stores.

Employee travel was significantly down on the previous year as Covid-19 restrictions changed ways of working. The carbon savings from this were more than offset by the increased demand for additional deliveries to our stores early in the year, seeing our overall fleet emissions increase by 2%. Electric vehicles for home deliveries at eight stores has started the process of de-carbonising our fleet, a process that we intend to speed up through 2021 and onwards.

Food waste continues to fall and is now 40% lower than 2017, a huge reduction driven through better ordering and the roll out of our FareShare Midlands food redistribution model that saves 100% of best before products that would usually be wasted, creating over a million meals a year for those most in need.



Colleagues from our Business Support Centre
have adapted to working from home to
support all of our family of businesses

Our Approach to Taxation

Central England Co-operative recognises that taxes are important. The UK Government uses taxation to raise funds to sustain the country's operational infrastructure including the provision of health and welfare services, education, law and order and the safety and defence of the country.

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 tax authorities and claiming reliefs and incentives where available. Each element of the Tax Policy is consistent with the Society's values and in particular, the value of openness and honesty.

Ultimate accountability for the Society's Tax Policy and compliance rests with the Board. In managing the day to day tax affairs of the Society, the Finance Director and finance team have the responsibility for implementation of the Tax Policy. The Audit & Risk Committee receives an annual report on the management of the Society's tax affairs with any major issues arising in the intervening period brought to the Committee's attention. The Tax Policy is reviewed and approved by the Board on an annual basis.

Policy

The Tax Policy commits that the Society:

- takes a responsible and transparent approach to the management of its significant tax issues;
 - will not use contrived or artificial structures to reduce the Society's tax liabilities;
 - will only engage in reasonable tax planning that is aligned with commercial and economic activity and does not lead to an abusive result;
 - where appropriate, take advantage of tax 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 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 tax uncertainty;
 - ensures that HMRC is kept aware of significant transactions and changes in the business and seeks to discuss any tax 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 tax matters and access to independent professional advice when necessary; and
 - will report to its Members, as is practicable, the Tax Policy in order to foster a greater understanding of the Society's tax obligations.
 - will seek to reduce the level of tax 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 tax obligations.
 - will provide appropriate training for colleagues who have responsibility for performing activities that relate to tax processes.

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

Details of the Society's Corporation Tax charge in respect of the financial year ended 23 January 2021 are set out in the following areas of the Financial Statements:

- Income Statement – current year tax charge of £839,000 (2019/20: £197,000)
- Statement of cash flows – corporation tax payments made in the year of £532,000 (2019/20: refund of £439,000) Note 21 to the Financial Statements (page 112)
- Note 9 to the Financial Statements (page 94) – details of the Current tax and Deferred tax charge. The tax charge in the Income Statement is lower than the standard rate of corporation tax of 19%, as was the case in 2020, and the note sets out the difference and an explanation of each item.
- Note 14 to the Financial Statements (page 102) – details of the Deferred Tax Asset.

Measuring our Co-operative Difference

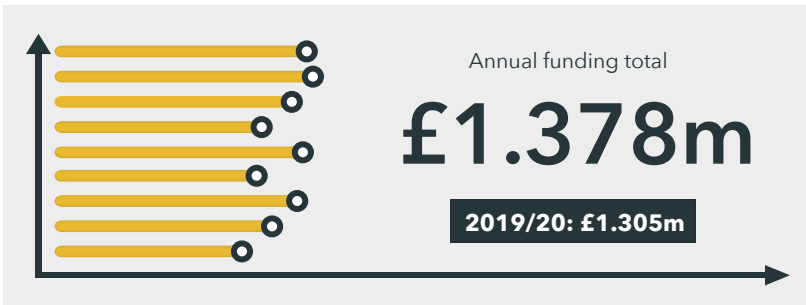
This is a snapshot of the involvement of Members in our Society, our environmental impact and our community and co-op investments – all important elements of being a Co-operative and help showcase our co-op difference.



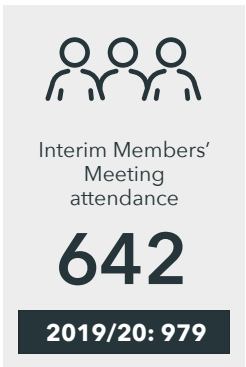
Members shopping with the Society is key to us being able to reward our Members and reinvest in our business and our communities



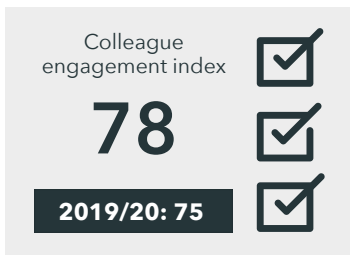
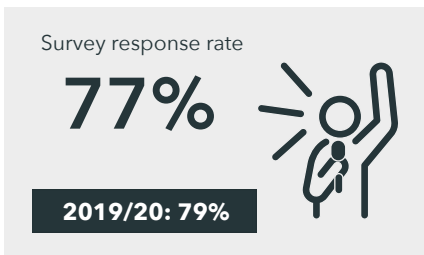
This is then used to fund community and Co-operative affairs ranging from our Community Dividend Fund, supporting other co-ops and raising money for charity



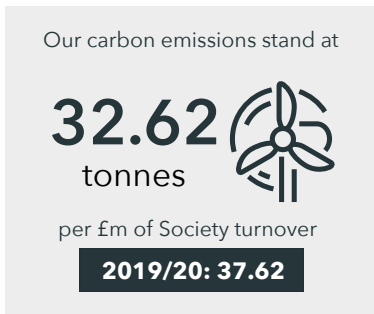
Members taking part in the Society's democracy is a vital part of our values and principles



We work hard to engage with colleagues to ensure they are satisfied via regular surveys



Environmental impact is of major importance to our Members and customers and an area that runs through all of our businesses



Our food bank campaigns have created thousands of meals for people in need

A woman with grey hair, wearing a black jacket, is smiling and holding a large, circular green sign. The sign is decorated with various Christmas-themed illustrations including green trees, white stars, holly leaves with red berries, and a small red cardinal perched on a branch. The text on the sign is in white.

Food Donations

Please donate what you can to help us provide for those in need this Christmas.

Thank you.

Governance Reports and Financial Statements

52 weeks ended 23 January 2021

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OBITUARIES

Derek Rudge

Derek Rudge, Former Director and President of Midlands Co-operative Society, sadly passed away in March 2020, aged 87.

Derek commenced working for the former Birmingham Society in 1948 in the tailoring department and retired in 1993 as the display and advertising manager, after 45 years' service. Derek and his wife, Janet, met at work and on Wednesday half day closing, they enjoyed trips out organised by the co-operative or riding on their tandem. Derek was retired from the Board under the age Rule in April 2003.

Derek spent 25 years as a tour guide and steward at Lichfield cathedral which he very much enjoyed. He volunteered at Calibre, where he helped to produce audio books for the blind and partially sighted. Derek was closely involved with the employees' welfare fund and also was a trustee of the Society's pension scheme.

Madge Eccles

Former Director, Madge Eccles, passed away in January 2021 at the age of 92.

Madge was first elected to the Derby board of the former East Midlands Society in the 1980s as an employee representative before being elected to the Central Board

After retirement from the sports and toys department of the Derby Department Store, Madge returned to the Board as an elected lay member until the age of 70.

Madge was a stalwart of the Co-op Women's Guild and kept the Derby Central branch going until the Guilds folded in 2015 but still tried to hold meetings for friendship's sake. She was also on the local USDAW Committee for many, many years and on the local Labour Party.

Madge always looked immaculate, she took huge pride in her appearance and was a kind, good and perpetually cheerful woman.

CORPORATE GOVERNANCE

Message from the Society President - Jane Avery

I am pleased to introduce our Governance report for the year ended 23 January 2021 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.

This is my first report as President. It is a great honour and privilege to serve as President of the Society. I intend to build on the great work of former President Elaine Dean, and pay tribute to her leadership of the Board during the preceding three years and the unprecedented impact of the Covid-19 pandemic.

I am pleased to report that your Board has ensured the continuance of the highest governance standards while also being proactive in implementing new ways of working to ensure that the Society successfully responded to the challenges and unique operating conditions that have been experienced during the past 12 months.

I would also 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 by the Board.

Democracy

Democratic member control represents one of the key differentiating factors that the Society has from that of its 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 response to the on-going uncertainty caused by Covid-19, the Board took the unprecedented decision to postpone the April 2020 Board elections. The rescheduled Elections were held in October 2020 with five positions on the Board available. The following candidates were elected to serve for terms of office ending in April 2023:

- Elaine Dean
- Dave Ellgood
- Maria Lee
- Bradley Tuckfield (Employee Director)
- Jody Meakin (Employee Director)*

* Jody Meakin was elected for a term of office ending in April 2022, filling the casual vacancy created by the retirement of Dave Ellgood from the employment of the Society at the end of 2019. Dave was successfully elected as a Member Director.

Long-serving Directors Sean Clothier and Paul Singh were unsuccessful in their re-election to the Board. The Board wishes to record its sincere thanks to Sean and Paul for their valued input and contribution to the Society during their tenure.

New Board Directors received a detailed induction process which included:

- An induction pack containing key governance and operational documentation.
- An induction presentation with the Society President and Secretary covering an overview of the Society and its business activities, directors' duties, key governance and legal obligations and on-going strategic considerations.
- Meetings with the Executive and Leadership Teams.
- Regular check-ins with the Society Secretary to raise concerns or seek clarification.
- Identification of training needs.

3,338 (2019: 2,896) Members participated in the 2020 Board election, which represented a 15% increase on the previous year. Given the re-scheduling of the Election and the ongoing impact of Covid-19 on the day-to-day lives of our Members, the increased participation rate is positive. Nevertheless, total participation as a percentage of the Society total eligible voting Membership remains low.

Given the importance that democracy has in establishing the top level of the Society's governance framework, the Board continues to actively review ways in which Member democratic participation, in terms of nominations, voting and attendance at Members' Meetings can be increased to a level commensurate with that of an organisation the size of Central England Co-operative.

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 44.

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 new purpose (see page 19) statement and the Board's rationale statement (see page 44); 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.

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 the 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 England Co-operative.

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

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.
- 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.

Board Governance Activities during the Year

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

1. Ensuring the uninterrupted operation of the Board's governance framework during the restrictions imposed to combat Covid-19, which included:
 - a. Board meetings being held via video conference. Board meeting agendas were revised to take into account the limitations of video conferencing and ensure key strategic and operational matters could be appropriately addressed.
 - b. Holding Board Briefing Sessions two weeks following each Board meeting. The purpose of these sessions was to provide the Board with timely operational updates from across the Society. As matters stabilised, these sessions have been utilised for Board training and in-depth reviews on strategic topics.
 - c. Implementing Powers of Attorney to execute legal documentation for approved property transactions.
2. Finalisation of the Society's Purpose and supporting values, alongside ongoing review and development of the Society's strategy.
3. Receiving the findings of the externally facilitated Board evaluation process.

Items one and two are covered in more detail earlier in the report on pages 7 and 18.

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 December 2019. This is the first period that the Society is reporting against the new Code.

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).

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:

Principle	Explanation
3. Roles and Responsibilities 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.	Appointments are based on skills, knowledge and experience. Rule 88, ' <i>No Director shall be President of the Board for a period exceeding three consecutive years</i> '
4. Board Composition, Succession and Evaluation Provision 10.b. - determining the co-operative's succession plan.	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.

Governance Reports

Director Attendance at Meetings

The table below lists the attendance record of Directors for the year ended 23 January 2021 at meetings of the Board and those Committees (excluding the Conduct Committee due 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)		5(7)	3(3)		
Richard Bickle	11(11)	4(5)	7(7)		2(2)	2(2)
Marc Bicknell	11(11)	5(5)				
John Chillcott	11(11)		1(1)			1(2)
Sean Clothier ¹	8(8)			1(1)		2(2)
Elaine Dean	11(11)		6(6)	3(3)	2(2)	2(2)
Dave Ellgood ²	3(3)					In post at year end
John Howells	11(11)					
Maria Lee	11(11)			1(1)	2(2)	2(2)
Marta Mayhew	11(11)	1(1)				
Jody Meakin ²	3(3)					
Tanya Noon	11(11)			3(3)		
Sue Rushton	11(11)	5(5)				
Paul Singh ¹	8(8)	4(4)				
Bradley Tuckfield ²	3(3)					In post at year end
Rachel Wilkinson	11(11)		7(7)		2(2)	

¹Tenure ended in October 2020

²Elected in October 2020

Report of the Remuneration Committee

Statement from Committee Chair

Introduction

I am pleased to present the Committee's Remuneration Report for the year ended 23 January 2021.

The Committee continuously reviews best practice and corporate governance developments in the external remuneration landscape and takes this into consideration when making decisions relating to executive pay. We seek to adopt best practice reporting requirements set out in the UK Corporate Governance Code.

During 2020/21, the Management Executive led the Society through an unprecedented and unforeseen set of circumstances; remaining committed to the Society's success and demonstrating strong leadership and decision-making during a particularly challenging year.

The Committee was pleased to see the approach taken by the Society to recognise our colleagues for the incredible job they have done during the coronavirus crisis. The Society expressed its appreciation by:

- Implementing the annual pay awards early for 7,200 colleagues. The effective date of the award was brought forward from 1 April 2020 to 8 March 2020. Further detail about the annual pay awards can be found in the 'Colleague Pay' section.
- Investing £1.7m in an additional week's pay for our frontline colleagues, paid in June 2020, demonstrating the Society's commitment to our dedicated key workers who continued to provide vital goods and services to the communities we serve throughout a difficult and uncertain time.
- Paying an additional award of up to £200 in October 2020 for all colleagues to recognise the continued commitment of both frontline and support colleagues. This discretionary award didn't apply to the Management Executive, Society Secretary and Leadership Team.
- Uploading £50 onto frontline and support colleagues' member cards in December 2020.
- Offering all colleagues double discount (20%) in our food stores, which ran from 25 March 2020 to 23 January 2021.

Notwithstanding our strong financial performance, the Committee has taken into consideration the operational challenges that have been faced this year when making decisions relating to remuneration, and remain committed to ensuring that the Management Executive are rewarded in a fair and responsible way, that aligns with the Society's performance during a global pandemic and aligns with its values and principles.

Structure of this report

The Remuneration Report is divided into the following sections:

- The Remuneration Policy section outlines the Remuneration Committee's policy for the Management Executive and the Society Secretary.
- The Implementation Report section sets out how the Policy has been applied during the 2020/21 financial year.
- The Board Director Fees section provides details on the fees, expenses and benefits for the Society's Board of Directors.

Summary of Executive remuneration in 2020/21

Pay

The Committee agreed to apply a 2.5% increase to the salary of the Chief Executive, Debbie Robinson, with effect from 26 January 2020. This reflected the annual increase that was applied to all other management colleagues as part of the 2019 annual wage settlement.

The salaries of the Chief Operating Officer (COO) and Chief Financial Officer (CFO) were reviewed on 29 September 2019 on appointment into role. The salary of the Society Secretary was reviewed on 9 December 2019 as part of an external benchmarking exercise with the Society's independent advisor. These increases took into account the 26 January 2020 uplift.

Annual Incentive & Long-Term Incentive Schemes

The Committee has taken into consideration both the additional government support the Society received in relation to the Coronavirus crisis, alongside the additional expenditure that the Society has invested as a result of the pandemic (such as the measures implemented to protect our colleagues and the aforementioned additional reward). The Committee has taken a balanced view of these measures, alongside consideration of the performance of the Management Executive and Society Secretary during the year and can confirm that all government support has been removed before calculating bonus payments. Payments are due to be paid to participants under both the Annual and Long-Term Incentive (LTI) elements of the Management Executive Scheme, totalling 39.65%.

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.

Earlier in this statement, the additional remuneration our colleagues received last year was outlined, including the early implementation of the annual pay awards for the majority of our colleagues. 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 £8.45 to £8.90 (5.3%).
- The hourly rate of pay for Team Leaders employed in food stores increased from £9.45 to £10.15 (7.4%).
- For colleagues employed in other roles, pay increased by 2.5%, subject to a minimum rate of pay of £8.85 per hour.

Gender pay

As a co-operative, equity and equality are part of our core values. The Society has again published its Gender Pay report ahead of the statutory deadline and produced its best set of results since reporting began. Key highlights include:

- The Society has seen a 3.77% improvement in the mean average pay gap in comparison to our 2019 figure.
- The Society's median average pay gap has seen a significant improvement of 7.36% compared to the previous year.
- The Society's average bonus gap has improved by 2.66% compared to the previous year.

The positive movements in the pay gap reflect the Society's continued investment in increasing pay for our lowest paid colleagues and has been predominantly driven by the increase in pay across the Society's frontline customer service colleagues, as referenced previously. The combined CSA and Team Leader populations in Food Retail account for 75% of the Society's colleagues. Female colleagues account for 70% of this group, meaning that a far higher proportion of female colleagues have received an increase.

The Society believes in a fair approach to pay for all colleagues and is confident that men and women are paid equally for the same roles across the Society. This commitment is supported by robust pay structures. The Society recognises that improving gender equality requires sustained focus over the long-term to embed initiatives; this is something to which the Society is committed.

The full report can be found here - <https://www.centralengland.coop/your-co-op/gender-pay-gap-report>

Changes to the Management Executive

Tracey Orr and Louise McFadzean have signalled their intention to retire and will be leaving the Society within the 2021/22 financial year. A new Management Executive will be appointed and detailed in next year's report.

Changes to the Remuneration Committee

Following the Board elections in 2020/21, there have been changes to the Committee members. Details of the changes can be found on Page 46.

Committee Advisor

Willis Towers Watson were appointed by the Committee in 2019, following a competitive tender process, to provide independent advice to the Committee. 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' Meetings.

Rachel Wilkinson
Chair of the Remuneration Committee

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 which 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 deliberately pitched below 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	
Purpose and link to strategy	To pay a fair salary commensurate with an individual's role.
Summary and operation	<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>
Maximum opportunity	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	
Purpose and link to strategy	To motivate and incentivise achievement of agreed performance measures.
Summary and operation	<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>
Maximum opportunity	<p>The amount payable under the scheme is the same for all members of the Management Executive and is dependent on the financial performance of the Society as follows:</p> <ul style="list-style-type: none"> • Threshold (achieve 95% of budgeted trading profit): 6.25% of base salary* • On Target (achieve 100% of budgeted trading profit**): 12.5% of base salary** • Stretch (achieve 105% of budgeted trading profit**): 25% of base salary* <p>* Base salary is defined as the rate of annual base salary as at the last day of the relevant financial year.</p> <p>** These thresholds need to be met after deducting the cost of the Management Executive Incentive Scheme incentive payments in each case.</p>

Long-term Incentive	
Purpose and link to strategy	To align the Management Executive interests with the long-term strategic goals of the Society.
Summary and operation	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>Performance measures are set at the start of each three-year award cycle and have historically comprised: Trading Profit (70% weighting); Customer Service (10% weighting); Colleague Engagement (10% weighting) and Corporate Responsibility (10% weighting)</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>For awards made in 2020, performance measures were EBITDA (70%), Colleague Engagement (10%) Membership (10%) and Sustainability (10%) metrics.</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>
Maximum opportunity	<p>The percentage payable under the scheme is the same for all members of the Management Executive and is dependent on the achievement of performance measures as follows:</p> <ul style="list-style-type: none"> • Threshold (achieve 90% of performance measures**): 6.25% of base salary* • On Target (achieve 100% of performance measures**): 12.5% of base salary* • Outstanding (achieve 110% of performance measures**): 25% of base salary* <p><i>* 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)</i></p> <p><i>**These thresholds need to be met after deducting the cost of the Management Executive Incentive Scheme incentive payments in each case</i></p>

Pensions	
Purpose and link to strategy	To provide the same level of pension benefits to all other colleagues in the Society.
Summary and operation	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.
Maximum opportunity	<p>The following options are available:</p> <ul style="list-style-type: none"> • Defined Contribution employer pension % determined by date of employment. • Cash alternative.

Benefits	
Purpose and link to strategy	To offer a competitive benefits package that is flexible and offers choice to colleagues.
Summary and operation	<p>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.</p> <p>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.</p>
Maximum opportunity	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.

The Committee agreed an arrangement in respect of the 2018 LTI grant which vested in January 2021. The measures for two of the three non-financial metrics (in relation to Customer Satisfaction and Corporate Responsibility) were no longer available and the Committee, taking account of Society performance during the global crisis, recommended that both these metrics were paid out in full.

In February 2020, the Board approved the Committee's recommendation that two new performance metrics are introduced in respect of the 2020 LTI grant: Membership Participation (10%) and Carbon Reduction (10%), with EBITDA (70%) replacing Trading Profit as the financial metric. The 'Bee Heard' annual survey continues as the Society's measure of Colleague Engagement (10%).

Changes to Remuneration Policy

With the exception of the change to two of the performance metrics for the 2021/22 LTI grant from Customer Satisfaction and Corporate Responsibility to Membership Participation and Carbon Reduction, there were no changes made to the Remuneration Policy in 2020/21.

CEO Pay Ratio

Overview

Central England 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 salary¹ and total pay² amounts for the CEO with colleagues³ at the lower quartile (25th percentile)⁴, median (50th percentile)⁵ and the upper quartile (75th percentile)⁶.

Set out below is the Society's CEO pay ratio at the statistical points highlighted above, alongside the average (for information only).

	CEO pay ⁷	P25 (lower quartile)	P50 (median)	P75 (upper quartile)	Average
Base Salary	£492,000	£18,049	£18,049	£20,321	£20,490
Total pay	£713,812	£18,337	£18,926	£21,130	£21,617
Total Pay Ratio		39:1	38:1	34:1	33:1

In 2020, the average CEO pay ratio was 33:1 which compares with 26:1 in 2019. The increase in the pay ratio is due to the CEO's participation in the Annual Incentive Scheme and Long Term Incentive Plan in 2020/21. The gap would have been more significant had the Society not continued to invest in colleague pay over the year, including the additional colleague reward in response to the pandemic. The salary ratio has remained static from 2019 at 24:1, owing to the Society's investment in colleague base pay. This compares with a median CEO pay ratio of 78:1 for listed retailers.

New Executive Appointments

The remuneration package for new members of the Management Executive will include the same elements and be subject to the same constraints as those of existing members, with the exception of notice period, which for new members of the Management Executive will move from 12 months to 6 months' notice. Salaries will be set to reflect the individual's role, responsibilities and experience while taking into account the market rate and internal relativities.

Loss of Office

The employment agreements for the Society Secretary and Chief Executive are terminable on 12 months' notice by the Society. Future appointments to the Management Executive will be terminable on 6 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 Society Secretary and Chief Executive are entitled to 12 months' notice as described above. Future appointments to the Management Executive will be entitled to 6 months' notice.

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

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
- 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 2020/21

This section of the report explains how the Remuneration Committee has applied its Remuneration Policy during the Society's 2020/21 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 2020/21.

¹ 'Base salary' excludes pension contributions and benefits.

² 'Total pay' is annual salary plus any incentive payments, pension contributions and benefits.

³ Includes all colleagues employed by the Society as at 31st December 2020 and reflects the full-time equivalent salary

⁴ 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.

⁵ The '50th percentile' is the same statistical measure as above but ½ of the way along.

⁶ The '75th percentile' is the same statistical measure as above but ¾ of the way along.

⁷ Reflects the value of the CEO's current annual remuneration arrangements

Management Executive Total Earnings

	Year	Basic salary ¹ £	Taxable Benefits ² £	Annual Incentive ³ £	Vested LTIP ⁴ £	Pension Benefits ⁵ £	Total £	Total Fixed Remuneration £	Total Variable Remuneration £
Deborah Robinson <i>Chief Executive</i>	2020/21	492,000	15,497	123,000	70,320	12,995	713,812	520,492	193,320
	2019/20	436,480	12,964	72,020	0	11,507	532,971	460,951	72,020
Tracey Orr <i>Chief Operating Officer</i>	2020/21	300,000	20,944	75,000	31,835	26,364	454,143	347,308	106,835
	2019/20	253,920	23,159	41,897	10,179	22,313	351,468	299,392	52,076
Louise McFadzean <i>Chief Financial Officer</i>	2020/21	210,354	12,757	52,589	21,705	19,835	317,240	242,946	74,294
	2019/20	121,450	9,401	20,039	5,535	11,890	168,315	142,741	25,574
James Watts <i>Society Secretary</i>	2020/21	160,000	11,023	40,000	19,521	15,590	246,134	186,613	59,521
	2019/20	143,130	10,986	23,616	6,563	14,147	198,442	168,263	30,179
Martyn Cheatle <i>Former Chief Executive</i>	2020/21	0	0	0	0	0	0	0	0
	2019/20	163,071	5,669	0	0	16,307	185,047	185,047	0
Matt Birch <i>Former Trading Executive</i>	2020/21	0	0	0	0	0	0	0	0
	2019/20	73,137	3,965	0	0	5,851	82,953	82,953	0
David Grady <i>Former Corporate Services Executive</i>	2020/21	0	0	0	0	0	0	0	0
	2019/20	90,348	4,887	0	0	7,228	102,463	102,463	0

¹ Basic salary incorporates any pay increases throughout the financial year and therefore shows the amount earned as salary during the financial year.

² Taxable Benefits include the provision of a car or a cash alternative, fuel and private healthcare.

³ The annual incentive payment relates to cash payments due to be paid in 2021 under the 2020/21 scheme of 25% and does not include any payments received relating to previous financial years. An annual incentive payment of 16.50% was paid in 2020 in relation to the performance of the relevant metrics for the 2019/20 financial year.

⁴ LTIP award relates to cash payments of 14.65% due to be paid in 2021 in relation to the performance of the relevant metrics over the three years ended in January 2021. An LTIP payment of 5.26% was paid in 2020 in relation to the performance of the relevant metrics over the three years ended in January 2020.

⁵ 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.

Loss of Office Payment

No compensation for loss of office was paid to any member of the Executive during the year.

No other payments were made to former members of the Executive during the year.

Executive External Directorships

Executive	Role	Company	Date of Appointment
Debbie Robinson Chief Executive	Director ¹	British Retail Consortium	May 2017
	Director and Chair ¹	Association of Convenience Stores Limited	September 2011
	Director ¹	Cult Status Limited	May 2018
	Director ¹	Federal Retail and Trading Services Limited	April 2019
Louise McFadzean Chief Financial Officer	Independent Non-Executive Director Finance ²	Triathlon England	August 2017

¹ Debbie Robinson receives no remuneration in respect of these appointments

² Louise McFadzean receives no remuneration in respect of this appointment

Governance Reports

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. Directors' fees, including the adoption of a new committee fee structure was approved by members at the October 2020 Interim Members' Meeting.

Board/Committee	Role	Fees 2020/21	Fees 2019/20
Board	President	£16,968	£16,554
	Vice-President	£12,725	£12,415
	Director	£8,484	£8,277
Audit & Risk Committee	Committee member	£600	£827
	Chair	£720	N/A
Remuneration Committee	Committee member	£600	£346
	Chair	£720	N/A
Rules & Practices Committee	Committee member	£600	£408
	Chair	£720	N/A
Search Committee	Committee member	£600	£408
	Chair	£720	N/A
Conduct Committee	Committee member	£200	£136
	Chair	£240	N/A
Community Dividend Selection Committee	Committee member	£400	£127
Membership & Community Strategy Committee	Committee member	£400	£20.91 per meeting
Other working groups	Committee member	£21.43	£20.91 per meeting

Expenses

Directors are reimbursed all reasonable expenses incurred while carrying out their duties for the Society. In addition, delegation fees (of £37.51 for up to five hours or £75 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	
	2020/21	2019/20
Jane Avery (President) ¹	£15,337	£13,427
Elaine Dean (Vice President) ²	£18,283	£17,709
Richard Bickle	£10,681	£9,446
Marc Bicknell	£9,237	£2,976
John Chillcott	£9,312	£8,401
Sean Clothier ⁴	£8,011	£8,667
David Ellgood ³	£2,074	£7,993
John Howells	£8,538	£5,921
Maria Lee	£9,644	£8,823
Marta Mayhew	£8,567	£8,274
Jody Meakin ³	£2,062	£0
Tanya Noon	£9,475	£8,817
Sue Rushton	£9,142	£9,100
Paul Singh ⁴	£7,119	£9,236
Brad Tuckfield ³	£2,074	£0
Rachel Wilkinson	£10,053	£9,163

¹ Stood down as Vice President and was elected as Society President on 18 November 2020, ² Stood down as President and was elected as Vice President on 18 November 2020, ³ Elected 30 October 2020, ⁴ Appointment ended 30 October 2020.

Other Payments

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.

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 Elected Independent Society Member Director	RamsTrust The Co-operative Group National Members' Council (from Co-operative Press Ltd) Co-operative Press
Jane Avery	Director and Employee Elected Independent Society Member Director Director	CASE Limited The Co-operative Group National Members' Council Leicester Rape Crisis Leicester Vaughan College Ltd
John Chillcott	Non-Exec Director Interim Chief Executive Director	SEEE (Social Enterprise East of England) The Co-operative College Parity Finance
Marc Bicknell	Director	Railway Enginemmen's Assurance Society Limited
Maria Lee	Elected Independent Society Member	The Co-operative Group National Members' Council
Rachel Wilkinson	Director and employee Director Company Secretary Company Secretary Company Secretary Company Secretary Company Secretary Company Secretary	R W Legal Limited Catalyst Science Discovery Centre and Museum Trust Ltd (registered charity) The Landing at Mediacity UK Limited Cheshire Shutters Limited Intoafrica UK Limited Derive (Salford) Limited Grand National Archery Society
Richard Bickle	Director Director Director and Secretary Secretary	Revolver Co-operative Limited Birmingham Co-operative Film Society Limited Friends of the Earth (Birmingham) Limited Co-operative Press Limited
Tanya Noon	Non-Exec Director Director Director Elected Member	Co-operatives UK Rams Trust Revolver Co-operative Limited The Co-operative Group National Members' Council and member of The Senate (as an individual member of The Co-operative Group)

Audit & Risk Committee Report

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 23 January 2021.

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, Vice-President and Employee directors are precluded from serving on the Committee.

The Directors who served on Committee during the year and a record of their attendance at meetings can be found on page 46.

Audit & Risk Committee meetings were also attended by:

- Chief Financial Officer
- Society Secretary
- Finance Director (formerly Head of Finance)
- Finance Controller, Statutory, Treasury & Taxation
- Head of Risk and Compliance
- Internal Audit Manager
- Representatives from the Society's Auditor
- Attendance by Society management, from time to time and as required.

Governance Reports

Committee Activity in 2020

Meeting	
March	Review of the draft Annual Report and Financial Statements for the year ended 25 January 2020 and ancillary documentation. The Society's Treasury and Taxation reports. Received reports relating to Risk Management, Compliance matters and Internal Audit.
April	Finalisation of the Annual Report & Financial Statements for 52 weeks ended 25 January 2020, including Covid-19 Addendum
June	Received reports relating to Risk Management, Compliance matters and Internal Audit.
September	Review of the Society's financial information for the 28 weeks ended 8 August 2020. Received reports relating to Risk Management, Compliance matters and Internal Audit. Review of external audit fees and 2021 Audit Strategy Memorandum.
December	Financial Statements January 2021 and Related Matters, including the Fair Tax mark. Received reports relating to Risk Management, Compliance matters and Internal Audit.

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 Internal Audit Manager in private session without the presence of management.

A key area of focus of the Committee during the year has been the oversight of the Society's response to the Covid-19 pandemic and the associated risks arising from the crisis. This included oversight of the Society's Covid-19 Risk Register which had been created to monitor and manage the specific risks involved across all areas of the business.

The Committee has also considered the risks, controls and oversight of the Society's significant change programme in the context of the long term strategic development of the business.

Search Committee

Jane Avery

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 or Vice 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 46.

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

Committee Activity in 2020

Meeting	
September	Received the Final Report of the External Board Evaluation. Review of Board Performance and Training Programme. Review of Independent Non-Executive Director (INED) re-appointments. Review of Covid-19 impact on the Society's constitutional cycle.
November	Review of Covid-19 impact on the Society's constitutional cycle. Board Committee appointments. Actions arising from 2020 Board Evaluation exercise.

Governance Reports

Rules & Practices Committee

Elaine Dean

Chair of the Rules & Practices Committee

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

The Rules & Practices 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, one of whom should be an independent non-executive director, 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).

The Directors who served on the Committee during the year and a record of their attendance at meetings can be found on page 46.

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

Committee Activity in 2020

Meeting	
January	Review the Society's compliance with the Co-operative UK's Corporate Governance Code for Consumer Co-operative Societies for the financial year ended 25 January 2020. Received a report on the new Corporate Governance Code for consumer co-operatives.
July	Covid-19 impact on annual Board Election cycle.

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 (stood down Nov 2020)

Richard Bickle

Marc Bicknell

Elaine Dean

Paul Singh (stood down Oct 2020)

Rachel Wilkinson

The Committee met once during the year, in October 2020, 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.

Membership & Community Strategy Committee

Elaine Dean

Chair 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.

The Directors who served on the Committee during the year and a record of their attendance at meetings can be found on page 46.

Membership & Community Strategy Committee meetings were also attended by:

Chief Executive
Society Secretary
Member and Community Relations Officers
Marketing Lead - Local
MCC representatives

Committee Activity in 2020

Meeting	
January	Review of Membership strategy
	Receiving an update on the MCCs planning meetings.
	Review of the Committee's Terms of Reference.
October	Membership & Community Strategy - Review of Activity Plan.
	Membership & Community Budget 2021/22.

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
Northern	Derbyshire Nottinghamshire	Elaine Dean
Southern	Leicester/Leicestershire East/South Leicestershire Northamptonshire North Warwickshire	Jane Avery and Marta Mayhew (with Maria Lee as an alternate)
Eastern	Peterborough, The Fens Norfolk Suffolk Cambridgeshire and surrounding counties	John Chillcott and Bradley Tuckfield
Western	Birmingham West Midlands and surrounding counties Staffordshire	Richard Bickle, David Ellgood and Jody Meakin
Yorkshire	West and South Yorkshire	Elaine Dean

Four Directors serve on the Society's Community Dividend Selection Committee. The Committee meets quarterly to review grant applications. The Directors who served on the Community Dividend Selection Committee during the year were:

- Jane Avery
- John Chillcott (stood down October 2020)
- John Howells
- Jody Meakin
- Sue Rushton

The Committee is also attended by the Assistant Society Secretary and 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's National Members' Council	Elected Independent Society Member	Maria Lee Jane Avery
Co-operatives UK	Director	Tanya Noon
Co-operative Press	Secretary	Richard Bickle
Co-operative Press	Director	Elaine Dean

Risk

The Society operates a risk management process which identifies the key risks facing each part of the business and these are documented in the Society's Corporate Risk Register. The Risk Register is formally reviewed by the Head of Risk and 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 Health & Safety management, General Data Protection Regulations (GDPR) and Loss Prevention, and works closely with the Internal Audit function in order 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 26 January 2020 and ending on 23 January 2021 has been reviewed in line with the criteria set out in Co-operative Corporate Governance Code.

Principal Risks and Uncertainties

The Society's risk management process is closely linked to the Society's long-term strategy. Risk is an inherent part of doing business. The management of these risks is based on a balance of risk and reward determined through careful assessment of both the potential likelihood and impact. Consideration is given to both financial as well as reputational impact. Each principal risk and uncertainty is considered in the context of how it relates to the achievement of the Society's strategic objectives.

The risk assessment process includes consideration of both the gross and net risk, where gross risk reflects the risk exposure and risk landscape before considering the mitigations in place, and net risk being the residual risk after mitigations.

Principal Risks and Uncertainties

Principle Risk	Potential Impact	Mitigation
Business Continuity	The Society's systems, people and distribution facilities are fundamental to the continuity of the business. A major incident could have a serious impact on the Society's ability to trade.	<p>The Society has detailed Business Continuity and Disaster Recovery plans in place. These plans cover buildings, systems, colleagues and suppliers.</p> <p>Business critical roles and Incident Management Response Teams who have the authority to make decisions in the event of a potentially disruptive incident have been identified and documented in the plans.</p>
Business Strategy and Change	<p>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.</p> <p>An ineffective change programme to manage, prioritise and deliver projects associated with the Society's long-term strategy and vision could have a negative financial impact on the Society.</p>	<p>The Executive Team meets biannually with the Board to review, monitor and where necessary, update the Society's strategy. Progress in delivering strategy is reviewed as part of the Society's normal governance structures with updates provided to the Board.</p> <p>Significant change projects are managed through and reported using formal project management methodologies with oversight from a monthly Strategic Change Committee.</p>
Co-operative Principles	The Society has an underlying purpose beyond profit. If the Society was to operate or behave in a manner inconsistent to its core values and principles the Society's reputation would be impacted negatively.	<p>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.</p> <p>Evidence of the Society's purpose beyond profit can be seen in its Membership & Community activities and events, Community Dividend Awards and support for other co-operatives alongside ongoing work in areas such as:</p> <ul style="list-style-type: none"> • Corporate Responsibility • Mental Health and Well-being • Colleague Safety • Diversity and Inclusion

Principle Risk	Potential Impact	Mitigation
Colleague Engagement, Capability and Succession	<p>The Society employs over 7,800 colleagues who are pivotal to its future success.</p> <p>Attracting the best people, recognising diversity and investing in colleague learning and development are essential to the sustainability and future success of the Society's operations.</p>	<p>The Society reviews its policies, remuneration and benefits packages to ensure it remains competitive with other organisations. A recruitment transformation project will ensure the Society showcases its brand and will improve the candidate journey and enable the Society to expand external talent pools.</p> <p>A number of methods are adopted to maintain and monitor engagement with our colleagues:</p> <ul style="list-style-type: none"> • Annual and periodic colleague surveys and regular two-way communication • Let's Talk - regular colleague conversations focusing on performance, development and talent • Regular communications with trade unions • Regular communication of business activities and performance using a variety of media <p>Talent planning is formalised within the business with substantial investment in learning and development to ensure the Society has succession plans across all areas of the business. Workforce Planning is also conducted to enable the Society to plan and meet future skill and capability requirements.</p>
Data	<p>The Society is increasingly reliant on technology. As technology usage in the business increases so does the risk of data breaches and cyber crime. The design of and effective operation of controls in respect of data is critical to protecting the security of member, colleague, supplier and company confidential data.</p>	<p>The Society's Information Governance Committee is responsible for monitoring the Society's performance in this area. It reviews:</p> <ul style="list-style-type: none"> • Data management policies and practices • Colleague awareness and training • Data breaches and prevention controls <p>Appropriate information security policies and standards are in place which focus on encryption, network security, access controls, system security, data protection and information handling.</p>
Finance and Treasury	<p>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>	<p>The Society maintains a rolling weekly 18-month cash flow forecast to manage this risk. This forecast is informed by the annual budget and quarterly reforecast processes together with a rolling capital expenditure forecast. The Society annually conducts a Four Year Financial Plan process which allows it to confirm that its medium-term cash requirements are consistent with its committed bank funding. Covenant compliance is reviewed each quarter and reported to the Board.</p>

Principle Risk	Potential Impact	Mitigation
Health and Safety	The prevention of injury or illness to colleagues, members, customers and the general 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. During 2020, this included significant additional measures associated with the Covid-19 pandemic. Health and safety matters are discussed on a quarterly basis with the Health and Safety Advisory Committee where mitigation is agreed.</p> <p>The Society's internal Health & Safety Advisors and Loss Prevention Team's work pro-actively 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.</p> <p>External vendors provide specialist training and support where the experience does not exist within the Society and the Society's Compliance Auditors review the effective application of policies and procedures.</p>
Pensions	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.	The Society works closely with its advisors and the Pension Scheme Corporate Trustee to ensure that the deficit recovery plans are both affordable to the Society and offer sufficient funding to the Pension Scheme.
Regulation / Legislation	Failure to comply with relevant legislation could damage the Society's reputation as well as resulting in significant financial penalties.	<p>Assurance over key regulatory and legislative matters is in place across the business as part of the Society's risk and compliance framework. Updates on positive assurance is provided to the Audit & Risk Committee on a quarterly basis.</p> <p>External as well as internal expertise is utilised to 'horizon scan' and provide insight to the Society regarding any future legislative changes.</p>
Trading	<p>The Society operates in the very competitive food and funeral sectors. In the food sector, the Covid-19 pandemic has had a significant impact on the buying behaviour of shoppers.</p> <p>In the funeral sector, the impact of forthcoming regulation under the CMA and FCA will drive significant change.</p> <p>Both markets are also subject to employment cost pressure (National Living Wage, Apprenticeship Levy and pension auto enrolment) the costs of which are difficult to pass on to the consumer.</p> <p>The Society's membership and community activities may not provide a sufficient point of difference to attract customers to our stores.</p>	<p>The Society actively monitors and manages its commercial activities. Performance and external market conditions are monitored weekly.</p> <p>Internal structures and processes are continually reviewed to ensure they offer optimal levels of service and cost.</p> <p>Project management arrangements are in place to review and manage the delivery of regulation in the Funeral sector.</p>

Other Corporate Matters

Political Subscriptions and Donations

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

At the Society's Interim Members' Meeting(s) held in October 2019, 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 next three financial years, ending January 2021, January 2022 and January 2023.

During the course of the year, Central England Co-operative'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 23 January 2021 (Note 8 to the accounts) reports that £104,000 (2019/20: £104,000) 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. 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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.



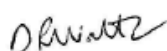
Jane Avery,
Society President



Debbie Robinson,
Chief Executive



Elaine Dean,
Vice President



James Watts,
Society Secretary

25 March 2021

Independent auditors' report to the members of Central England Co-operative Limited

Report on the audit of the financial statements

Opinion

In our opinion, Central England Co-operative Limited's group financial statements ("financial statements"):

- give a true and fair view of the state of the group's affairs as at 23 January 2021 and of its income and expenditure and cash flows for the 52 weeks ("period") then ended;
- have been properly prepared 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); 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.

We have audited the financial statements, included within the Group Annual Report and Financial Statements for the 52 weeks ended 23 January 2021 (the "Annual Report"), which comprise: the Group Statement of Financial Position as at 23 January 2021, the Group Income Statement, the Group Statement of Comprehensive Income, the Group Statement of Changes in Equity and the Group Statement of Cash Flows for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 the date on which the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' 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 an audit opinion or any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 72, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the group, we identified that the principal risks of non-compliance with laws and regulations related to employment regulation, health and safety legislation and the UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Co-operative and Community Benefit Societies Act 2014 and the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries and management bias in accounting estimates. Audit procedures performed included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations, and fraud.
- Challenging assumptions and judgements made by management in their significant accounting estimates and judgements.
- Testing of journals posted to revenue and cash that have unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the society's members as a body in accordance with Section 98(7) of the Co-operative and Community Benefit Societies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

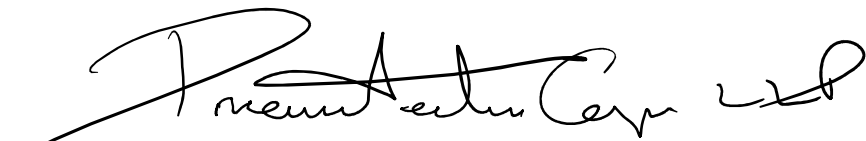
Other required reporting

Co-operative and Community Benefit Societies Act 2014 exception reporting

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

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.

A large, stylized handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers LLP'.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
29 March 2021

CENTRAL ENGLAND CO-OPERATIVE LIMITED ACCOUNTING POLICIES FOR THE 52 WEEKS ENDED 23 JANUARY 2021

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, Hermes Road, Lichfield, Staffordshire WS13 6RH.

2. Basis of preparation

Statement of compliance

These consolidated Group financial statements for the 52 weeks ended 23 January 2021 (2020: 52 weeks ended 25 January 2020) 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'.

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 financial statements incorporate the audited financial statements of Central England Co-operative Limited and all of its subsidiary undertakings. The results of transfer of engagements and subsidiary undertakings are included in the Group financial statements 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 Financial statements and are filed separately.

Investment in subsidiaries

The consolidated financial statements incorporates the financial statements 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 financial statements have 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 consists of a revolving credit facility of £40.0m and a bank overdraft of £10.0m which is reviewed on an annual basis. There are two financial covenants attached to the revolving credit facility which are tested on a quarterly basis, neither of which are expected to be breached in the twelve months from the date of signing these financial statements. 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 four 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 four year period.

The Directors have also reviewed the forecasts for the current and upcoming financial period, including specific consideration of the impact of Covid-19 pandemic at the time of approval of these financial statements. A range of downside scenarios have been considered including a combination of risks, and the Directors have concluded that, under these scenarios, 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 financial statements as a going concern.

Information on the outbreak of Covid-19 is included within the Annual Report on page 10.

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 and estimates that have a significant impact in the financial statements, apart from those involving estimates are discussed below:

Application of accounting policies

The Group has not identified any critical judgements in the application of accounting policies. Further details of accounting policies applied is detailed within the Principal accounting policies section.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements 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. 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 this year has considered a central overhead allocation in line with prior year, the impact of Government support received by the Society in the year on EBITDA, and the budgeted profitability of each site for next year (2021/22).

In the 52 weeks ended 23 January 2021, an impairment of £3.9m (2020: £0.6m) has been recognised in relation to tangible fixed assets and goodwill.

Pension Costs

The Group operates a defined benefit scheme for some of its employees. 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. As detailed in note 18, 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 RICS Valuation - Professional Standards January 2014 (the "Red Book") prepared by the Royal Institution of Chartered Surveyors (the "RICS"), using appropriate level of 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 23 January 2021 is £126.3m (2020: £130.6m).

Deferred tax asset

The deferred tax asset includes an amount of £1.6m (2020: £3.1m) which relates to carried forward tax losses. The losses have arisen due to significant tax deductions arising from the asset backed pension funding arrangements that have been put in place to fund the Group's pension deficit. No further deductions on the current asset backed pension funding arrangement will arise in future years. The Group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the Group. The Group expects to generate taxable income in future years. The losses can be carried forward indefinitely and have no expiry date.

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 travel agents, foreign exchange bureau, concessions in supermarkets and certain petrol stations.

Gross sales is a non-GAAP measure i.e. does not follow the criteria for Revenue Recognition under FRS102. However, this is a voluntary memorandum disclosed in order to provide additional information to the reader of the Financial Statements. A gross sale is recognised when the holiday is booked rather than when it is taken.

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.

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.

Growth in the fair value of the funeral plan assets invested is recognised within Other Income on redemption of pre-arranged funeral plans.

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.

Travel Commissions

The Travel business was transferred to Midcounties Co-operative on 7th August 2020. Prior to this date Travel commissions were recognised at the point of sale, with negative commission during the current year due to refunds and provisions for cancellations. Cancellations since the transfer date are the liability of Midcounties Co-operative.

Rental Income

Rental income is generated from the Group's investment property portfolio, with receivables being 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.

Employee benefits

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

Management Executive Incentive Scheme ("MEIS")

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.

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 between 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 RICS Valuation - Professional Standards January 2014 (the "Red Book") prepared by the Royal Institution of Chartered Surveyors (the "RICS").

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

Petrol station decommissioning costs: 2% 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 to 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 balance 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.

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

Investments

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

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.

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 profit or loss.

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 and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Financial Statements

Financial liabilities

Basic financial liabilities, including creditors and 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 amount 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 profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement. As at the balance sheet date the Society has not applied hedge accounting.

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.

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.

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

Amounts received in advance for funeral plans are recorded at fair value as assets and liabilities on the statement of financial position. The liability is apportioned into less than and more than one year based upon the Society's experience of funerals carried out under its pre-payment plans over the last five years.

All money received for funeral plans taken out is paid into a contract for whole life insurance on the life of the customer for the purpose of providing the funeral and disclosed within investments at market value. This investment strategy complies with the provisions of the Financial Services 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 risk free rate.

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.

Other provision

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 revenue account based on the interest on pension assets less the interest on pension scheme liabilities.

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

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.

CENTRAL ENGLAND CO-OPERATIVE LIMITED GROUP INCOME STATEMENT FOR THE 52 WEEKS ENDED 23 JANUARY 2021

Discontinuing operations relates to the travel business which was sold in August 2020. Continuing operations includes the Society's different business activities, in this case retail, wholesale, funeral and property.

	Note	2021 52 weeks			2020 52 weeks		
		Continuing Operations £'000	Discontinued Operations £'000	Total £'000	Continuing Operations £'000	Discontinued Operations £'000	Total £'000
GROSS SALES (including VAT)		963,367	(924)	962,443	937,833	49,234	987,067
Less Value Added Tax		(94,385)	-	(94,385)	(94,052)	-	(94,052)
GROSS SALES (excluding VAT)	1	868,982	(924)	868,058	843,781	49,234	893,015
TURNOVER	1	868,014	(212)	867,802	839,663	3,367	843,030
Cost of sales		(613,278)	-	(613,278)	(600,238)	23	(600,215)
GROSS PROFIT		254,736	(212)	254,524	239,425	3,390	242,815
Administrative expenses		(231,181)	(1,395)	(232,576)	(224,800)	(3,234)	(228,034)
Other income	2	5,821	204	6,025	2,764	-	2,764
Trading profit		29,376	(1,403)	27,973	17,389	156	17,545
Profit/(Loss) on disposal of fixed assets and businesses		5,676	(1,080)	4,596	(436)	-	(436)
Impairment of fixed assets		(3,906)	-	(3,906)	(574)	-	(574)
(Loss) on revaluation of investment properties	11	(8,356)	-	(8,356)	(1,185)	-	(1,185)
Exceptional items	5	817	-	817	115	-	115
OPERATING PROFIT	3	23,607	(2,483)	21,124	15,309	156	15,465
Profit/(Loss) on financial assets at fair value	25	58	-	58	(67)	-	(67)
Interest and dividends receivable	6	464	-	464	109	-	109
Other finance cost	18	(3,720)	-	(3,720)	(4,073)	-	(4,073)
Interest payable	7	(4,249)	-	(4,249)	(4,584)	-	(4,584)
PROFIT BEFORE TAX AND PAYMENTS TO AND ON BEHALF OF STAKEHOLDERS		16,160	(2,483)	13,677	6,694	156	6,850
Payments to and on behalf of stakeholders	8	(3,134)	-	(3,134)	(3,215)	-	(3,215)
Taxation	9	(839)	-	(839)	(197)	-	(197)
RETAINED PROFIT FOR THE FINANCIAL PERIOD		12,187	(2,483)	9,704	3,282	156	3,438

**CENTRAL ENGLAND CO-OPERATIVE LIMITED
GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE 52 WEEKS ENDED 23 JANUARY 2021**

	Note	2021 52 weeks £'000	2020 52 weeks £'000
Retained profit for the period		9,704	3,438
Actuarial gains/(losses) on pension scheme	18	6,531	(31,805)
Movement on deferred tax		493	5,174
Total comprehensive Income/(loss) for the period		<u>16,728</u>	<u>(23,193)</u>

CENTRAL ENGLAND CO-OPERATIVE LIMITED
GROUP STATEMENT OF FINANCIAL POSITION
AS AT 23 JANUARY 2021

	Note	23 January 2021 £'000	25 January 2020 £'000
FIXED ASSETS			
Intangible assets	10	18,631	21,014
Tangible assets	11	383,397	408,761
Investments	12	160,478	155,023
		<u>562,506</u>	<u>584,798</u>
CURRENT ASSETS			
Stocks	13	36,920	36,610
Debtors: due within one year	14	32,064	33,605
Debtors: due after one year	14	22,999	22,308
Cash at bank and in hand		18,834	16,024
		<u>110,817</u>	<u>108,547</u>
CREDITORS: DUE WITHIN ONE YEAR			
Creditors	15	(110,061)	(104,065)
Borrowings	16	(229)	(237)
		<u>(110,290)</u>	<u>(104,302)</u>
NET CURRENT ASSETS		527	4,245
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>563,033</u>	<u>589,043</u>
CREDITORS: DUE AFTER ONE YEAR			
Creditors	15	(218,990)	(217,309)
Borrowings	16	(688)	(31,889)
		<u>(219,678)</u>	<u>(249,198)</u>
Provisions for liabilities and charges	17	(7,226)	(8,482)
Net pension liability	18	(128,042)	(139,689)
NET ASSETS		<u>208,087</u>	<u>191,674</u>
CAPITAL AND RESERVES			
Share capital	19	22,716	22,848
Non-distributable reserve	20	16,600	26,006
Revenue reserve	20	168,771	142,820
MEMBERS' FUNDS		<u>208,087</u>	<u>191,674</u>

CENTRAL ENGLAND CO-OPERATIVE LIMITED
GROUP STATEMENT OF CASH FLOWS
FOR THE 52 WEEKS ENDED 23 JANUARY 2021

	Note	2021 52 Weeks £'000 £'000	2020 52 Weeks £'000 £'000
Net cash generated from operating activities	21	50,305	33,266
Cash flows from investing activities			
Proceeds from disposal of tangible assets		16,987	3,715
Purchase of tangible assets		(20,022)	(17,331)
Interest received		464	109
Purchase of business		<u>-</u>	<u>(2,632)</u>
Net cash flows used in investing activities		(2,571)	(16,139)
Cash flows from financing activities			
Draw down of bank loans		-	11,000
Repayment of bank loans		(31,000)	(12,000)
Decrease in share capital		(315)	(1,216)
Interest paid		(492)	(841)
Pension deficit funding		(12,907)	(9,420)
Repayment of finance lease obligations		<u>(210)</u>	<u>(78)</u>
Net cash flows used in financing activities		(44,924)	(12,555)
Net Increase in cash and cash equivalents		<u>2,810</u>	<u>4,572</u>
Cash and cash equivalents at beginning of the period		<u>16,024</u>	<u>11,452</u>
Cash and cash equivalents at end of the period		<u><u>18,834</u></u>	<u><u>16,024</u></u>

CENTRAL ENGLAND CO-OPERATIVE LIMITED
GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE 52 WEEKS ENDED 23 JANUARY 2021

	Share capital £'000	Non- distributable reserve £'000	Revenue reserve £'000	Total £'000
At 26 January 2019	23,863	29,558	162,662	216,083
Profit for the financial year	-	-	3,438	3,438
Other comprehensive gains and losses				
Actuarial loss on pension scheme	-	-	(31,805)	(31,805)
Movement on deferred tax relating to pension scheme	-	-	5,174	5,174
Total comprehensive loss for the period	-	-	(23,193)	(23,193)
Transfer of non-distributable reserves	-	(1,185)	1,185	-
Transfer of realised gains	-	(2,367)	2,367	-
Share capital contributions	146	-	-	146
Share capital withdrawals	(1,362)	-	-	(1,362)
Share interest	201	-	(201)	-
Transfer of engagement	-	-	-	-
At 25 January 2020	22,848	26,006	142,820	191,674
Profit for the financial period	-	-	9,704	9,704
Other comprehensive gains				
Actuarial gains on pension scheme	-	-	6,531	6,531
Movement on deferred tax relating to pension scheme	-	-	493	493
Total comprehensive gain for the period	-	-	16,728	16,728
Transfer of non-distributable reserves	-	(8,356)	8,356	-
Transfer of realised gains	-	(1,050)	1,050	-
Share capital contributions	345	-	-	345
Share capital withdrawals	(660)	-	-	(660)
Share interest	183	-	(183)	-
At 23 January 2021	22,716	16,600	168,771	208,087

CENTRAL ENGLAND CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 23 JANUARY 2021

The "Keeping it Simple" boxes are additional information to assist with reader's understanding and interpretation of the Group Financial Statements of the Society.

1 Gross Sales and Turnover

Gross sales represents the total amount paid by a customer and includes commission, principally on travel arrangements. Turnover represents the income received by the Society.

	Gross Sales (excluding VAT) 2021 52 Weeks			Gross Sales (excluding VAT) 2020 52 Weeks		
	Continuing Operations £'000	Discontinued Operations £'000	Total £'000	Continuing Operations £'000	Discontinued Operations £'000	Total £'000
Retail - Food	691,238		691,238	641,678		641,678
Retail - Fuel	65,920		65,920	101,378		101,378
Wholesale	63,010		63,010	52,083		52,083
Funeral	40,651		40,651	39,895		39,895
Travel		(924)	(924)		49,234	49,234
Other	-		-	1		1
Rent received from investment properties	8,163		8,163	8,746		8,746
Total	868,982	(924)	868,058	843,781	49,234	893,015

	Turnover 2021 52 Weeks			Turnover 2020 52 Weeks		
	Continuing Operations £'000	Discontinued Operations £'000	Total £'000	Continuing Operations £'000	Discontinued Operations £'000	Total £'000
Retail - Food	690,270		690,270	637,560		637,560
Retail - Fuel	65,920		65,920	101,378		101,378
Wholesale	63,010		63,010	52,083		52,083
Funeral	40,651		40,651	39,895		39,895
Travel		(212)	(212)	-	3,367	3,367
Other	-		-	1		1
Rent received from investmer	8,163		8,163	8,746		8,746
Total	868,014	(212)	867,802	839,663	3,367	843,030

Turnover consists of sales made in the United Kingdom.

Turnover analysed by category was as follows:

	2021 52 Weeks £'000	2020 52 Weeks £'000
Sales of goods	820,252	791,151
Rendering of services	36,143	34,870
Commission	3,245	8,263
Rent received from investment properties	8,163	8,746
	867,802	843,030

CENTRAL ENGLAND CO-OPERATIVE LIMITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 52 WEEKS ENDED 23 JANUARY 2021

2 Other Income

Other income represents the total amount the Society has received or earned from activities that are outside the normal trading activities.

	2021 52 Weeks £'000	2020 52 Weeks £'000
Funeral Plan Investment Income	4,114	2,764
Government Grants received	1,911	-
	6,025	2,764

During the year, the Society received £1.9m of Government Grant Income in respect of the Job Retention Scheme and the Retail, Hospitality and Leisure Grant.

3 Operating profit

This is the profit the Society has made after accounting for all of our direct costs which we incur in providing the goods and services we deliver to our customers. These costs include the amount we pay our colleagues and the costs of running our trading businesses. Significant balances are detailed in the note below.

Operating profit is stated after charging:	2021 52 Weeks £'000	2020 52 Weeks £'000
Staff costs (Note 4)	141,582	129,621
Bad debt provision movement	1,549	560
Operating lease rentals:		
- Plant and machinery	580	704
- Land and buildings	6,691	6,183
Intangible assets (Note 10)		
- Amortisation	2,979	3,131
- Impairment	282	-
Depreciation (Note 11)		
- Owned assets	20,862	22,165
- Assets held under finance leases	239	158
- Impairment	3,624	574
Auditors' remuneration	265	241

During the year, the Society received £8.3m of Rates Relief, as part of Covid-19 Government Assistance. The rates relief is reflected in administration expenses in the Income statement

Fees payable to the Society's auditors	2021 52 Weeks £'000	2020 52 Weeks £'000
Fees payable to the Group's auditors for the audit of the Group's annual statement	157	127
Fees payable to the Group's auditors for other services to the Group:		
- The audit fees of the Society's subsidiaries	108	105
Total audit fees	265	232
Audit related assurance services	-	9
Total non-audit fees	-	9

CENTRAL ENGLAND CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 52 WEEKS ENDED 23 JANUARY 2021

4 Staff number and costs

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

	2021	2020
	52 Weeks	52 Weeks
	Number	Number
The average number employed by the Group was:		
Full-time	2,856	3,044
Part-time	5,074	4,974
	<u>7,930</u>	<u>8,018</u>

The number of full time equivalent employees during the 52 weeks ended 23 January 2021 was 4,879 (2020: 4,990).

	2021	2020
	52 Weeks	52 Weeks
	£'000	£'000
Aggregate amounts paid in respect of:		
Wages and salaries	128,819	117,575
Social security costs	7,660	6,957
Defined contribution pension scheme costs	5,103	5,089
	<u>141,582</u>	<u>129,621</u>

The Management Executive total earnings are presented on page 52.

Information regarding Directors remuneration is included on page 55.

CENTRAL ENGLAND CO-OPERATIVE LIMITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 52 WEEKS ENDED 23 JANUARY 2021

5 Exceptional items

These costs are split out separately because of their nature or size which do not form part of our normal day to day business. By highlighting these costs separately, the Society's underlying performance is clearer.

	2021 52 Weeks £'000	2020 52 Weeks £'000
Movement in onerous leases	1,128	2
Costs arising from the reorganisation of business	372	821
Project costs	195	-
Movement in other provisions	(143)	285
Aged provisions	-	(1,223)
ATM Rates refund	(2,369)	-
	<u>(817)</u>	<u>(115)</u>

The Group is committed to a number of onerous leases on its sites. During the year, these provisions continued to unwind following business activity and for settlement giving rise to a increase in the provision of £1.1m (2020: increase of £2,000).

The Society has undertaken reviews of its business, and support functions which gave rise to costs of £0.4m (2020: £0.8m). Costs arising from the re-organisation of business include redundancy and personnel costs, professional fees and site closure costs.

£0.2m of costs were incurred on significant projects during the year.

Other property provisions and legal claims have decreased by £0.1m (2020: increase of £0.4m).

There have been no costs or credits included in exceptional items in respect of a reassessment of aged provisions. (2020: £1.2m).

During the year, the outcome of the on-going Government Automated Teller Machines (ATM) rates appeal was announced stating that ATMs are not liable to rates and therefore the Government is required to repay rates paid since 2010. At the balance sheet date, the level of exceptional benefit from the ATM rates refunds and reassessment of liabilities was £2.4m.

CENTRAL ENGLAND CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 52 WEEKS ENDED 23 JANUARY 2021

6 Interest and dividends receivable

This is the dividend we have received from our investments and interest received on our cash balances.

	Note	2021 52 Weeks £'000	2020 52 Weeks £'000
Interest receivable		357	2
Dividends receivable		107	107
	12	464	109

7 Interest payable

This is the amount of interest we have paid on bank loans and for any assets we have on finance lease agreements. It also includes interest charges in relation to the Society pension arrangements and in relation to the accounting of Society provisions.

	Note	2021 52 Weeks £'000	2020 52 Weeks £'000
Interest payable on bank loans	16	488	834
Interest payable on finance lease	16	16	17
Interest unwind on the Central Asset Reserve		3,745	3,699
Unwinding of discounted provisions	17	-	34
		4,249	4,584

CENTRAL ENGLAND CO-OPERATIVE LIMITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 52 WEEKS ENDED 23 JANUARY 2021

8 Payments to and on behalf of stakeholders

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

	2021 52 Weeks £'000	2020 52 Weeks £'000
Member benefits	25	87
Membership & Community funding and other grants	418	529
Members' dividend	1,534	1,409
Total member distributions	<u>1,977</u>	<u>2,025</u>
Co-operative Party	104	104
Community dividend	175	181
Employee dividend	878	905
	<u><u>3,134</u></u>	<u><u>3,215</u></u>

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.

	2021 52 Weeks £'000	2020 52 Weeks £'000
Current tax:		
Provided on chargeable income and gains in the period	1,080	28
Adjustment to tax charge in respect of prior periods	<u>(44)</u>	<u>(431)</u>
	<u>1,036</u>	<u>(403)</u>
Deferred taxation:		
Origination and reversal of timing differences	862	1,160
Adjustments in respect of prior periods	<u>(1,059)</u>	<u>(560)</u>
	<u>(197)</u>	<u>600</u>
Total taxation	<u><u>839</u></u>	<u><u>197</u></u>

CENTRAL ENGLAND CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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9 Taxation (continued)

The current tax prior year adjustment relates to differences in the amount received for losses surrendered as group relief to fellow group companies.

The standard rate of tax applied to reported profit on ordinary activities is 19.00% (2020: 19.00%). A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016.

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

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

The Spring Budget 2021 announced that the UK corporation tax rate will increase to 25% from 1 April 2023. The deferred tax assets and liabilities of UK companies within the Group have been calculated at 19% as this rate has been substantively enacted at the Balance Sheet date. Had the 25% rate been substantively enacted on or before 23 January 2021, it would have had the effect of increasing the net deferred tax asset by upto £7.3m.

CENTRAL ENGLAND CO-OPERATIVE LIMITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 52 WEEKS ENDED 23 JANUARY 2021

9 Taxation (continued)

Factors affecting the tax charge for the period

The tax assessed for the period is lower (2020: lower) than the effective rate of corporation tax in the UK of 19.00% (2020: 19.00%). The differences are explained below:

	2021 52 Weeks £'000	2020 52 Weeks £'000
Profit before taxation	10,543	3,635
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	2,003	691
Effects of:		
Fixed asset timing differences not provided	493	637
Expenses not deductible for tax purposes	414	222
Additional deductible expenditure	(256)	(218)
Adjustment to tax charge in respect of prior periods	(44)	(431)
Adjustment to deferred tax charge in respect of prior periods	(1,059)	(560)
Current tax credited directly to equity	-	(7)
Adjustment to deferred tax to average rate of 19.00%	(712)	(137)
Tax charge for the period	<u>839</u>	<u>197</u>

Fixed asset timing 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. Over time however these difference will equal one another.

Expenses not deductible for tax

Some expenses incurred by the Society and included in its financial statements 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, property disposals, lease surrender premiums, depreciation on fixed assets not eligible for capital allowances and certain legal and professional fees.

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 financial statements 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.

Adjustment to deferred tax to average rate of 19.00%

Deferred tax was recognised on the prior year balance sheet at 17% and this amount therefore relates to the income statement impact of this rate change to 19%. In addition there is also an element going through reserves in relation to the pension scheme which is directly linked to the pension movement.

CENTRAL ENGLAND CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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10 Intangible assets

An asset is something used by the Society 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
Cost			
At 26 January 2020	14,523	50,529	65,052
Additions	999	-	999
Disposals	(21)	(659)	(680)
At 23 January 2021	15,501	49,870	65,371
Accumulated amortisation			
At 26 January 2020	10,738	33,300	44,038
Provided this period	956	2,023	2,979
Impairment	-	282	282
Disposals	(21)	(538)	(559)
At 23 January 2021	11,673	35,067	46,740
Net book value			
At 23 January 2021	3,828	14,803	18,631
At 25 January 2020	3,785	17,229	21,014

CENTRAL ENGLAND CO-OPERATIVE LIMITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 52 WEEKS ENDED 23 JANUARY 2021

11 Tangible assets

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

Investment properties are those held by the Society, but are rented out and not used by the Society for trading. Trade properties includes our retail, funeral and travel sites and are the sites that the Society trade from. All of the fixtures and fittings within these sites are included within plant and machinery. Transport includes vehicles used within the Society such as for our distribution network or within our funeral business.

	Investment properties £'000	Trade properties £'000	Plant & machinery £'000	Transport £'000	Total £'000
Cost or valuation					
At 26 January 2020	130,581	282,598	222,821	18,657	654,657
Additions	512	8,515	11,160	27	20,214
Transfers	11,150	(11,099)	(52)	-	-
Disposals	(2,358)	(15,761)	(14,097)	(947)	(33,163)
Revaluation	(13,487)	-	-	-	(13,487)
At 23 January 2021	126,398	264,253	219,832	17,738	628,221
Accumulated depreciation					
At 26 January 2020	-	76,714	156,124	13,058	245,896
Provided this period	-	4,877	14,687	1,538	21,101
Impairment	-	2,974	650	-	3,624
Transfers	5,131	(5,131)	-	-	-
Disposals	-	(7,270)	(12,451)	(946)	(20,667)
Revaluation	(5,131)	-	-	-	(5,131)
At 23 January 2021	-	72,164	159,010	13,650	244,824
Net book value					
At 23 January 2021	126,398	192,089	60,823	4,087	383,397
At January 2020	130,581	205,884	66,697	5,599	408,761

**CENTRAL ENGLAND CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 52 WEEKS ENDED 23 JANUARY 2021**

11 Tangible assets (continued)

Colliers International, independent qualified valuers, (Simon Summerby-Bent BSc (Hons) MRICS and James Cubitt BSc (Hons) MRICS) have valued all investment properties as at 23 January 2021. Of the investment properties, one fifth have been inspected and the remainder have been valued by Colliers International at 23 January 2021 based on information provided by the Society. The valuation has been prepared in accordance with the RICS Valuation – Professional Standards January 2014 (the “Red Book”) prepared by the Royal Institution of Chartered Surveyors (the “RICS”).

These valuations have been incorporated into the financial statements and the resulting revaluation adjustments have been taken to the income statement. The revaluations during the period resulted in a revaluation loss of £8.4m (2020: revaluation loss of £1.2m).

Tangible fixed assets with a carrying value of £53.0m (2020: £55.7m) are pledged as security for the Group’s bank loans.

Assets in the course of construction included within trade properties amounts to £4.4m (2020: £4.1m). 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 £1.4m (2020: £1.4m).

Included within fixed assets are assets with a net book value of £0.9m (2020: £1.2m) relating to assets held under finance lease. Depreciation charged on these assets amounted to £0.2m (2020: £0.2m) 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 units was performed during the period and gave rise to an impairment of £3.9m (2020: £0.6m).

CENTRAL ENGLAND CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 52 WEEKS ENDED 23 JANUARY 2021

The carrying value of land and buildings comprises:

	2021 £'000	2020 £'000
Investment properties:		
Freehold	120,918	124,460
Leasehold	5,480	6,121
	<u>126,398</u>	<u>130,581</u>
Trade properties:		
Freehold	173,209	186,174
Leasehold	18,880	19,710
	<u>192,089</u>	<u>205,884</u>
Total properties:		
Freehold	294,128	310,634
Leasehold	24,360	25,831
	<u>318,488</u>	<u>336,465</u>

The historical cost of investment properties now included at valuation:

	2021 £'000	2020 £'000
Cost	130,605	120,609
Accumulated depreciation	(20,806)	(16,033)
Net book value	<u>109,799</u>	<u>104,576</u>

CENTRAL ENGLAND CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 52 WEEKS ENDED 23 JANUARY 2021

12 Investments

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

	Fixed assets		Dividends/interest	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
The Co-operative Group Limited – shares	2,684	2,684	107	107
Other societies – shares	3	3	-	-
Companies – not quoted	7	7	-	-
Funeral plans	157,784	152,329	-	-
	160,478	155,023	107	107
Interest earned on cash balances			357	2
			464	109

The following analysis shows the movement in the year on investments held during the period ended 23 January 2021:

	Co-operative Group Limited	Other Societies	Unquoted shares	Funeral plans
	£'000	£'000	£'000	£'000
Carrying amount				
At 26 January 2020	2,684	3	7	152,329
Additions	-	-	-	9,604
Disposal and redemptions	-	-	-	(14,280)
At 23 January 2021	2,684	3	7	147,653
Change in fair value	-	-	-	10,131
Net book value				
At 23 January 2021	2,684	3	7	157,784

CENTRAL ENGLAND CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 52 WEEKS ENDED 23 JANUARY 2021

13 Stocks

Stock are goods purchased by the Society for resale to our customers.

	2021 £'000	2020 £'000
Goods for resale	<u>36,920</u>	<u>36,610</u>

14 Debtors

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

	Due within one year		Due after one year	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade debtors	6,524	7,805	-	-
Deferred tax	-	-	22,999	22,308
Other debtors	18,981	18,359	-	-
Prepayments and accrued income	6,559	7,441	-	-
	<u>32,064</u>	<u>33,605</u>	<u>22,999</u>	<u>22,308</u>

Trade debtors are stated after a provision for impairment of £3.0m (2020: £1.7m).

CENTRAL ENGLAND CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 52 WEEKS ENDED 23 JANUARY 2021

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:

	2021	2020
	£'000	£'000
Accelerated capital allowances	4,428	4,360
Capital gains	(388)	(2,428)
Pension scheme	17,412	17,313
Unutilised losses	1,680	3,131
Business combinations	(477)	(455)
Other timing differences	344	387
	<u>22,999</u>	<u>22,308</u>

15 Creditors

Liabilities are amounts owed by the Society to other parties. They are created when the Society 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	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade creditors	58,045	52,640	-	-
Central Asset Reserve liability	6,400	6,400	73,317	76,328
Funeral plans	12,751	12,468	145,539	140,877
Other taxation and social security	4,639	5,711	-	-
Other creditors	4,172	4,880	-	-
Accruals and deferred income	21,444	19,910	134	104
Payments to and on behalf of stakeholders	2,610	2,056	-	-
	<u>110,061</u>	<u>104,065</u>	<u>218,990</u>	<u>217,309</u>

The Group holds an interest rate swap with a principal value of £12.0m (2020: £12.0m), which matures on 14 November 2024. The interest rate swap liability is recorded at market value of £8,000 as at 23 January 2021 and is included in other creditors (2020: £66,000). See note 25 for further details.

CENTRAL ENGLAND CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 52 WEEKS ENDED 23 JANUARY 2021

16 Borrowings

This represents the total cost that the Society 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	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Bank loan	-	-	-	31,000
Finance lease obligations (note 22)	229	237	688	889
	229	237	688	31,889

Interest payable on the bank loan for the 52 weeks ended 23 January 2021 was £0.5m (2020: £0.8m). Interest payable on finance lease obligations was £16,000 (2020: £17,000).

	2021	2020
	£'000	£'000
Borrowings falling due within:		
One year	229	237
Between one and two years	526	229
Between two and five years	162	31,648
	917	32,114

The Society's bank loan is a revolving credit facility of £40.0m (2020: £40.0m) which is repayable on 14 November 2024, £NIL (2020: £31.0m) of which was drawn down at the year end. Interest cover and leverage ratio are covenants associated with the facility, with the interest rate driven by the results of the leverage ratio.

CENTRAL ENGLAND CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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17 Provisions for liabilities and charges

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

	Onerous leases £'000	Other provisions £'000	Total £'000
As at 26 January 2020	7,441	1,040	8,481
New provisions created in the period	185	460	645
Reassessment on brought forward provision	1,340	-	1,340
Unwinding of discount	-	-	-
Utilised this period	(2,592)	(215)	(2,807)
Released this period	(196)	(237)	(433)
As at 23 January 2021	6,178	1,048	7,226

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 received, 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 9 years (2020: 10 years).

Other provisions represent an assessment of costs associated with the decommissioning of petrol filling stations of £0.3m (2020:£0.4m), property provisions of £0.6m (2020: £0.2m) and other provisions of £0.1m (2020: £0.4m).

CENTRAL ENGLAND CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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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 Society operates a defined benefit pension arrangement called the Central England Co-operative Limited Pension Scheme (the "Scheme"), which is closed to future accrual and new entrants. The Scheme provides benefits based on final salary and length of service on retirement, leaving service or death. The Society also operates a defined contribution scheme, refer to page 112.

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 2017 and the next valuation of the scheme is due as at 31 December 2020.

The Society implemented a pension deficit reduction arrangement (Central Asset Reserve) which has resulted in additional scheme assets of £110m (2020: £117.2m) 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 £4m in the year to 22 January 2022. During the year to 22 January 2022, 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 £3.0m of contributions from the CAR, giving total contributions of £7m during the period.

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.

CENTRAL ENGLAND CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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18 Employee benefits (continued)

The following amounts are recognised in the balance sheet:

	2021	2020
	£'000	£'000
Fair value of assets	784,640	770,889
Present value of funded obligations	(912,682)	(910,578)
Deficit in the scheme	<u>(128,042)</u>	<u>(139,689)</u>

The following amounts are recognised in the Income Statement:

	2021	2020
	52 Weeks	52 Weeks
	£'000	£'000
Administration cost	1,275	1,014
Interest on liabilities	16,178	22,081
Interest on assets	(13,733)	(19,022)
Other Finance Cost	<u>3,720</u>	<u>4,073</u>
Past service costs	<u>200</u>	<u>-</u>
Administrative expenses	<u>200</u>	<u>-</u>

The High Court published its judgment in the case of Lloyds Banking Group Pension Trustees Limited vs Lloyds Bank plc (and others) on 26 October 2018 which confirmed that formerly contracted-out schemes are required to equalise GMPs. A further judgment on 20 November 2020 confirmed that there was also an obligation to pay additional amounts where certain past transfer payments since 1990 had not been equalised for the effects of GMPs. Having previously recognised the impact of the 2018 judgement, the impact of the 2020 judgment has now been recognised in the income statement.

The remeasurements over the period are as follows:

	2021	2020
	52 Weeks	52 Weeks
	£'000	£'000
(Gains)/Losses on scheme assets in excess of interest	(15,929)	(96,689)
Experience gains on liabilities	(11,897)	(4,822)
Gains from changes to demographic assumptions	(23,195)	(10,585)
Losses/(Gains) from changes to financial assumptions	<u>44,490</u>	<u>143,901</u>
Total remeasurement	<u>(6,531)</u>	<u>31,805</u>

CENTRAL ENGLAND CO-OPERATIVE LIMITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 52 WEEKS ENDED 23 JANUARY 2021

18 Employee benefits (continued)

The movement in the balance sheet over the period was:

	2021 52 Weeks £'000	2020 52 Weeks £'000
Deficit at the start of the period	(139,689)	(109,783)
Other finance costs	(3,920)	(4,073)
Society contributions	9,036	5,972
Total remeasurements	6,531	(31,805)
Deficit at the end of the period	<u>(128,042)</u>	<u>(139,689)</u>

The movement in the assets over the period was:

	2021 52 Weeks £'000	2020 52 Weeks £'000
Opening fair value of scheme assets	770,889	679,724
Interest on assets	13,733	19,022
Society contributions	9,036	5,972
Benefits paid	(23,672)	(29,504)
Administrative costs	(1,275)	(1,014)
Return on assets less interest	15,929	96,689
	<u>784,640</u>	<u>770,889</u>

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

	2021 52 Weeks £'000	2020 52 Weeks £'000
Opening obligation	910,578	789,507
Interest cost	16,178	22,081
Benefits paid	(23,672)	(29,504)
Experience gain on defined benefit obligation	(11,897)	(4,822)
Changes to demographic assumptions	(23,195)	(10,585)
Changes to financial assumptions	44,490	143,901
Past service costs	200	-
Closing obligation	<u>912,682</u>	<u>910,578</u>

CENTRAL ENGLAND CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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18 Employee benefits (continued)

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

	2021	2020
Bonds	54%	55%
Equities and property	12%	12%
Other	34%	33%
	100%	100%

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 £29.6m (2020: £113.2m) which corresponds to a 4% (2020: 17%) 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:

	2021	2020
Discount rate - per annum	1.50%	1.80%
Inflation assumption (RPI) - per annum	3.10%	3.20%
Inflation assumption (CPI) - per annum	2.60%	2.20%
Revaluation in deferment - per annum	3.10%/2.60%	3.20%/2.20%
RPI max 5.0% pension increases in payment - per annum	3.00%	3.10%
RPI max 2.5% pension increases in payment - per annum	2.20%	2.20%
CPI max 3.0% pension increases in payment - per annum	2.15%	1.90%
Members assumed to take maximum tax free cash	90%	90%

The mortality assumptions used are based on 120% of the "SAPS" combined "S3 series" tables (2020: 110% SAPS S2 standard series) with an allowance for future mortality improvements using the CMI 2019 projections with a long-term rate of improvement of 1.25% pa. The smoothing parameter is 7 and the initial addition is 0.25% pa. (2020: CMI 2018, 1.25%, 7, 0.25%). The Central Asset Reserve asset value is assumed to be 69% of Trustees' valuation as at 31 December 2020 (2020: 69% of Trustees' valuation as at 31 December 2019).

CENTRAL ENGLAND CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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18 Employee benefits (continued)

Under the adopted mortality tables, the future life expectancy at age 45 and 65 is as follows:

	2021	2020
Male currently age 45	22.1	22.7
Female currently age 45	24.6	24.8
Male currently age 65	20.8	21.3
Female currently age 65	23.3	23.3

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 £5.1m (2020: £5.1m).

19 Share capital

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

	2021 52 Weeks £'000	2020 52 Weeks £'000
Contributions	345	146
Withdrawals	(660)	(1,362)
	(315)	(1,216)
Interest	183	201
Movement in period	(132)	(1,015)
Opening balance	22,848	23,863
Closing balance	22,716	22,848

At 23 January 2021, the Society had a total of 1,646,188 (2020: 1,637,491) members each entitled to one vote. The total number of members including those who are not eligible to vote at the reporting date was 1,875,664 (2020: 1,805,030). At the reporting date the whole of the share capital comprises non-equity shares of £1 each attracting interest at rates between 0% and 2.25% (2020: between 0% and 2.25%).

CENTRAL ENGLAND CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 52 WEEKS ENDED 23 JANUARY 2021

19 Share capital (continued)

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:

- 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 Reserves

Revenue reserves represent profits the Society has earned in previous years. Non-distributable reserves represent the change in value of the Society's investment properties which are unrealised and cannot be paid out until this is converted to real funds, for example, the sale of an investment property.

The Society's reserves are as follows:

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

The Non-distributable Reserve represents the cumulative effect of revaluations of investment properties which are revalued to fair value at each reporting date.

CENTRAL ENGLAND CO-OPERATIVE LIMITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 52 WEEKS ENDED 23 JANUARY 2021

21 Cash flow statement

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

	2021 52 Weeks £'000	2020 52 Weeks £'000
Profit for the financial period	9,704	3,438
Adjustments for:		
(Loss)/Gain on financial assets at fair value	(58)	67
Net interest expense	7,505	8,548
Payments to and on behalf of stakeholders	3,134	3,215
Taxation	839	197
Operating profit	21,124	15,465
Adjustment for:		
Loss on investment properties	8,356	1,185
(Profit)/Loss on disposal of fixed assets and businesses	(4,596)	436
Depreciation and impairments	24,726	22,897
Amortisation and impairment of goodwill	3,261	3,131
Payments to and on behalf of stakeholders	(2,580)	(3,289)
Net movement on funeral plan asset and liability	(509)	(48)
Taxation	(532)	439
Fair value movements	58	(67)
Decrease/(Increase) in debtors	1,409	(1,684)
Increase in creditors	3,766	367
(Increase)/Decrease in stocks	(310)	698
Decrease in provisions	(1,256)	(3,176)
Other non-cash movements	424	(116)
Cash contribution for retirement benefit obligations	(3,036)	(2,972)
	50,305	33,266

As at 25 January 2021, the Society had a net cash position of £17.9m (2020: debt £16.1m).

	2021 £'000	Cash flows £'000	2020 £'000
Cash at bank and in hand	2,810	2,810	16,024
	-		
Debt due after one year	31,000	31,000	(31,000)
Net Funds excluding lease liabilities	33,810	33,810	(14,976)
Lease liabilities	209	209	(1,126)
Net Cash(debt)	17,917	34,019	(16,102)

CENTRAL ENGLAND CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 52 WEEKS ENDED 23 JANUARY 2021

22 Financial commitments

Finance leases

A finance lease is where the Society 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:

	2021 £'000	2020 £'000
Within one year	229	237
In the second to fifth year inclusive	688	876
Over five years	-	13
	<u>917</u>	<u>1,126</u>

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 Society do 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 2021 £'000	Land & Building 2020 £'000
Operating leases expiring:		
Within one year	8,413	8,748
In the second to fifth year inclusive	17,539	18,397
Over five years	22,197	26,230
	<u>48,149</u>	<u>53,375</u>

CENTRAL ENGLAND CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 52 WEEKS ENDED 23 JANUARY 2021

22 Financial commitments (continued)

Operating leases - payable

This is where rent is paid by the Society 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:

	Land & Building 2021 £'000	Land & Building 2020 £'000	Other 2021 £'000	Other 2020 £'000
Operating leases expiring:				
Within one year	6,041	5,705	937	777
In the second to fifth year inclusive	16,014	14,490	-	1,710
Over five years	34,629	41,253	-	-
	56,684	61,448	937	2,487

Included within the minimum operating lease payments are onerous lease and discontinued operation commitments of £5.2m (2020: £6.8m) which are fully provided for as described in note 17.

The Society has given certain guarantees in respect of rental and other expenses in the event of default by Anglia Home Furnishing Limited.

Capital commitments

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

Amounts contracted for but not provided for in the financial statements were £7.0m (2020: £9.9m).

CENTRAL ENGLAND CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 52 WEEKS ENDED 23 JANUARY 2021

23 Subsidiaries and associates

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

Entity	% of Equity owned	Principal activity
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
* Held by subsidiary undertaking.		

On 22 September 2020, Ken Ives Motors (Derby) Limited was dissolved with Companies House.

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 House, Hermes Road, Lichfield, Staffordshire WS13 6RH. 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.

**CENTRAL ENGLAND CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 52 WEEKS ENDED 23 JANUARY 2021**

23 Subsidiaries and associates (continued)

Subsidiary audit exemptions

Central England Co-operative Limited has issued guarantees over the liabilities of the following companies at 23 January 2021 under section 479 of Companies Act 2006 and these entities are exempt from the requirements of the Act relating to the audit of individual financial statements 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

24 Related party transactions

These are transactions between the Society and other parties who are connected to the Society.

Please refer to note 22 for details of commitments and guarantees.

During the year the Chief Executive Debbie Robinson was a Director and Chair of the Association of Convenience Stores with whom the Society holds a subscription to the value of £7,000 (2020: £4,000)

During the year the Vice President Elaine Dean was a Director to the Co-operative News with whom the Society holds a subscription to the value of £20,574 (2020: £20,574).

During the year one of the directors Richard Bickle was a secretary to the Co-operative News with whom the Society holds a subscription to the value of £20,574 (2020: £20,574)

During the year the President Jane Avery was an employee to CASE Limited with whom the Society holds a subscription to the value of £25,000 (2020: £25,000)

During the year one of the Directors John Chillcott was the interim Chief Executive Officer to the Co-operative college with whom the Society paid £1,000 for membership subscriptions.

During the year one of the Directors John Chillcott was a director to the Social Enterprise East of England with whom the Society paid £9,000 for an annual grant.(2020: £9,000)

During the year one of the Directors Tanya Noon was a director to Co-operatives UK with whom the Society paid £131,115 for subscriptions. (2020: £146,430)

CENTRAL ENGLAND CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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25 Financial instruments

This section details the value of the Society's financial assets and liabilities recorded in the financial statements. 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:

	2021 £'000	2020 £'000
Financial assets measured at fair value through profit or loss		
Unquoted investments	7	7
Funeral plans	157,784	152,329
Financial assets measured at amortised cost		
Trade debtors and other debtors	25,505	26,164
Equity instruments measured at cost less impairment		
Fixed asset investments	2,687	2,687
Total financial assets	<u><u>185,983</u></u>	<u><u>181,187</u></u>
	2021 £'000	2020 £'000
Financial liabilities measured at fair value		
Interest rate swap	8	66
Funeral plans	158,290	153,345
Financial liabilities measured at amortised cost		
Finance lease payables	917	1,126
Bank loan	-	31,000
Trade creditors and other creditors	69,458	65,221
Total financial liabilities	<u><u>228,673</u></u>	<u><u>250,758</u></u>

CENTRAL ENGLAND CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 52 WEEKS ENDED 23 JANUARY 2021

25 Financial instruments (continued)

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

	2021	2020
	52 Weeks	52 Weeks
	£'000	£'000
Fair value gains/(Losses)	58	(67)
Interest expense	<u>504</u>	<u>851</u>

The interest rate swap settles on a quarterly basis. The floating rate on the interest rate swap is three months LIBOR. The Society 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 Society'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.

