2023/24
Annual Report and Accounts

your coop | The Midcounties Co-operative

Contents

We have colour coded some of these sections for easier navigation

- About Your Co-op ... 3-5
- The year at a glance ... 6
- Financial highlights ... 7
- Board of Directors ... 8
- Senior Management Team ... 9
- President's introduction ... 10
- Chief Executive's overview ... 11-12
- Pledges ... 13-14
- **Thriving Co-operative**
- Chief Financial Officer's report ... 16
- Our key measures... ... 17-21
- **Remarkable Colleagues**
- Celebrating our colleagues ... 23
- Colleague engagement... ... 24
- Colleague wellbeing... ... 25
- Colleague diversity and inclusion... ... 26
- **Uniquely Engaged Members**... ... 28
- **Sustainable Impact**
- Environment... ... 30-31
- Community ... 32
- **Thought-Leading Pioneers**
- Fair and ethical ... 34
- Co-operation amongst co-operatives ... 35
- The power of co-operation ... 36
- Carbon reporting ... 37-38
- Service recognition awards ... 39-40
- Managing risk ... 41-49
- Governance Report ... 50-58
- Remuneration Report ... 59-73
- Statement of Directors' responsibilities ... 75
- Independent auditor's report to the Members ... 76-77
- Consolidated Statement of Comprehensive Income ... 78
- Consolidated Statement of Financial Position ... 79
- Consolidated Statement of Changes in Equity ... 80
- Consolidated Statement of Cash Flows ... 81
- Accounting Policies ... 82-85
- Notes to the Financial Statements ... 86-119

Quick reads

Here are some key sections if you only have 15 minutes

- The year at a glance ... page 6
- Financial highlights ... page 7
- President's introduction ... page 10
- Chief Executive's overview ... page 11-12
- Chief Financial Officer's report ... page 16

About Your Co-op

Your Co-op, owned and operated by The Midcounties Co-operative, is a thriving co-operative with 645,000 members and operates the Your Co-op family of businesses which spans Food, Travel, Childcare, Energy, Telecoms, Post Offices and Flexible Benefits. The profits we make allow us to support the communities we serve. Our heartlands are in Oxfordshire, Gloucestershire, Buckinghamshire, Shropshire, Staffordshire, the West Midlands, Wiltshire and Worcestershire.

However, we also trade in the surrounding counties and our Energy, Childcare, Travel, Telecoms and Flexible Benefits businesses trade across the UK.

Our Purpose

Through the power of co-operation, we're building a fairer, more sustainable, and ethical future.

Our DOES values and behaviours

What we **believe** in...

D	O	E	S
Democracy	Openness	Equality	Social Responsibility

How we **behave**...

We listen to each other and work together to build a fairer future	We are welcoming, honest and transparent	We treat each other fairly and with equal respect	We take responsibility for our actions to make a positive impact

How we **show up**...

Friendly, Helpful and Knowledgeable

Why it works:
The values resonate strongly with people and the DOES behaviours align with how people want to be treated themselves and how they want to treat others.

Our strategic TRUST pillars

T	R	U	S	T
Thriving Co-operative	**R**emarkable Colleagues	**U**niquely Engaged Members	**S**ustainable Impact	**T**hought - Leading Pioneers
We are a commercially successful, values driven Society that champions ethical living every day.	We help our colleagues to grow, do their best and recognise them for their remarkable service.	We are owned by our members, who guide everything we do.	We collaborate with communities to make a sustainable difference locally and globally.	We step up to tackle difficult challenges to build a fairer future for all and strive to be role models within the co-operative movement.

Why it works:
The TRUST pillars feel energising and authentic to people and clearly explain what makes us different from other organisations in a simple and memorable way.

Using the TRUST pillars to guide our vision
The narrative for this report this year is structured according to the strategic TRUST pillars to show how we are working towards our Purpose every day.

Doing Good Together

This year we have reimagined what it means to be a Your Co-op member.

Our members told us how important it is that every time they spend with us they make good things happen. That's why we've now made this connection even stronger, so every time a member buys something from one of our food stores, books a holiday with us, uses one of our broadband packages, or one of our nurseries, a percentage of what they spend will go directly back to supporting the causes they care about most.

Through our new Doing Good Together Fund, our new approach to sharing our profits, we are delivering on our Purpose to create a fairer, more sustainable and ethical future. We know that by doing good together we can create a brighter tomorrow.

Your Co-op in numbers

your coop

Society
Colleagues: 6,239
(2022/23: 6,618)
Sites: 421
(2022/23: 422)
Members: 645,048
(2022/23: 721,674)

your coop food

Food & Post Offices
Sites: 304
(2022/23: 302)
Colleagues: 4,201
(2022/23: 4,526)

your coop travel

Travel
Sites: 71
(2022/23: 72)
Colleagues: 401
(2022/23: 368)

your coop childcare

Childcare
Sites: 46
(2022/23: 48)
Colleagues: 1,324
(2022/23: 1,368)

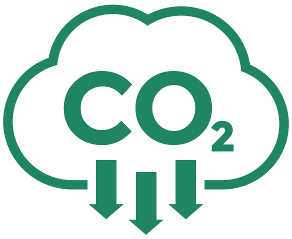
your coop energy powered by octopus energy · your coop mobile · your coop broadband

Utilities
Power purchase agreements: 250
(2022/23: 227)
Colleagues: 56
(2022/23: 58)

The year at a glance

In 2023/24 we welcomed almost
109,000
new members

We donated
£211k
to good causes



Greenhouse gas emissions are down **32%** since 2019

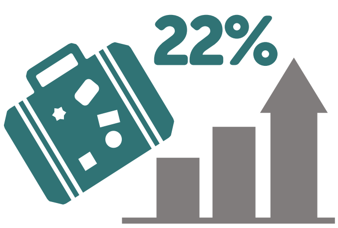
Member trade is now
37%
(2022/23: 27%)

Food revenue is up by **£10.1m**

We source energy from
250
community generators

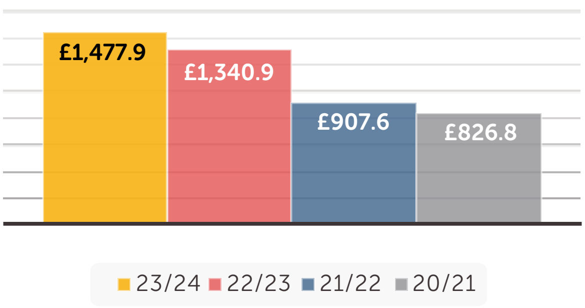
1 new nursery opened and **3 refurbished**

Travel has had a **record year** for gross sales

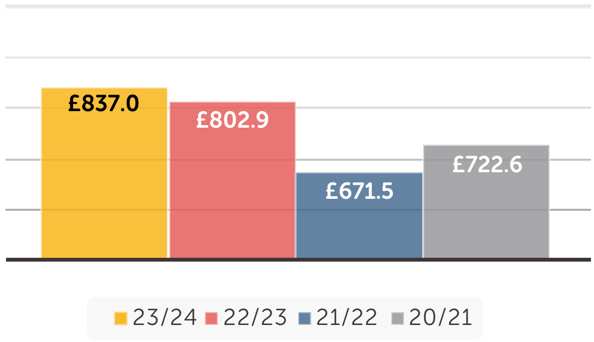


Financial highlights

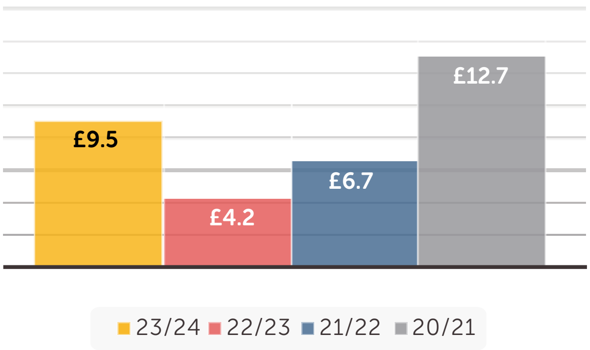
Gross Sales - £m



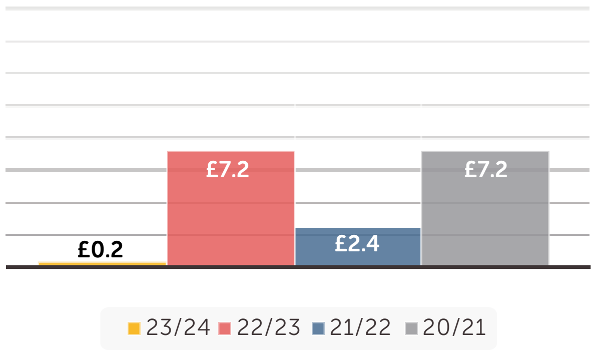
Revenue - £m



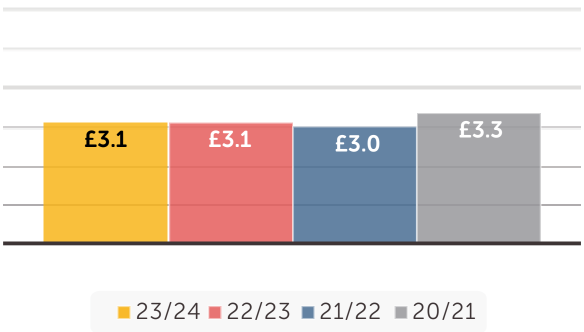
Operating Profit before significant items - £m



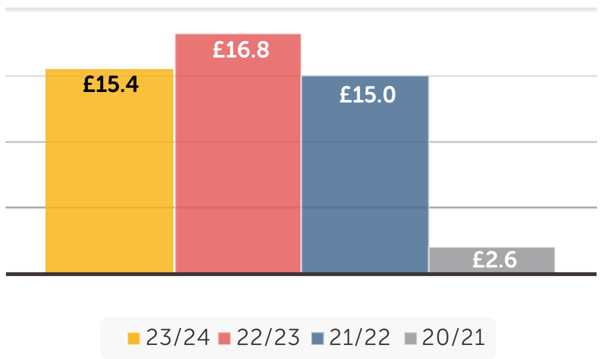
Operating Profit - £m



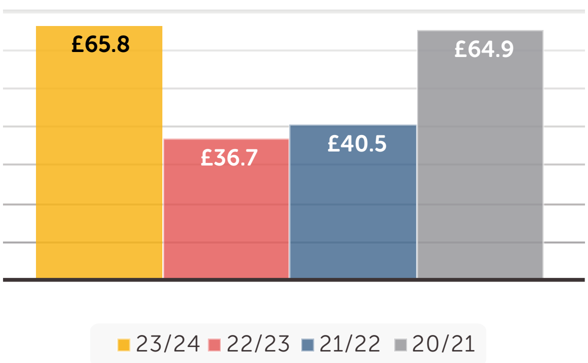
Payments to / on behalf of Members - £m



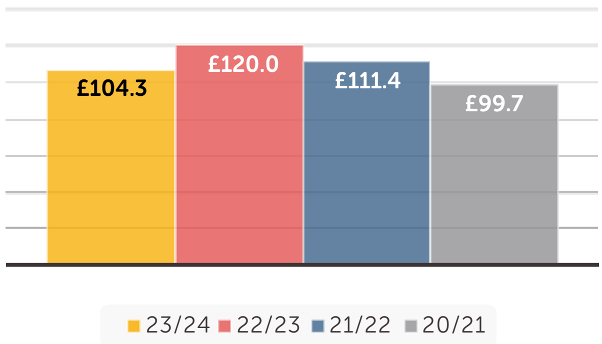
Capital Expenditure - £m



Net Debt - £m



Net Assets - £m



The Society's full Financial Statements are presented from page 78 onwards.

*Gross sales represents revenue plus agency fees, VAT and colleague discount

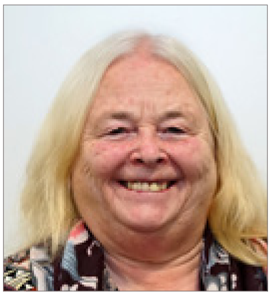
Board of Directors

Heather Richardson
President

Irene Kirkman
Vice-President

Vivian Woodell
Vice-President

Ellie Boyle



Bernadette Connor

Amanda Davis

Evelyne Godfrey

Vicky Green

Harvey Griffiths

Stephen Hawksworth

Matthew Lane

Paul Mather

Nick Milton

Barbara Rainford

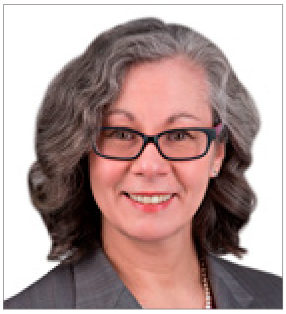
Fiona Ravenscroft

Helen Wiseman

Senior Management Team

The Executive

Phil Ponsonby
Chief Executive



Alison Bain
Chief Marketing Officer

Michelle Cemm
Chief People Officer

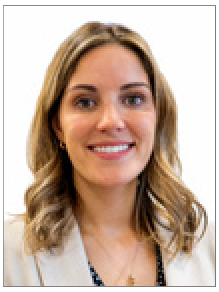
Sara Dunham
Chief Officer National Businesses

Peter Kelly
Group Chief Financial Officer

Edward Parker
Secretary & Head of Governance

Pete Westall
Chief Values Officer

Senior Management Team



Bethany Patrick
Acting Chief Operating Officer, Childcare

Jacob Isherwood
Chief Information Officer

Kathryn Lyddon
Head of Property

Claire Evans
Chief Operating Officer, Travel

Sarah Yates
Head of Trading, Food Retail

Mark Taylor
Head of Operations, Food Retail

President's introduction

"As a Board, we recognise we have the responsibility to steer our Society towards a future that not only responds to the current economic challenges but also remains true to the ethos of community and shared prosperity."

Heather Richardson

Being elected as the president of Your Co-op is a wonderful privilege and I'm delighted to introduce our Annual Report and Accounts for 2023/24.

Our Board is committed to upholding the values and principles that have been the cornerstone of the co-operative movement since the Rochdale Pioneers opened the first co-operative store 180 years ago.

As a Board, we recognise we have the responsibility to steer our Society towards a future that not only responds to the current economic challenges but also remains true to the ethos of community and shared prosperity. This is about more than just leading a business; it's a chance to make a tangible difference in the lives of members and the wider community, ensuring that co-operative principles are lived out in practical, impactful ways.

We reflect the above ambitions into our Purpose Statement, DOES values and supporting TRUST pillars, which you will find set out on page 4.

By way of example, to help members make a difference in their communities every day, we will be launching our Doing Good Together Fund at the AGM in May. This new Fund means that every time a member shops with us they will be investing in their local community.

Supporting our remarkable colleagues is central to our TRUST pillars. So, the Board fully supports the Government's recent announcement that new legislation will be introduced to make abusing a shop worker a standalone crime. We have worked closely with other co-ops and retailers over the last number of years to lobby on this increasingly concerning issue. So, it is gratifying to see that by working together 'through the power of co-operation' this new law will soon be introduced.

I was pleased to see so many people, both members and non-members, attending last year's Fairer Living Festival, which accompanied our AGM. The Festival invites wider participation in the co-operative movement, spreading awareness and reinforcing the co-operative ethos – something I am personally very passionate about. I hope to see many of you there again this year.

As you read through this report, I am sure you will be struck by the achievements our Society has made through the year, ensuring we are building a sustainable future for our Society and its members. And, on the behalf of your Board, I would like to thank you for your continued engagement with Your Co-op.

Heather Richardson
President

In memory of Doreen Shaw

The Board was sad to hear that Doreen Shaw, who served as an elected director at Midcounties Co-operative and its predecessor societies for 40 years from 1971 to 2011, died earlier this year, just two months shy of her 100th birthday.

Doreen had an instinctive and practical grasp of what co-operation meant to ordinary people, understanding the day-to-day realities of life, while at the same time recognising the power of co-operative values – education, self-help, self-responsibility, solidarity – to improve lives. And she was a great champion for women. Leading by example, she encouraged and supported many to push themselves forward and take on opportunities and responsibilities that were not always easy or well defined.

She is remembered with affection and admiration for what she stood for and for everything she achieved.

Chief Executive's overview

"We have, in the main, seen solid year-on-year growth in revenues across our trading groups, despite a challenging economic backdrop."

Phil Ponsonby

It is my pleasure to update members on our Society's performance for the last financial year.

We have, in the main, seen solid year-on-year growth in revenues across our trading groups, despite a challenging economic backdrop. This performance is testament to the hard work and commitment of colleagues across our operations who have continued to provide exceptional service to our customers and members while also supporting their communities and demonstrating their passion for our Purpose every day.

I know that many members and customers have found the cost of living crisis challenging, placing pressure on their household finances. High-cost inflation and geopolitical instability has caused a challenging trading environment. We have done everything we can to avoid passing cost increases on to customers through cost control measures and improved efficiencies. Reassuringly, we are now beginning to see a decline in the inflation rate, which we hope will ease pressures and contribute to a more stable trading environment for the year ahead.

The Chief Financial Officer's report on page 16 provides an overview of the Society's overall financial performance and, as detailed within the report, it is pleasing to see that our operating profit before significant items has more than doubled compared to last year.

Trading group developments

Food and Post Offices

Our Food Retail business produced revenues of £602.4m, an increase over the previous year of £10.1m with like-for-like sales ending 7.1% higher. Food price inflation has been high throughout 2023/24, albeit this is now easing. Although we have welcomed more members and customers into our stores, the number of items purchased each time has reduced.

We continue to review our food offer, opening five new stores while exiting from five stores that no longer matched to our long-term plans.

We have focused on improving efficiency by introducing new technologies including electronic shelf edge labels and by extending our network of self-checkouts.

Our Post Offices ended the financial year on a high note with commission income for the final quarter up by 7.9%, driven by improving footfall.

Travel

Our Travel business has seen a significant growth in revenue, delivering £176.4m, an increase of £23.1m over the previous year. Many households seem to have prioritised travel spend despite the cost of living pressures. This has been evidenced across our retail stores, personal travel agents and consortia members.

Our tour operation, Co-operative Holidays, continues to expand, offering more choices than ever before, including more responsible travel options.

It has been a year of investment for Travel, with the launch of an agent management system and the building of a new website allowing online bookings, which went live in February 2024. We also rolled out our new branch format at two sites, using interactive features to showcase our products and latest offers.

Childcare

Our Childcare business delivered revenue of £43.2m, an increase of £1.4m over the previous year. Occupancy levels increased marginally and we witnessed a continued trend of families cutting the number of sessions taken each week to balance cost of living pressures. The Government announced positive changes to the funding available to families to make childcare more affordable. These changes will be phased in from April 2024 to September 2025. As a result, we saw demand flatten as families waited for this assistance.

Recruitment and retention of colleagues continues to be a significant issue for the childcare sector and the impending Government changes to funding will also bring about both new opportunities and challenges for the group.

I have been very pleased to support the introduction of our new Play Now, Pay Later scheme. Arranged with The Co-op Credit Union, the scheme enables parents to spread the cost of their nursery fees, allowing more children to benefit from high-quality Early Years education.

Our new Little Pioneers nursery in Wolverhampton has had a very strong start and we have invested in refurbishing three existing nurseries, introducing the Little Pioneers brand and refreshing equipment.

Utilities
Our Utilities business comprises phone and broadband, energy partnerships and flexible benefits services. While revenue has reduced overall by £0.7m to £9.4m against the prior year, £0.8m of this comes from the managed run-off of the Government's discontinued tax-free childcare voucher scheme.

Younity, our joint venture with Octopus Energy, now works with 250 community energy generators. We plan to relaunch the UK's only 100% community-run renewable energy tariff this year.

Wholesale energy prices have remained high, meaning it has been difficult to grow our Co-op Energy customer base. However, we continue to explore new ways to work with Octopus Energy.

Other highlights over the year
Our Steering Wheel, which tracks our success in non-financial measures, shows a positive picture, with most of the measures improving on last year – see page 17 for the full report.

A significant development last year was the introduction of our refreshed Purpose and member engagement strategy. In addition to giving members the opportunity to save more every day through member-only discounts, the Doing Good Together Fund will give members a greater say over how some of the money they spend with us is invested to support their communities. The fact that member trade increased to over a third of total trade by the end of the year shows that members are already enjoying the benefits of these new member offers.

Our AGM and accompanying Fairer Living Festival was a particular highlight of the year for me. We welcomed over 1,300 members to the event, where we were able to showcase our businesses, including our local suppliers, and create a fun and inviting environment for members to enjoy.

As thought-leading pioneers, we are always looking for new ways to live our values and Purpose. Our Fairer Futures programme is a great example of this. Set up in conjunction with social enterprise and local supplier Miss Macaroon and based at our Walsall Town Centre food store, Fairer Futures provides training placements for young people facing employability challenges to help them find permanent employment. We have supported 32 young people through this life-changing scheme so far and are looking for ways to expand it.

As I have said, our remarkable colleagues are vital to the success of our Society and it is essential that we create opportunities for them to shine. I am glad to see so many colleagues taking up places on our LEAP development courses to gain vocational qualifications that will benefit them in their careers. I was also pleased we were able to introduce Wagestream during the year, giving colleagues access to their earned pay when they need it.

It is reassuring to see the colleague satisfaction score increasing this year and we continue to listen to colleagues through surveys and manager check-ins to make sure they are fully supported.

With the rise in retail crime, we have seen over the last couple of years, improving protection for our colleagues has been of paramount importance. We have invested half a million pounds in preventative equipment, such as body cameras and security measures in our stores. Working with other retailers and our union USDAW, we continue to engage proactively with our local Police and Crime Commissioners and with the support of our trade associations and the Co-op Party, we have lobbied successfully for an amendment to the Criminal Justice Bill so that the assault or abuse of a shopworker will soon become a specific standalone offence.

As part of our wider sustainability strategy and to mitigate rising energy costs, we replaced fridges at 50 stores and updated lighting to LED at 139 sites, investing £8m over the course of the last two years in energy efficiency projects. This has helped reduce our energy use by 11% against the previous year, a saving of 5.2 million kWhs of electricity,

Looking ahead
Looking to the rest of 2024, the upcoming general election adds an element of uncertainty to the landscape. However, we hope to see the rate of inflation normalise and the cost of living pressures ease, increasing customer confidence.

We will continue to focus on giving you, our members, the best service possible and listening to your feedback on everything we do.

I look forward to updating you again at the half-year stage with the further progress of your Society.

Phil Ponsonby
Chief Executive

Our Pledges

At our 2022 AGM we laid out 10 pledges for the coming five years. This is how we are progressing...

1. Reduce direct greenhouse gas emissions by 50% (compared to 2019 levels)
We have now reduced our total greenhouse gas emissions by 32% compared to 2019 levels. We have achieved this largely by reducing energy use across sites by 11% in 2023/24 compared to the previous year, saving 5.2 million kWhs, equivalent to saving 1,000 tonnes of CO_2 and £1.6m pounds in energy costs.

We have invested over £8m in energy efficiency projects over the last two years to help us achieve this.

2. Support the creation of 50 new co-operatives
We have continued to work closely with Co-operative Futures and The Plunkett Foundation who support start up co-ops in our communities, providing funding and support. Since launching this pledge, we have supported the creation of 12 new co-operative/community-owned organisations within our core trading areas.

We have also worked closely with the Co-op Party to support campaigns to enable the growth of co-ops – read more on page 35.

3. Remove all remaining single use plastic from food stores
We rolled out Your Co-op reusable bags across all food stores during the year, with all profits going to our foodbank fund. We have also replaced single use plastic produce bags with paper bags.

All Co-op own brand packaging is now recyclable and we are focused on removing non-essential packaging where possible. Overall, plastic packaging has been reduced by 15% since 2018, through the co-operative buying group Federal Retail Trading Services (FRTS), eliminating over 4,000 tonnes of plastic.

4. Extend and improve colleague incentives on electric cars, mopeds and bikes
The Society offers a range of green transport options for colleagues, including an electric vehicle 'salary sacrifice' purchase scheme in partnership with Octopus Energy, saving the 52 colleagues who have used the scheme so far up to 40% on new electric vehicles. We have also introduced an e-Moped scheme alongside our cycle to work offer.

In addition, to encourage the uptake of electric cars more generally, we have installed EV chargers across selected sites, providing members with a 25% discount and free charging for colleagues.

5. Introduce bursary scheme for struggling families in childcare nurseries
We have carried out a trial at one of our nurseries to offer children who are only eligible for 15 hours of childcare funding from the Government an additional 15 hours funded by Your Co-op, delivering a total of 800 free hours over the year.

To make sure as many children as possible have access to high quality childcare, we set up an agreement – Play Now, Pay Later – with The Co-op Credit Union to allow parents to spread the cost of their nursery fees.

6. Grow Co-op Holidays to half of total business and focus on sustainability

As at the 2023/24 year-end, Co-op Holidays made up 1.6% of total holiday sales in our Travel business. With the introduction of our new transactional Travel website, we hope this figure will continue to grow.

In response to member feedback, Co-op Holidays now offers over 8,000 'sustainable choice' hotels. Demand has grown for package holidays travelling via Eurostar, with revenue up by 226%. We have also formed 30 new partnerships with established overseas-based tour operators who contribute to local economies.

7. Double the sales of Fairphone and switch Society mobiles over

Sales of Fairphone have grown over the last year by around 7%. Throughout the year we have continued to promote the Fairphone, including attending events to promote this product to other businesses.

Every new colleague who joins the Society and requires a mobile now receives a Fairphone, and we switch existing users over as their mobiles come up for replacement.

8. Go further in supporting people to sustain independent living

We have continued our focus on our employability programmes.

We launched our Fairer Futures Programme in conjunction with local supplier Miss Macaroon in April 2023. The programme, based at our Walsall town centre store, creates training opportunities for young people facing employability challenges.

We also work closely with Bright Future Co-operative to help victims of modern slavery get back into employment so they can rebuild their lives. So far, 86 people have found stable work through Bright Future Co-op.

9. Give members even more reason to buy Fairtrade products

We have continued our 10% discount on all Fairtrade products throughout the year, encouraging members to make ethical choices when shopping with us.

In July 2023 we increased the amount of membership points earnt when purchasing own-brand Fairtrade products from one point to three points for every £1 spent. We have also actively showcased the benefits of purchasing Fairtrade throughout the year.

10. Continue to pay our colleagues at a higher level than the national living wage set by the Government

During the 2023/24 financial year, and in agreement with colleague members of our recognised trade union, Usdaw, we maintained a differential to the National Living wage.

Reward is made up of more than an hourly rate of pay and so we are also reviewing our whole reward offer. For example, we maintained the increased colleague discount and introduced Wagestream in August to give colleagues greater control over their finances.

Thriving Co-operative

We are a commercially successful, values driven Society that champions ethical living every day.

To deliver our purpose we balance economic success with our co-operative values. Financial growth means we can invest in what matters to our members, from funding grassroots community initiatives to protecting the environment.

To give you a rounded picture, this section combines the Chief Financial Officer's report, outlining our financial position at year end, and how we are progressing against our key non-trading measures, tracked through our Steering Wheel.

Chief Financial Officer's report

"The Society has delivered an improvement in underlying operating profits as a result of continued growth in revenues and a focus on operating costs."

Peter Kelly

Trading conditions have been challenging over the past year with pressures on household budgets, food price inflation and high energy prices. Despite this, the Society has delivered an improvement in underlying operating profits as a result of continued growth in revenues and a focus on operating costs.

Gross sales*, the cash sales made through all of the Society's trading businesses throughout the year, increased by £137.0m (10.2%) to £1,477.9m (2022/23: £1,340.9m).

Revenue grew by 4.2% to £837.0m (2022/23: £802.9m) as a result of positive growth in Food (+1.7%), Travel (+15.0%) and Childcare (+3.4%) partly offset by a reduction in Utilities due to the managed run-off of the historic childcare voucher scheme. Performance was positively impacted by the growth in membership and member trade.

Gross profit increased by 4.8% to £224.4m (2022/23: £214.1m) and gross margin increased by 0.1% to 26.8% (2022/23: 26.7%). Gross profit has benefitted from the overall growth in Society revenues and a higher mix of profitable Travel sales.

Operating profit before significant items grew by £5.3m to £9.5m (2022/23: £4.2m). While the positive trading performance delivered an improvement in gross margin of 4.8% (£10.2m), our focus on costs, investment in technology and energy saving projects meant that operating costs before significant items only increased 2.3% (£4.7m).

Operating profit contained a number of one-off items, including a reduction in the fair value of properties of £5.6m (2022/23: £2.7m reduction) (mainly central offices) and write-offs associated with the disposal of non-strategic sites. In the year, we recorded a loss on disposal of properties of £1.9m (2022/23: gain of £3.4m) and, as a result, operating profit at £0.2m shows a reduction year on year (2022/23: £7.2m). The Society made a loss before tax of £14.3m in the year (2022/23: £4.9m loss). This is reduced to a loss of £5.1m when the significant one-off costs are added back (2022/23: loss £7.9m).

Capital expenditures of £15.4m (2022/23: £16.8m) were made in the year to fund the opening of five new food convenience stores, a new childcare nursery and a range of energy reduction initiatives, including LED technology, new refrigeration and energy control systems.

Net debt at year end stands at £65.8m (2022/23: £36.7m). This planned increase reflects the reversal of a working capital timing benefit worth £17.6m in the first quarter of 2023/24, our £15.4m investment in capital projects and payments of £6.8m to reduce the historic pension deficit. As a result, our defined benefit pension liabilities have reduced to £10.9m (2022/23: £16.9m).

Peter Kelly
Chief Financial Officer

*Gross sales represents revenue plus agency fees, VAT and colleague discount

Our key measures

We track our key measures using our Steering Wheel

As a thriving co-operative we believe there is more to being a successful business than just profits.

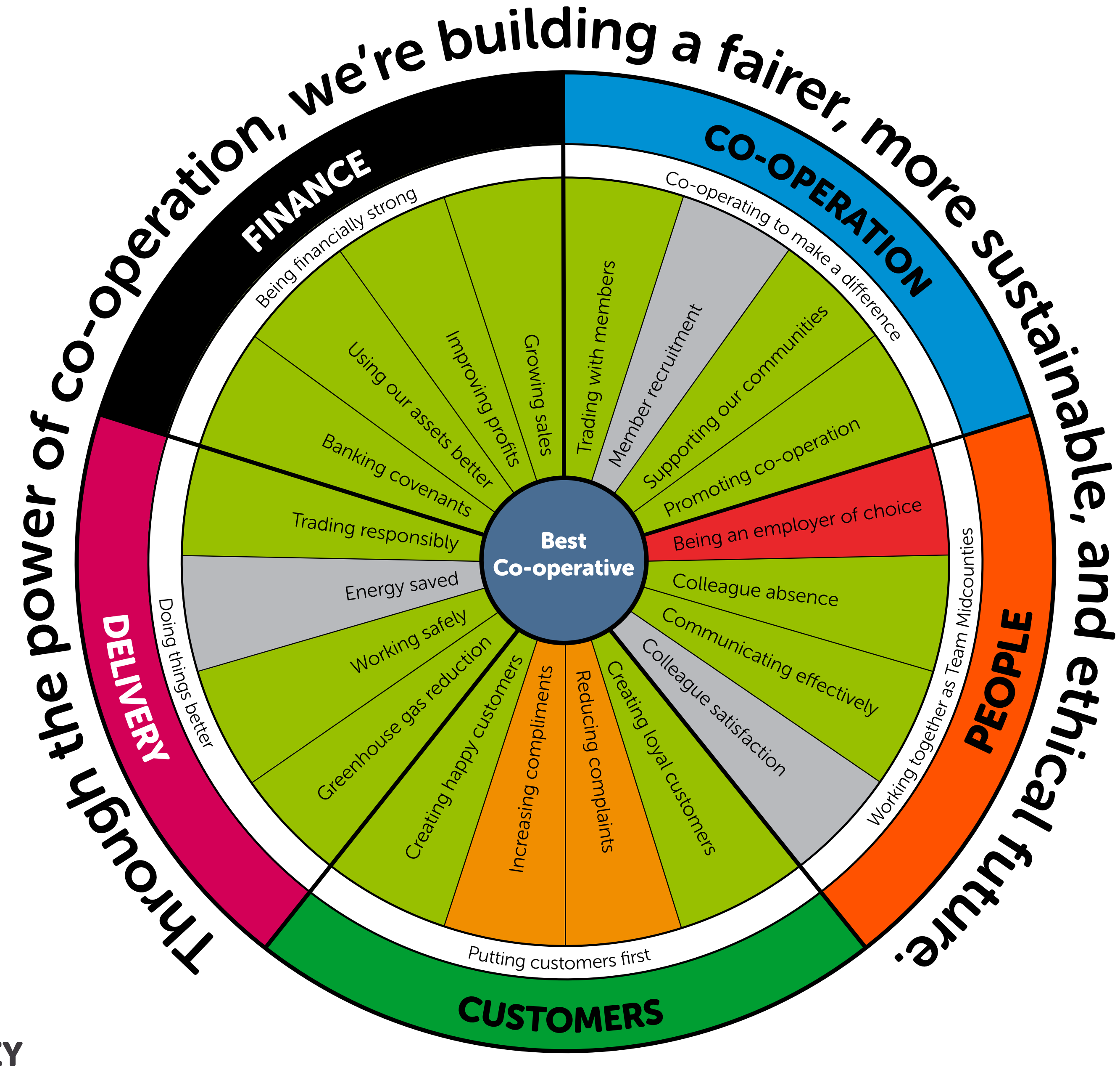
So, as well as measuring our financial performance we use our Steering Wheel to measure our performance in the key areas of co-operation, people, customers and delivery. Each section of the wheel has a number of objectives which we monitor on a monthly basis.

The Steering Wheel below shows how we have performed on these objectives during the 2023/24 financial year. The sections are coloured red, amber or green to indicate whether results have fallen against last year (red), remained the same or almost the same as last year (amber), or improved (green). The grey sections are new measures this year so do not have comparators to last year.

All our sites have their own Steering Wheel targets. This ensures we are addressing our co-operative aims as a business on a continuous basis right down to site level.

On the following pages we report our Society Steering Wheel results and key developments in these areas.

The financial performance of the Society is included from page 78.



KEY
Red - below last year
Amber - same as or almost the same as last year
Green - above last year
Grey - new measure

Our key measures

Trade with members

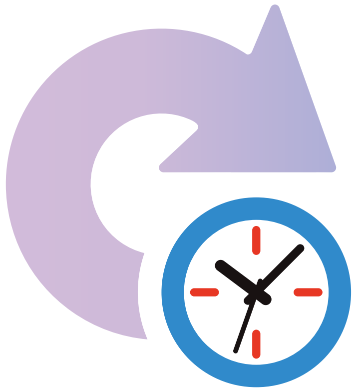
% of trade
with members

2023/24: 37%
2022/23: 27%

Member trade has grown significantly thanks to increased member offers and new member incentives as part of Doing Good Together

Supporting our communities

Hours volunteered in the community by colleagues



2023/24: 21,252
2022/23: 19,749

Doing Good Together and our internal 'Count me in' campaign have encouraged more colleagues to volunteer in our communities

Co-operation

Promoting co-operation

Number of members engaged in co-operative activities

2023/24: 73,458
2022/23: 55,629

1,300 members attended our AGM and Fairer Living Festival, and many more took part in online surveys and Your Co-op Conversation events.

Member recruitment

NEW MEASURE

Number of new members recruited

2023/24: 108,626
2022/23: N/A

More and better member offers and our colleagues actively promoting the benefits of membership have led to strong growth in membership numbers

Being an employer of choice

% of colleagues employed over 3 years

2023/24: 54%
2022/23: 56%

Business changes and site closures have led to some long-standing colleagues leaving the Society; but we're always looking at ways to strengthen retention through colleague engagement and development

Colleague absence

% absence hours

2023/24: 3.8%
2022/23: 4.5%

Regular check-ins are supporting colleague wellbeing and absence is returning to pre-pandemic levels

People

Communicating effectively

% of colleagues who positively score the pulse survey question 'I am satisfied with the way the Society communicates with me'

2023/24: 79%
2022/23: 77%

Our Colleagues Connect website and better trading group communications have helped improve our score year on year

Overall colleague satisfaction

NEW MEASURE

Measured through our regular pulse survey

2023/24: 79%
2022/23: N/A

Better colleague rewards, giving colleagues opportunities to develop and regular check-ins have all combined to increase this measure

Our key measures

Creating loyal customers

Net Promoter Score

2023/24: 63
2022/23: 62

We have continued to work on improving our customer service levels to create loyal customers

Reducing complaints

Number of compliments received per 100,000 transactions

2023/24: 6
2022/23: 6

Complaints remain relatively low; we use the feedback we receive to help improve our service and offers

Customers

Increasing compliments

Number of compliments received per 100,000 transactions

2023/24: 65
2022/23: 65

We are always pleased to receive positive feedback from our customers

Creating happy customers

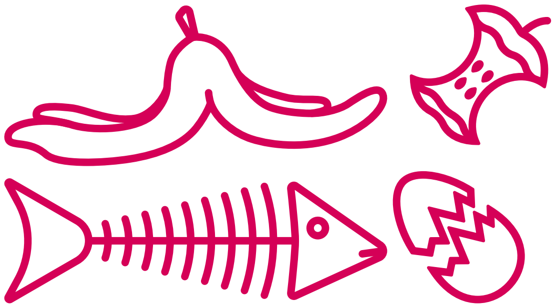
Customer Satisfaction (C-Sat) Score

2023/24: 74
2022/23: 73

We have been listening to our customers and making improvements, so we are pleased to see this score increasing

Trading responsibly

% reduction in controllable food waste from food stores



2023/24: 21%
2022/23: 9%

Working with Too Good To Go has helped reduce the amount of food going to waste

Working safely

Number of injuries/incidents recorded as a moving annual trend

2023/24: 354
2022/23: 476

It is good to see the number of injuries and incidents decreasing, as sites continue to adhere to health and safety guidelines

Delivery

Energy saved

NEW MEASURE

Amount of kWh saved (like for like)

2023/24: 5.2 million
2022/23: N/A

Increasing colleague awareness and energy efficiency projects have led to a 5.2 million kWh saving

Greenhouse gas reduction

% reduction in greenhouse gas emissions across our operations

2023/24: 32%
2022/23: 21%

Investing in new refrigeration equipment and cutting our energy use have helped us improve this measure

Remarkable Colleagues

We help our colleagues to grow, do their best and recognise them for their remarkable service.

Our 6,239 remarkable colleagues not only passionately deliver an outstanding service every day, but also actively give back to their communities, delivering 21,252 volunteering hours in the year.

We are committed to finding ways to give the same care and attention to them, whether it's ensuring their wellbeing, creating an inclusive culture or through the career development we provide. By listening closely to their views and making changes to support them, we strive to create a supportive workplace where they can thrive.

Celebrating our colleagues

21,252

21,252 volunteering hours given

74%

Customer satisfaction score is 74%

Creating happy customers

Our colleagues provide exceptional service every day, and our customers agree. We achieved a 74% customer satisfaction score (up from 73% in the previous year) and our Net Promoter Score, which expresses how many of our customers would recommend us to others, went from 62% to 63%.

Active in our communities

Our colleagues tell us they find it rewarding spending time supporting their local communities and they each receive 22.5 paid volunteering hours (pro rata) to spend every year doing just that. We're proud that the number of colleague volunteer hours donated increased this year from 19,749 to 21,252.

For example, working with our community partners the Jon Egging Trust, colleagues supported the delivery of workshops for students experiencing barriers to learning at our partner schools. Our colleagues helped the students grow their confidence and develop their problem-solving skills.

Delivering exceptional customer service

Our colleagues really go the extra mile for our customers. Here is just some of the lovely feedback our colleagues received this year.

"The staff are amazing they are always so helpful and attentive and I feel they are involved with the local community."

"Your staff members were so welcoming, friendly and helpful. The positivity stays with you all the way home. It is truly a special experience!"

Celebrating colleague achievements

During the year we launched 'Count me in', where we invite colleagues to share their doing good together stories so we can celebrate their actions.

For example, remarkable colleague Margaret Ball from Bassett Avenue food store in Bicester volunteers weekly with a dementia group.

She says,

"At first, I wasn't sure if I could add value as a volunteer, as I had no experience of dealing with the elderly, let alone those with dementia. However, I soon realised that my efforts were well rewarded and communication with them was welcomed. Now I really look forward to my Thursday visit."

Colleague engagement

50%

Pulse survey responses exceeded 50% for the first time

28%

28% increase in colleagues enrolled in our LEAP programme

Listening to our colleagues

To make sure we are listening closely to our colleagues, we conducted 13 pulse surveys, three wellbeing surveys and two deep dive surveys over the course of the year. The response rate for our pulse surveys exceeded 50% for the first time, giving us a clear view of how our colleagues feel and what they want.

Following these surveys, we have taken action to provide more colleague development opportunities, retain our enhanced colleague discount and offer new wellbeing resources.

Our long-standing Colleague Council initiative has also continued during the year, giving colleagues an open forum to raise and discuss concerns and opportunities for improvement.

Developing our talented teams

Our LEAP development programme (Learn, Earn, Achieve, Progression) continues to grow both in terms of popularity and success. We congratulated 38 apprenticeship graduates in the year (19 from Childcare, 17 from Food Retail and two from Support Services). Encouragingly, 89% of these graduates were still with the Society at the financial year end.

We were pleased to celebrate their achievements with them at a special event held during National Apprenticeship Week in February.

Interest in the programme continues to grow, with 86 colleagues enrolled onto a LEAP apprenticeship for the coming year – a 28% increase on 2023.

Providing supportive networks

To help colleagues better support one another in reaching their full potential, we launched two new Society-wide communities.

The Thrive Community provides colleagues identified as having potential and an interest in developing, with the opportunity to grow themselves and their careers with the Society.

We also launched our Managers Clubs concept, with 15 leaders coming together to support one another, share best practice and discuss the challenges they face.

Colleague wellbeing

795

795 colleagues used our financial wellbeing app

20%

20% colleague discount in food extended

Keeping the 20% colleague discount
To recognise our colleagues' hard work and to help them during the cost of living crisis, we have extended the 20% colleague discount in food stores until the end of 2024. In 2023/24, colleagues and their partners saved £2.5m by using their colleague discount.

Providing more helpful resources
The wellbeing of our colleagues is essential and we want to look after them as well as they look after our customers. In partnership with GroceryAid and Everymind, we have expanded the range of support resources on offer, providing more webinars, events, training and courses covering topics including the menopause, mental health, managing stress and nutrition.

In recognition of this commitment to our colleagues and our engagement with their organisation, we were pleased to achieve GroceryAid's Gold Award for the third year running.

Helping colleagues manage their money
In August 2023 we introduced the Wagestream facility and app, giving colleagues greater control over their finances and the ability to receive their pay early if needed.

The app also allows colleagues to budget, create savings pots and receive financial coaching, all to help reduce reliance on expensive credit options and payday loans.

So far 795 colleagues have enrolled to use the system which has been very well received.

One colleague said:

"Wagestream is amazing. Very quick to register to use and it's already encouraged me to set a goal for saving money. Where else can you get 5% on savings and still have access to your money if you need it urgently?"

We also relaunched The School Essentials Grant from GroceryAid to help colleagues cover uniform and stationery back-to-school costs.

Colleague diversity and inclusion

New Inclusion Allies Network formed

Achieved Disability Confident Employer Level 2

Diversity in recruitment

Following a demographic needs analysis at 100 of our food stores, we found that every store analysed not only attracted but also hired a higher proportion of people from ethnically diverse backgrounds than the overall proportion of such individuals within a one-mile radius of the store.

This was reassuring as we strive to be an equal opportunities employer and actively work to combat bias through training. All our managers have received race awareness training in 2023 and in the coming year we will be expanding this training into inclusion more generally.

We hope that by continuing to follow these hiring patterns and recruitment practices we will be able to increase the diversity of our workforce up towards our five-year target of 16%.

Championing inclusion

We have merged our EmbRACE and Pride+ working groups into a single diversity alliance – the Inclusion Allies Network. The 32 colleagues within the network come together to drive business change, celebrate our differences and support colleagues across the Society, creating a more cohesive, inclusive organisation. The network now covers all of the protected characteristics outlined in the Equality Act 2010.

Committed to change

As an ethical organisation, we live our values and strive to provide opportunities for all. To engage with diversity and inclusion at a national level we are a signatory of Business in the Community's (BITC) Race at Work Charter and completed the Race at Work benchmark with a score of 55%. The benchmark highlighted things we are doing well and areas for development. Our Chief Values Officer, Pete Westall, has also become the Chair of the West Midlands Race Board for BITC.

We have maintained our Invisible Disabilities Silver Standard and seen our Disability Confident Employer status improve from Level 1 to Level 2.

Supporting our diverse colleagues and communities

To make sure more of our colleagues are informed and educated about the concerns and untapped opportunities of colleagues with ethnically diverse backgrounds, we introduced a mentoring scheme with senior managers. Suggestions arising from those conversations include stocking more diverse products in our food stores and Travel offering a wider range of holiday destinations.

"We strive to be an equal opportunities employer and actively work to combat bias through training"

Uniquely Engaged Members

We are owned solely by our members, who guide everything we do.

As a co-operative, we are our members. Your views shape our actions and we actively encourage our uniquely engaged members to join in with events and activities.

Member feedback has led us to make some significant changes to how we engage and reward our members while helping to deliver even more impact in local communities through Doing Good Together. Every penny our members spend in store, means we can achieve more together.

£2.3m

Members saved £2.3m on their shopping

10%

Member trade up 10 percentage points

More for members

As part of our new member proposition Doing Good Together (see page 5 for more), we introduced enhanced member offers, pricing and discounts across all our trading groups, including discounted extra sessions in Childcare and member pricing on our telecoms products.

In line with member feedback, members are now rewarded in the moment rather than waiting months for share of the profits vouchers. Members also earn more points when they make ethical choices – helping us create a better, fairer world together.

Member trade has increased

These changes have led to a significant uplift in member trade, which ended the year at 37% compared to 27% at the same point last year. We also welcomed almost 109,000 new members to the Society (2022/23: 86,000), thanks in part to a renewed drive for colleagues to promote the benefits of membership.

Members saved £2.3m on their food shopping in total, with 86% of members shopping in our food stores saving money. The member app continues to grow in popularity, with 139,000 members using it during the year.

Cross-trading member benefits

Our unique mix of businesses means we have been able to offer cross-trading opportunities to members, helping members save even more. When members with children at one of our nurseries book a Co-op Holidays getaway, they will save on their childcare fees while they are away. We continue to look for more opportunities like this to benefit members.

Helping members support their communities

Members told us they wanted a simple way to give back to their communities, and Doing Good Together helps them do just that. We have increased the proportion of our profits that are used to support local communities and will be giving members more of a say in how these funds are distributed.

The first 1,000 points a member earns will be allocated to the Doing Good Together Fund, so that good things happen every time you shop with us.

Inviting members to join in

In partnership with our Member Engagement Committee, we have continued to find new ways for members to join in, from in-person events and webinars to workshops, networking events and podcasts. We also launched the first Fairer Living Festival, adding a whole new dimension to our AGM and celebrating everything our colleagues, members and partners do every day to bring our purpose to life.

We have continued to deliver Your Co-op Conversations with our community partners on a range of topics, from food justice and wildlife gardening to co-operative history and employability. We have also held regular online community defibrillator awareness seminars for our members in partnership with the Community Heartbeat Trust. We continually gather feedback to make sure we are providing events that are of interest to members.

Fairer Living Festival

To provide even more for our members, we ran our first Fairer Living Festival with live music, local suppliers and family entertainment, alongside our AGM. In total, the event welcomed over 1,300 people.

View our Fairer Living Festival VIDEO HERE

Highlights by trading group

Food member trade up 10 percentage points to **36%**

Travel member trade up 4 percentage points to **59%**

Childcare member trade up 1 percentage point to **98%**

Utilities member trade ended the year at **39%**

Sustainable Impact

We collaborate with communities to make a sustainable difference locally and globally.

We're committed to supporting our communities through meaningful partnerships, making it easier for members and customers to give back. Every pint of milk you buy and every holiday you book makes a sustainable impact locally, nationally and globally.

From supporting our regional community partners and fundraising for life-changing national charities, to investing in energy efficiency programmes and championing community energy, every action we take together makes a difference.

Environment

21%

Food waste down 21%*

32%

Greenhouse Gas emissions down 32%*

250

Working with 250 energy projects

*Compared to 2019 baseline

Sustainability-linked banking targets

As part of our recent re-financing process, for the first time we have agreed sustainability-linked finance targets, encouraging us to build on our existing award-winning environmental work and deliver further reductions in both greenhouse gas emissions as well as food waste.

These targets include reducing our direct greenhouse gas emissions by 50% by January 2026 compared to 2019 (with a 25% reduction by January 2024) and reducing food waste across our food stores in the same timeframe (with a 20% reduction by January 2024).

They also cover the more complex 'indirect' greenhouse gas emissions, with a target in place to have our greenhouse gas emissions reduction targets validated by the Science Based Targets initiative (SBTi – the governing body for science-based targets).

We are pleased to report that we have achieved our 2023/24 sustainability linked finance targets. Further details are outlined below. Our greenhouse gas reduction targets have also been validated by SBTi (with further details included in the Carbon Reporting section on page 37).

Cutting greenhouse gases

Taking responsibility for our environmental impact is integral to our co-operative values. So far, we have cut our direct greenhouse gas emissions by 32% compared to 2019 levels (well above the 25% interim target we were set through our sustainability-linked finance targets) and we have set targets in conjunction with the SBTi for our indirect emissions.

Reducing food waste

Cutting food waste is a top priority for members and we have introduced innovative ways to find new homes for food that would otherwise go to waste, including working with our partner Too Good To Go (TGTG).

We have so far cut food waste by 21% compared to 2019 (again, above our interim sustainability-linked banking target) by tracking food waste more closely and working with TGTG. In total, through a combination of improving our operational processes and working with TGTG we have reduced the number of food waste items across our stores by over 600,000 compared to 2019 levels.

To maximise on the success of this partnership, we began offering bakery goods and hot food through TGTG during the year, saving the equivalent of 102,000 meals from being thrown away. As well as selling TGTG surprise bags to customers for a discounted price, we have also trialled donating to selected food hubs across our trading areas – an initiative we will look to roll out if successful.

Saving energy

To improve the customer experience and support the environment, over the last two years we have invested over £8m into energy efficiency projects. By replacing the fridges at 50 more stores and updating the lighting to LED at 139 sites, along with raising awareness among colleagues, we have cut energy use by 11%. This has saved 5.2 million kWhs (equivalent to £1.5m in electricity costs) and 1,000 tonnes of CO_2.

Championing community energy

Through Younity, our joint venture with Octopus Energy, we are now supporting 250 community energy producers, equivalent to a third of the community energy sector, meaning we can provide more people than ever before with locally-sourced renewable energy.

This year Younity launched Community Energy Connect, a volunteering platform linking community energy groups with volunteers. In support of community energy, we have attended events such as Co-op Party Live, Rescoop's European Community Energy Open Day and served on a community webinar panel alongside the Shadow Minister for Energy Security. We also supported Community Energy England's Community Energy Conference.

Awards

As a result of our energy efficiency achievements and support of community energy, we were awarded 'Project of the Year' 2023 at the EDIE Sustainable Leaders Awards, and have been shortlisted for the same award in 2024.

We installed energy efficient LED lighting at 139 sites and improved refrigeration at 50 food stores.

Making it easier to make greener choices
We are working hard to address our environmental impact and we want to make it easy for members and customers to do the same, because working together we can achieve even more.

Our members told us they would like us to offer more ethical travel options, and we have been developing this during the year. Customers wishing to travel responsibility are now spoilt for choice, with Co-op Holidays offering over 8,000 'sustainable choice' hotels. Revenue generated by package holidays travelling via Eurostar has also increased by 226% as demand has grown. We have formed 30 new partnerships with established overseas-based tour operators who contribute to local economies and have funded the planting of almost 165,000 trees (65% more than 2022/23) through our carbon offset partnership with Ecologi.

Our Utilities group continues to support customers in making eco-friendly tech choices, with sales of Fairphone growing by 7% in the past year. Working with Octopus Energy, we have rolled out our electric vehicle salary sacrifice scheme, making switching to an electric car more attractive and accessible.

Community

44

44 community defibrillators across our estate

£211,000

£211,000 donated to good causes

Funding great causes

Members and colleagues have been doing good together this year to raise essential funds for our Regional Community partners and local food banks.

The Christmas food bank campaign raised over £25,000, providing many essential food items during the post-Christmas period. Customers also kindly donated to our 13 new Regional Community fundraising partners (charities ranging from Gloucestershire Deaf Awareness to Black Country Women's Aid), raising £74,000 in total. We were also able to donate £112,000 to 249 community groups as part of our Local Community Grant scheme.

Providing community support

Our work with our Regional Communities partners goes beyond fundraising and volunteering. For example, the Leamington & Warwick Regional Community has arranged for their partner, Young People First, to have a bank of desks at our head office, saving the charity a considerable amount of rent, which it can instead spend on helping young people in need locally.

We also continued to deliver the Government-led Holiday Activities and Food programme (HAF) during school holidays, providing 4,000 meals to vulnerable families.

Supporting Go Beyond

Our ongoing charity partnership with Go Beyond has resulted in 115 young people facing difficulties being able to enjoy a holiday since the partnership began in 2021. The holidays were funded by a donation for every Co-op Holiday sold, totalling £116,780.

Recognition

Each year we take part in Business in the Community's responsible business tracker, which measures the overall performance of businesses against the global sustainable development goals. We achieved a score of 81% for the 2023/24 financial year, and were one of only four businesses to score more than 80.

Seeing the impact firsthand

In December, CEO Phil Ponsonby visited our Central Oxford Regional Community partner, the Oxford Food Hub. They play a crucial role in the surplus food chain, supporting charities and community organisations throughout Oxfordshire and in 2022 donated over £1.5m of food to local good causes.

Watch Phil's visit: CLICK HERE

One child who went on a Go Beyond holiday wrote to them afterwards saying,

"I want to give a big thank you for the amazing week you gave me at Go Beyond. I had that much of a great time, it was so emotional to say goodbye. Every night, before bed, we would give our favourite part of the day and why. But I think really, we should take the time to appreciate the fact, that you made us have a favourite part of the day, every day."

Thought-Leading Pioneers

We step up to tackle difficult challenges to build a fairer future for all and strive to be role models within the co-operative movement.

Co-operatives have always been change-makers; pioneers choosing to do what is right rather than following the crowd.

We lead boldly, shaping our businesses to reflect our values of fairness, sustainability and trading ethically while campaigning for necessary reforms. We also champion other co-operatives who do the same.

Helping to raise the next generation of co-operators through Your Co-op Little Pioneers.

Fair and ethical

86

86 employed due to Bright Future

32

32 young people supported through Fairer Futures

Creating fairer futures
In April 2023, to tackle barriers to entry for jobseekers, we launched our Fairer Futures Programme in conjunction with local supplier Miss Macaroon. The programme, based at our Walsall town centre store, creates training opportunities for young people facing employability challenges to help them find permanent employment. So far 32 young people have received training and 19 have gone on to find employment. The results have been so positive we are now exploring how we can work with other retailers to expand this support.

Building bright futures together
We work closely with Bright Future Co-operative to help victims of modern slavery get back into employment so they can rebuild their lives, providing placements to survivors in our stores.

Bright Future is a collaborative employment co-operative which now has over 30 business and charity partner members co-ordinating these employment opportunities. Pete Westall, our Chief Values Officer, is Chair of the Bright Future Board and we provide placements to survivors in our stores. So far, 86 people have found stable work through Bright Future.

Fairer access to childcare
In response to the widening attainment gap, we have begun offering additional free hours to families finding it difficult to pay for childcare. Over the last year we have carried out a trial at one of our nurseries to offer children who are only eligible for 15 hours of childcare funding from the Government an additional 15 hours funded by Your Co-op. In total, we provided over 800 hours free of charge over the year.

Promoting Fairtrade
This year marks 30 years of Your Co-op supporting Fairtrade and we are just as committed to it now as we ever were. Members have told us that they are keen to make ethical choices and we want to make that even easier for them. That's why members now get an enhanced member discount on Fairtrade products.

Changing lives in Walsall
Since our Fairer Futures initiative launched, we have helped 32 young people through the scheme.

Watch the video to see how it's changing lives.

Co-operation amongst co-operatives

12

12 new community businesses created

LAUNCHED PARTNERSHIP

Launched our partnership with Big Solar Co-op

Sam Webb

Developing new co-ops

At our AGM in 2022, CEO Phil Ponsonby pledged to support the creation of 50 new co-ops by January 2027. Working with Plunkett Foundation and Co-op Futures, 12 new community-owned businesses have been established in our core trading area, helping to promote a sustainable and ethical local economy.

As well as investing in the businesses financially, we have also provided practical guidance, such as an energy saving workshop to help community business owners cut their environmental impact and operating costs.

Colleague innovation

We are always keen to put co-operative 'principle six' (co-operation among co-operatives) into action and work with other co-ops when the opportunity arises. We ran a competition in the summer inviting colleagues to put forward suggestions for business collaborations with other co-ops, taking inspiration from the upcoming Global Innovation Coop Summit.

The winning entry came from Sam Webb, Store Manager at our Lydney petrol station store, who suggested we work with Big Solar Co-op to install solar panels at a selection of our trading sites. As a result, we have now established a partnership with Big Solar Co-op and are working with them to roll out solar panels at many of our properties. As our winner, Sam was invited to represent our Society at the Global Innovation Coop Summit in Canada.

New community-owned business

Working with Plunkett Foundation, Amberley's Shop on the Common is one of the new community-owned businesses that has been established with our support this year.

When the village shop in Amberley, Gloucestershire closed, the community started searching for alternative locations to create a new community-run store, providing essential goods for local people unable to reach nearby towns. After much research, they have now created a café and retail space in the nave of the village church providing good quality local produce, services and opportunities to all interest and age groups.

Amberley's Shop

The power of co-operation

Together we have a louder voice

13,000

Over 13,000 letters sent in support of the Criminal Justice Bill

Tackling retail crime

Like many retailers, we have seen a significant increase in theft and antisocial behaviour at our stores.

To bring about change and leverage the benefits of working co-operatively, we have joined the Co-op Party, Co-op Group and the other major UK retailers in supporting an amendment to the Criminal Justice Bill that would make the assault or abuse of shop workers a specific standalone offence. Over 13,000 letters have been sent in support of the amendment to the Criminal Justice Bill. It is pleasing to hear that, as a result, there are now plans afoot to bring in this legislation.

At a business level, we have invested half a million pounds in preventative equipment, such as body cameras and tagging, and security measures to help protect our colleagues.

We continue to work with our Police and Crime Commissioners as well as other retailers to address this escalating concern. For example, engaging with the Police and Crime Commissioner for the West Midlands, along with USDAW and the Violence Reduction Partnership, to talk about the need for a zero-tolerance approach to retail crime and how they can help support us in our fight against retail crime.

Improving childcare services

Representatives from Your Co-op attended the Co-operative Party forum in the House of Commons to present and discuss the Co-op Party's 'Steps to Success' report on education with MPs. We asked MPs present to support our call for the Migration Advisory Committee to add senior Early Years Practitioners to the Shortage Occupation List, due to the huge recruitment issues facing the childcare sector.

More financial opportunities for co-ops

We believe in the power of co-operation and we want to see co-ops thrive. That's why our CEO, alongside CEOs from more than 20 other UK co-operatives, supported a call for all political parties to commit to co-operative growth at the next general election, including unlocking options that would allow co-operatives to raise more capital from investors and their communities, and removing unnecessary barriers to co-operation.

Sharing best practice

The Society continues to share best practice with co-operatives around the world, attending events such as Co-ops Europe, where a Your Co-op representative sat on a climate change panel. Our Chief Values Officer also presented on our environmental practices at the OCB President's Forum in Brazil.

Two of our senior Childcare colleagues had the opportunity to visit Suara Co-operative's childcare facilities in Spain. Visiting two nurseries, youth clubs and a children's home gave our colleagues a great insight into how other co-operatives run their childcare operations and the opportunity to exchange ideas.

Ensuring co-operatives have a voice in shaping Government policy, our CEO is Vice Chair of the Association of Convenience Stores, which represents the interests of retailers to Government on a range of issues, including industry regulation, food policy and crime prevention.

Working with police to tackle retail crime

Carbon reporting

CO_2e

Down **32%** against baseline

The Society emitted **14,448** tonnes of CO_2e in 2023/24 (2019/20 baseline: 21,399 tonnes).

Electricity and gas
8,239 tonnes CO_2e in 2023/24

-38% against baseline

Refrigerant gas
6,017 tonnes CO_2e in 2023/24

-22% against baseline

Transport emissions
192 tonnes CO_2e in 2023/24

-41% against baseline

CO_2e

your coop

Over the last two years we have invested more than £8m into energy efficiency projects

How we have reduced our greenhouse gas emissions

The Streamlined Energy and Carbon Reporting regulations require large UK organisations to report on their carbon emissions each year. The following two pages set out our progress and what we have done this year to cut our emissions.

Tracking our performance
To make sure our colleagues are focused on environmental concerns, our Society Steering Wheel contains both an energy saving measure and a direct greenhouse gas emissions reduction measure.

The measures help us track our greenhouse gas emission reductions across our operations and update our colleagues about the difference they are making.

For the first time this year, the sustainability-linked finance targets we have in place with our banking partners have included specific greenhouse gas reduction related measures.

Focus on energy saving
Throughout the year we have taken action to reduce energy use across our operations. This has been achieved by a combination of energy-saving property projects and colleague behaviours.

Over the last two years we have invested more than £8m into energy efficiency projects, including replacing refrigeration in 50 stores and implementing LED lighting in 139 sites.

Updating our refrigeration estate has also led to a reduction in our refrigeration gas emissions.

To monitor how, where and when our energy is being consumed, we have introduced advanced energy use reporting, giving us site-by-site energy use and night time versus day time energy use metrics.

Engaging our colleagues
Our Energy Reduction Steering Group meets on a weekly basis and has input from Board members as well as key colleagues across the business.

Together, we decide on ways to best engage our colleagues in saving energy and work to raise awareness of how important this is. Initiatives range from providing energy-saving tips to competitions, and reminding colleagues of the energy saving site shutdown procedures at their workplaces.

Sharing best practice
We continue to share best practice around energy saving with others, including leading a session for members of the Plunkett Foundation who run community-owned businesses. At the session, we provided help and advice on minimising the environmental impact and energy costs of their operations.

Supporting community energy

We have continued to help new community renewable energy projects to get off the ground through Younity, our joint venture with Octopus Energy. We do this by offering funding, providing them with a platform to find volunteers and buying energy from them.

Younity supports a range of community energy projects across the country, from solar panels on rooftops and wind turbines on farmland to hydropower from local rivers. We are now supporting 250 community energy producers through Younity.

Science-based targets

Over the last year we have been working with SBTi (the Science Based Targets initiative) to agree our near-term science-based targets for cutting our greenhouse gas emissions, including the more complex 'scope 3' emissions.

While 'scope 1' and 'scope 2' emissions are more controllable, and include things like our electricity and gas use and emissions from transportation, 'scope 3' emissions cover the indirect emissions from business activities, usually occurring from sources the business does not own or control. For example, emissions created during the production and transportation of products we sell before they reach our distribution centres.

The following science-based targets have been validated by SBTi:

- Reduce absolute scope 1 and 2 greenhouse gas emissions by 50% by 2030 from the 2019 base year.
- Reduce absolute scope 3 greenhouse gas emissions covering purchased goods and services, upstream transportation and distribution, waste generated in operations and end-of-life treatment of sold products by 27.5% within the same timeframe.
- Reduce absolute scope 3 emissions from use of sold product emissions by 46.2% within the same timeframe.

Over the coming year we will be working toward these targets. We plan to do this by continuing our focus on energy efficiency to drive down our scope 1 and 2 emissions and working closely with our buying group (FRTS) to reduce the scope 3 emissions associated with our products and services.

Bristol Energy Co-operative, supported by Younity

Service recognition awards

20 Years

Name		Store Name
Carol	Smith	Bewdley Food
Hayley	Fletcher	Swindon Nursery
Teresa	Davies	Finchfield Nursery
Jodie	Codling	Stone House Farm Nursery
Kristin	Lawrence	Ashton Court Nursery
Lee	Thomson	Phone Co-op
Simon	Lewis	Stonehouse Post Office
Amarjit	Kaur	Finchfield Nursery
Leah	Baker	Bristol Nursery
Stuart	Hunt	CIT
Janet	Monk	Brewery Street Food
Helen	Micklewright	Brewery Street Food
Peter	Wheeler	Chipping Norton Food
James	Hume	Chipping Norton Food
Lynn	Haselgrove	Rose Avenue Food
Carol	Watton	Wem Food
Catherine	Dickins	Chuchstretton Food
Sandra	Price	Wall Heath Food
Lynn	Sylvester	Membership
Clare	Leadbetter	Stourport Food
Luke	Brown	Croughton Food
Paul	Peedell	Georgetown Food
Lilian	Baker	Chipping Norton Food
Craig	White	Cavendish Square Food
Mark	Jones	Wombourne Petrol Station
Daniel	Watts	Codsall Travel
Janine	Gunning	Cavendish Square Food
Adele	Lord	Stonehouse Food
Matthew	Round	Wolston Food
John	Roberts	Franche Road Post Office
Sarah	Anderson	Carterton Nursery
Karen	Smoczkiewicz	Cannock Food
Sajjad	Aslam	Food Market Botley
Imran	Khan	Wheatley Food
Janet	Pratley	Charlbury Food
Michelle	Fitzgerald	HR General
Sagavat	Hussain	Hazlemere Food
Sally	Ray	Trench Food
Kym	Donaldson	Retail Media
Tina	Darby	Kinver Food
Linda	Reason	Castle Donington Food
Sylvia	Wildman	Franche Road Food
Jonathan	Turner	Wotton-under-Edge Food
Gillian	Reynolds	Hollyfield Road Food
Susan	Harris	Penkridge Post Office
Gwyn	Gourlay	Chipping Norton
Lorraine	Nash	Brewery Street Food
Emma	Wenham	Kings Lynn Food
Sandra	Arrowsmith	Wem Food
Nancy	Nicholls	Franche Road Food
Krystyna	Evans	Codsall Post Office
Patricia	Webb	Stanford in the Vale Food
Laura	Powell	Coleford Food
Wayne	Smith	Rose Hill Food
Lucy	Clist	Bream Food
Zoobia	Umar	Ashton Court Nursery
Sheena	Whittle	Direct Support Centre
Patricia	Oliver	Franche Road Food
Maria	Chappell	Wotton-under-Edge Food
Carla	Forty	Cavendish Square Food
Donna	Collado	Bourton on the Water Food
Linda	Smith	Codsall Travel
Heather	Butler	Bicton Heath Food
Elliott	Cook	Cleobury Mortimer Food
Pamela	Rock	Davies Road Food
Ruth	Breuilly	Shawbury Food
Samantha	Leese	Oakengates Food
Simon	Ockwell	Lechlade Petrol Station
Shelly	Hill	Crossways Food
Tahir	Rehman	Downley Food
Helen	Thomas	Stonehouse Food
Laura	Walsh	Bicton Heath Food
Mohammad	Tariq	Cowley Road Food
Jennifer	Clarke	Food Market Botley

25 Years

Dawn	Green	HR Operations
Sylvia	Humphreys	Wem Food
Editha	Dawkins	Covingham Square Food
Heather	Phipps	Headless Cross Food
Maria	Mollart	Iffley Road Food
Lesley	Wilson	Chipping Norton Food
Karen	Stoddart	Wem Food
Kathleen	Venables	New Invention Food
Caine	Foster	Rose Avenue Food
Alison	France	Wem Post Office
John	Hall	Kenilworth Food
Emma	King	Kidlington Food
Madeleine	Stallard	Gloucester Food
Elizabeth	Haines	Alkerton Food
Donna	Watson	Childcare
Kim	Cutler	Bampton Food
Denise	Tipper	Wall Heath Food
Linda	Blackburn	Stourport Food
Stephen	Freeman	Property
Alison	Clark	Retail Support
Kim	Shingles	Retail Support
Michelle	Marriner	Retail Support
Teresa	Bailey-Green	Travel Support
Susan	Castle	Hardwick Food
Corine	Siders	Chipping Norton Food
Edwina	Roberts	Coven Food
Elizabeth	Trinder	Headington Travel
Amanda	Sollis	Chipping Campden Food
Lynne	Paxton	Mersey Way Food
Pauline	Hale	Newent Food
Sharon	Lloyd	Oakengates Post Office
Cindy	Welford	Fairford Food
Janet	Howard	Chipping Norton Food
Linda	Lewis	Cavendish Square Food
Louise	West	Brewery Street (Highworth) Food
Emma	Humphrey	Childcare Support
Denise	Foster	Finance
Jacqueline	Bratt	Cherwell Heights Food
Nikki	Stapleton	Brewery Street Food
Richard	Simpson	Travel Support
Sandra	Bishop	Middleton Cheney Food
Leanne	Parkes	PTA Division
Margaret	Evans	Radbrook Food
Emma	Roberts	Brockworth Food
Susan	Currey	Watling Street Food

30 Years

Ruby	Hampton	Wombourne Petrol Station
Loraine	Sysum	Stonehouse Post Office
Janice	Turner	Coleford Food
Tracey	Russon	Codsall Food
Stephen	Chan	Exhall Food
Michelle	Blake	Finance
Kay	Foster	Stratford Food
Michael	Palfreman	Watchfield Food
Timothy	Coppock	Summertown New Food
Wendy	Adams	Ibstock Food
Debra	Richings	Property
Paula	Link	Bewdley Food
Clare	Wood	Franche Road Food
Michael	Drayton	Knighton Food
Tracy	Lawford	Brownhills Travel
Sarah	Heath	Norton Canes Food
Elise	Collins	Hesters Way Food
Joanne	Fryer	Cannock Travel
Rosemary	Cripps	Manchester House Food
Irene	Clements	Kings Stanley Food

35 Years

Vanessa	Shirley	Hawks Green Travel
Barbara	Jones	Churchstoke Food
Carol	Jones	Copthorne Food
Ian	Wilkes	Northway Food
Jillian	Fowler	Nailsworth Food
Liam	Lambert	Sussex Place Food
Julie	Sheldon	Property
Caroline	Morgan	Churchstoke Food
Jayne	Preece	Franche Road Food
Pamela	Bebb	Churchstoke Food
Karen	Smith	CIT
Sharon	Rawson	Finlay Road
Sally	Davies	Twigworth Food

40 Years

Heather	Hinks	Penkridge Food
Rachel	Wilkinson	Stourport Food
Marian	Hall	Tamworth Food
Philip	Ponsonby	Chief Executive's Office

45 Years

Michael	Ponsford	Chorley Wood Food
Deborah	Stanley	Bath Road Food

50 Years

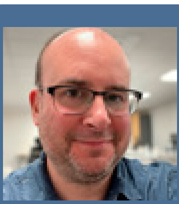
Congratulations

Susan	Jones	Bloxwich Food

Thank you

for your commitment to the Society

We asked some of our colleagues to tell us why they were proud to work for the Society.

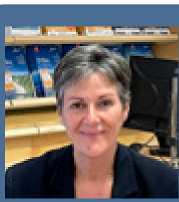


Lee Thomson
Utilities

20 Years

I started at the Phone Co-op in customer services 21 years ago and I'm now Senior Product Manager Residential. I wasn't sure exactly where I wanted my career to take me so I just kept on learning. My focus is now on our highly technical products.

I don't think I've ever had a structured workday, so every day is fresh. I really enjoy non-hierarchical, co-op working that embodies collaboration and taking responsibility for the whole team's success.

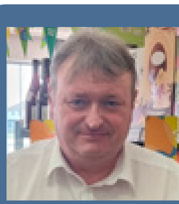


Vanessa Shirley
Travel

35 Years

Hi, my name is Vanessa and this year I am celebrating my 36th year working for the Society. I have always worked in travel, with most of my career being at Hawks Green where I started as a travel consultant. From there I have worked my way to becoming a manager, first at the Cannock branch then at Hawks Green.

Over the course of my career there have been many changes within the Society and travel itself. I've made some lifelong friends and had the pleasure of serving the community of Cannock Chase.

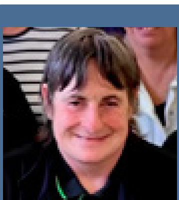


Liam Lambert
Food Retail

35 Years

I joined the old Oxford and Swindon society back in June 1988 as a trainee manager on a year's training course straight from school. My first appointment was assistant manager in the old Highworth store, followed by Eldene, Northway, Cainscross and Newport Street. My first store manager appointment was at the Wroughton supermarket for over 10 years, followed by the new store in Wroughton, then to Sussex Place for the last six years.

I have seen many changes over the years and have enjoyed my time with the Society, as well as working with many great colleagues.

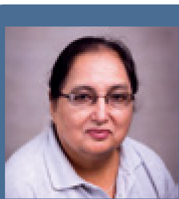


Heather Hinks
Food Retail

40 Years

Hi, my name is Heather. I have worked for The Midcounties Co-operative for 40 years. I started on 10 August 1983 at the age of sixteen. I have seen so many changes throughout the years – it's amazing what technology has done for us.

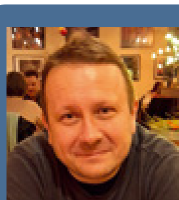
I have so many great memories of working in Penkridge! The best part about my job is all the colleagues I've met who are now friends, as well as all the great customers. I never thought I would still be here after all this time, but I wouldn't change it for the world.



Amarjit Kaur
Childcare

20 Years

I started my childcare career back in 2002 when I helped take care of children whose parents came to the adult education centre. Then in 2004 while studying at my local college I was offered a nursery nurse position while I worked, so I took the opportunity to work and learn on the job. Now 20 years later I am still here and, although I have now reduced my hours to part time, I still enjoy working with the children and helping them to grow into Little Pioneers.



Stuart Hunt
CIT

20 Years

My Co-op journey began in 2003 at an IT company called PandaNet which operated above a pet store. The two Co-ops which would become Midcounties were customers and after a couple of years they invested in the business then merged and the rest is history!

Since then, I've hugely enjoyed my career in IT. I appreciate the positive impact the Society has on the areas it operates and that it's here to benefit the lives of its members and colleagues. Many similar businesses claim this, but I know we actually do.

Technology constantly changes and how we use that to enable us to operate smarter and more efficiently, but also give back to the community and our members, is what motivates me every day to make a difference.

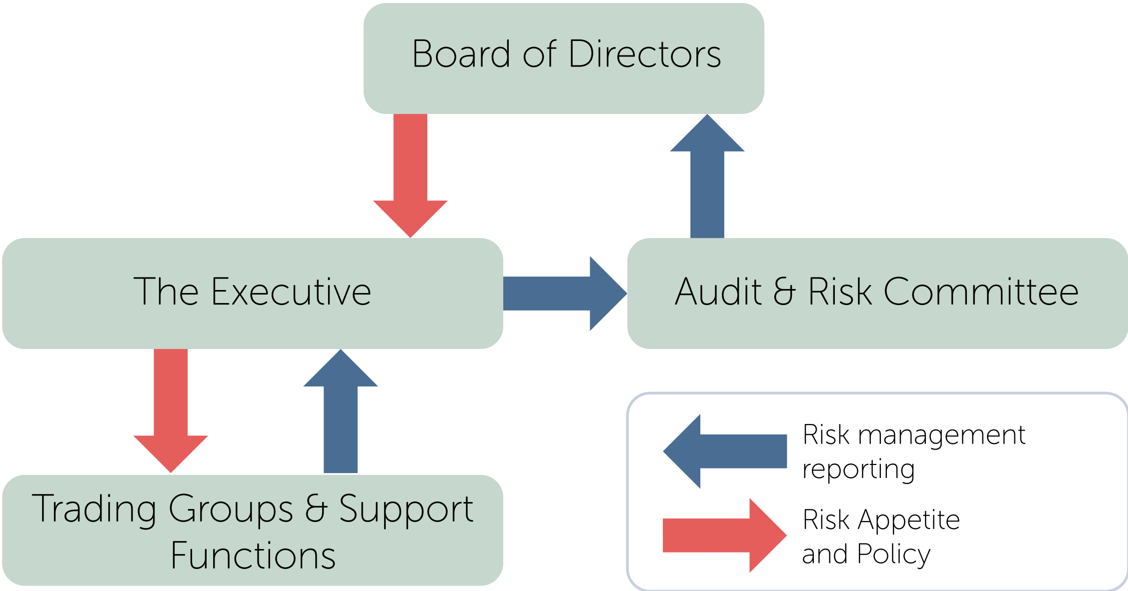
Managing risk

For us to achieve our strategic objectives, we have to accept a certain amount of risk. Managing the risk we take and ensuring we act in accordance with our values is an essential part of our business strategy. By identifying and analysing potential threats to the Society, we can reduce uncertainty and take proportionate action to minimise the potential impact.

Risk management

As a Society we want to manage the risks and uncertainties that could stop us from achieving our business objectives and delivering on our co-operative values. Dealing with risk in the right way allows us to both protect and create value for our members and communities. We have put in place a risk management structure to help achieve this and continue to look at ways to improve our risk processes and plans. Our risk management processes help to ensure that risk is considered as part of our day-to-day operations and before we embark on any new venture or major project.

Risk Management and Governance Structure



Board of Directors

The Board sets the Society's overarching risk appetite and policy, it is ultimately responsible for ensuring that risk is appropriately managed across the Society. The Board delegates detailed oversight of risk management activities to the Audit & Risk Committee.

Audit & Risk Committee

The Audit & Risk Committee is charged with monitoring the effective operation of the Society's risk management process. The Committee undertakes a detailed review of the Society's principal risks each year and makes a formal report to the Board. The Committee also receives updates on improvement actions the Society is taking to reduce its risk profile and reporting on key operational risks such as health and safety.

The Executive

The Executive takes day-to-day responsibility for implementing the Board's policies on risk management and internal control. It is accountable for the identification and assessment of the key risks facing the Society and the adequacy of mitigating control activity. The Executive is also responsible for defining the risk management processes which ensure that day-to-day risk management activities of the trading groups and support functions are undertaken effectively.

Trading Groups and Support Functions

Risk management is the responsibility of all colleagues within the Society. Our trading groups and support functions are responsible for the day-to-day control and monitoring activities which help ensure that the Society's risks are appropriately managed. These teams also generate the data and reporting over key risks which are used to inform the Executive and Audit & Risk Committee on the effectiveness of our risk management activities. Each trading group and support function also maintains its own risk register. These capture the risks and associated mitigations that are relevant to that part of the Society. They form the basis of the Society's overall risk register.

Policies and procedures
Our risk management policy sets out the Society's approach to managing risk and setting its risk appetite. The policy is approved by the Board and reviewed regularly to ensure it remains relevant and appropriate for the Society's needs.

Our risk management processes and procedures guide colleagues and set out Society-wide standards for minimising risk. They are adapted to each business area or new project as required to ensure they effectively implement our policy.

Roles and responsibilities
The Society uses the three lines of defence methodology to manage its key risks:

- First line/frontline colleagues, managers and leaders perform control activities as part of their day-to-day routine, guided by policies, procedures and training as appropriate.
- Second line teams, such as those within the support functions, provide guidance, oversight and compliance activities to ensure that control activities are undertaken in a timely and accurate manner and to assist frontline colleagues in managing risk.
- Third line assurance providers, deliver independent assurance and challenge of first and second-line of defence processes and activities. Third line assurance providers include the Society's Internal Audit function and external regulatory bodies.

Risk appetite
When setting the Society's strategy and business goals, the Board considers the degree of risk it is willing to accept to achieve these goals. This is the Society's 'risk appetite'. The level of risk the Board is willing to accept will vary depending on the type of risk. The Board, led by the Audit & Risk Committee, reassessed the Society's appetite for risk in 2023. Risks were assessed across nine distinct and separate categories and quantified across five levels of risk appetite, as shown below. Going forward, the Board will reperform this categorisation and assessment activity on a three-yearly basis, or when there are significant changes affecting our business.

Rating	Open	Flexible	Cautious	Minimal	Averse
Philosophy	Decision makers are empowered to take justified risks	Decision makers are empowered to take strongly justified risks	There is a preference for safe delivery	Decision makers should be extremely conservative in this area	Avoidance of risk in this area should be seen as a core objective
Tolerance for uncertainty	Fully anticipated	Some is expected	Limited	Low	Extremely low
Choice when faced with multiple options	We will choose the option with the greatest potential upside, accepting there is a possibility of failure	We will choose options with potential upside, but will look to manage any potential negative impact	This option is acceptable in limited circumstances and when the benefits significantly outweigh the potential downside	We will only accept if it is essential and we can limit the possibility and extent of failure	This choice will only be selected if it is the lowest risk option of those available
Trade-off against achievement of other objectives	Willing	Willing under the right conditions	Preference to avoid	Only with extreme reluctance	Never

Risk appetite across the nine categories is detailed below.

Risk Category	Appetite	Definition
STRATEGIC & BUSINESS	CAUTIOUS	Risks which affect the Society's strategic ambitions, including externalities such as economic and geo-political developments.
REGULATION & COMPLIANCE	MINIMAL	Risks arising from a failure to comply with laws and regulations as well as the internal and values-based standards to which the Society holds itself.
BRAND & REPUTATION	MINIMAL	Risk of damage to the Society's brand and reputation, resulting from actions which could be perceived as unethical, inappropriate or otherwise not in line with our values.
FINANCE & TREASURY	CAUTIOUS	Risk relating to treasury and accounting, including finance headroom and credit risk.
OPERATIONAL & CUSTOMER	CAUTIOUS	Risks which impact on our customer and member experience, the standard of service we deliver and the quality of our products.

HEALTH & SAFETY	MINIMAL	Risks which affect the safety and suitability of the environment we create for our colleagues, customers, and visitors.
PEOPLE & RESOURCES	CAUTIOUS	Risks which relate to the Society's organisational behaviours and culture, how it differentiates itself as an employer and how it attracts and retains colleagues.
INFORMATION TECHNOLOGY	CAUTIOUS	Risks relating to the systems and technology solutions which the Society uses to conduct its operations, this includes inhouse, externally hosted and third-party partner products and systems.
INFORMATION SECURITY	MINIMAL	Risks relating to all operational, colleague, customer or member data.

Our Risk Management process

We have a standard four-step approach to risk management which helps us recognise and manage risk as part of our day-to-day roles.

1. Identify Risk
- We identify risks that could impact our business by using our experience and judgement
- We regularly update as risks change

2. Assess Risk
- We assess the likelihood and impact of the risks we identify
- We consider the potential financial and reputational consequences

3. Mitigate & Manage Risk
- We manage the risks to our business by ensuring the appropriate mitigation and resources are in place
- We regularly adapt as risks evolve

4. Monitor & Report Risk
- We regularly monitor and update our risks and mitigation
- We regularly report our risks for review and challenge

How we managed risk in 2023/24

The Society's trading groups and support functions regularly review and update their risk registers as part of their day-to-day management processes.

We have continued to refine and embed our risk identification, monitoring and reporting mechanisms to ensure risk is appropriately managed within the Society.

We have continued to focus on improving the robustness of our bottom-up risk management processes. The Society's Head of Audit, Risk and Assurance has met with all risk owners to provide guidance and challenge on the appropriateness of risks and the strength of mitigating activities. The Executive Risk Committee reviewed the key risks and themes arising from the risk updates provided by the trading groups and support functions. The output was then incorporated into the top-level Society risk register which was reviewed and approved by the Audit & Risk Committee during the year. The Society also considers areas of new or emerging risk during the course of its normal business operations. Where risks are identified that are of sufficient importance to be actively monitored, they will be included in the risk register process. Similarly, where a risk's importance to the Society changes, it may be elevated to, or retired from the top-level Society risk register.

Two risks were retired from the Society risk register in the year, reflecting the changing environment in which the Society operates:

- Post Brexit Relationship with the EU – the Society's view is that future changes in the relationship are likely to be driven by regulation and as such will be adequately captured as part of the 'Regulatory Intervention' risk.
- Brand Positioning – this risk was retired in favour of the new risk 'Failure to Deliver the Society's Purpose' risk as outlined below. Brand Positioning will continue to be monitored within the Marketing function's risk register.

Three risks were added to the Society risk register in the year:

- Safeguarding within Childcare – the Board considers it is appropriate to include this risk, alongside the current and proposed mitigating actions at the Society level where they can be closely scrutinised. This risk had previously been tracked within the Childcare risk register.
- Delivering the Society's purpose – this risk recognises that a failure to focus sufficiently on delivering the Society Purpose and TRUST pillars would compromise the long-term viability of the Society.
- Strategic Focus and Competitiveness – the Society must maintain a strategy which is appropriate and focused to deliver the Society's Purpose and financial goals. This is balanced with the need to monitor pricing, value proposition, market share and competitor behaviour to remain viable and innovative in our competitive landscape.

Finally, three risks were combined due to the close alignment of their impacts and mitigating activities. These are: 'Serious Operational Issue', 'Operational Resilience' and 'Pandemic Event'. The combined risk has been titled 'Severe Operational Disruption'.

A summary of the key risks facing the Society and the actions taken to manage them is presented on the following pages.

Severe Operational Disruption		
Risk Category: Operational and Customer		Risk Trend: Stable
Risk Description	Our Current Mitigations	Latest Developments →
A severe operational issue occurs which the Society is unable to react to appropriately causing financial loss and reputational damage to the Society brand. E.g. significant pandemic event affecting the UK, widespread flooding across the estate.	Management teams have a proven ability to react to operational issues and receive regular reporting over operational performance. The Society has a business continuity plan in place and individual trading groups have nominated crisis management teams who would be called upon if a significant event were to occur. Risk management processes are reported annually to the Board via the Audit & Risk Committee.	The operational impact of supply chain issues within Food Retail has stabilised during the year. However, cost inflation remains an issue, and this continues to pressure our supplier base. A working group is in place to review the overall Business Continuity Planning methodology and to link the Society-wide response to the activities within the individual trading groups. Training, decision support documentation and key contacts lists will all be refreshed as part of the rollout of the new methodology.

Consumer Confidence and Spending Power		
Risk Category: Operational and Customer		Risk Trend: Stable →
Risk Description	Our Current Mitigations	Latest Developments
The economic backdrop of a cost of living crisis driven by sharply rising energy, fuel and food prices will persuade consumers to change their purchasing behaviour; potentially reducing 'convenience' spend in favour of the major discounters and reducing/cancelling discretionary holiday spend.	Monitoring of products, sales, margins and store profitability bolstered by responsive promotions and marketing activity. Strategic plans include competitor activity mitigations and a quarterly forecasting and monitoring process to assess effectiveness. Regular market share and competitor analysis. Regular review of Consumer Confidence and Sentiment surveys.	Continued price monitoring and matching in Travel. The Childcare business is implementing changes to its pricing models and how parents can fund childcare costs through the Play Now, Pay Later initiative to better and more flexibly support parents. Customer First Programme, Right Range Right Store, communicating the Society's Purpose and the implementation of the Doing Good Together Fund all supported by improvements in our data management capability and single view of member data to enhance our cross-marketing capability.

Significant Geopolitical Events		
Risk Category: Operational & Customer		Risk Trend: Increased ↑
Risk Description	Our Current Mitigations	Latest Developments
Ongoing conflict in the Ukraine and disruption in other parts of the world causes added cost-price inflation of certain key inputs to the business, notably energy, grain and oil-based products. The geopolitical uncertainty in the Middle East has the potential to disrupt shipping and impact on the Society's supply chain.	Monthly financial reviews give visibility to overall business plan delivery. Rigorous quarterly forecasting process. Regular communication and co-ordination with FRTS regarding supply chain contingency planning for key items. Sourcing alternative UK based suppliers for key product lines.	Continued conflict in the Ukraine and escalating tensions in the Middle East are of increasing concern. The Executive leadership will continue to monitor developments, identify trends and take further actions to mitigate impacts as much as possible.

Health and Safety		
Risk Category: Operational & Customer		Risk Trend: Stable →
Risk Description	Our Current Mitigations	Latest Developments
The varying nature and complexity of our business, combined with a significant public footfall on our estate places the Society at risk of a Health & Safety breach leading to a major incident, injuries or fatalities.	Health & Safety Framework in place across the Society. Health & Safety policy and procedures. Monitoring systems in place across the Society through the internal Health & Safety audit programme which is reported to the Executive Risk Committee.	Increasing number and severity of attacks on colleagues by shoplifters has meant greater focus on and investment in the Society's Safer Stores initiative. Focus on improving compliance performance, particularly in the areas of fire and water safety.

Significant Regulatory Intervention

Risk Category: Regulatory and Compliance		Risk Trend: Stable
Risk Description	Our Current Mitigations	Latest Developments
The Society is subject to a significant external intervention in the form of new legislation or regulation which could force changes in how the Society operates, the types of products it can sell or an increased duty of care to customers or members.	The Society actively monitors regulation and policy changes as they are formulated and will engage with key decision makers to influence changes where possible. Compliance functions and senior management apply and oversee a broad suite of policies to comply with legal and regulatory requirements.	The Civil Aviation Authority's (CAA) reform of ATOL regulations remains ongoing. Initial findings were published in January 2023 and further stakeholder consultation has been ongoing since Q3 2023. No further findings have yet been communicated and no further action can be taken by the Society until the CAA publishes its updated recommendations. A revised Co-operative Corporate Governance Code is likely to be published in the summer of 2024. Once published, the Society will carefully review the new Code and consider its implications on the governance of the Society.

Safeguarding within Childcare

Risk Category: Operational & Customer		Risk Trend: Elevated to the Society Risk Register in 2023
Risk Description	Our Current Mitigations	Latest Developments
The Society currently has over 3,500 children attending its nurseries and has an obligation to provide a safe environment for them and protect each child from harm. Failure to protect a child from harm could lead to severe reputational damage, intervention from regulators (e.g. Ofsted) and potential business interruption through suspension or cancellation of one or more nursery registrations.	Suite of safeguarding policies together with associated training: an induction programme to ensure appropriate understanding and competence for all child-facing roles. Ongoing suitability checks over current colleagues. Established procedures for dealing with child protection concerns. Recruitment protocols and messaging touchpoints for candidates including: career pages, application forms, screening processes and interview questions. Regular audits and spot checks to identify potential issues. Monthly quality assurance checks. Further controls introduced to mobile phone policy.	Reviewing and improving other technologies to help further reduce risk. Implementation of new software system to improve the security, timeliness and accuracy of child data. Continued ongoing review of policies, including working with external partners.

General Data Protection Regulation (GDPR)

Risk Category: Regulatory & Compliance		Risk Trend: Stable
Risk Description	Our Current Mitigations	Latest Developments
The Society processes a large amount of personal data (some of it sensitive 'special category' data). If not handled in accordance with legal requirements this could lead to reputational damage and significant costs, including fines of up to 4% of group annual revenue.	GDPR compliance framework in place with Data Protection Champions (DPC) appointed for each area of the business and Data Protection Steering Group meetings held every six months alongside compliance reviews. Policies, procedures and guidance in place and maintained to ensure they are up to date and communicated via DPCs. Updated mandatory data protection and cyber security e-learning via One Stop Compliance Shop module. Tailored data protection training module in Childcare business. Controller and processor arrangements with third parties are reviewed by the Legal team. Legal advice provided internally and by external lawyers and future legal developments monitored. Audit & Risk Committee updated on key data protection compliance matters quarterly as a standing agenda item.	No significant changes to legislation. Increased understanding of GDPR compliance risks and required mitigation across business through training module completion, continued cycle of compliance and Steering Group meetings, enhanced induction for DPCs. Further embedding of the mitigating actions and controls outlined above.

Commercial Contracts

Risk Category: Regulatory and Compliance		Risk Trend: Stable
Risk Description	Our Current Mitigations	Latest Developments
Inadequate/inappropriate contractual protection caused by poor management oversight and compliance in the contracting process leads to risk of financial loss and reputational damage to the Society.	Lifecycle approach to contract management covering all stages of a contract including initiation, retention and operational delivery, supported by a contract database, contract management process and supporting documents. More formal structure of Contract Managers/ Champions with accountability to promote a culture of proactive contract management. Legal review and advice on key contractual provisions. External legal advice sought as necessary. Negotiation skills training provided to Contract Champions.	Embedding of the contract management process through the Contract Champions. That includes the various mitigation stated in the risk entry. New arrangements in place for external legal advice on commercial contracts – ensuring cost effective and comprehensive outsourced support. Simplified process for low value/low risk contracts to be introduced.

Data Security

Risk Category: Information Technology		Risk Trend: Stable
Risk Description	Our Current Mitigations	Latest Developments
The Society holds a significant amount of personal colleague and member data which is necessary for running the business. The loss of this data and the resulting reputational damage or operational impact would be significant.	Business impact analysis to understand the key systems. Documented testing strategy and procedures including backup and recovery documentation. Disaster recovery plans in place for key third party suppliers. Ongoing patching of systems to eliminate vulnerabilities and transition of legacy estate onto supported platforms. Robust firewall protection in place with annual penetration tests and annual web application tests for all transactional and personal data processing websites on the network.	Roll out of Office 365 now complete, facilitating improved security of Society documents. Periodic phishing exercises implemented to test colleague awareness Cyber security incident playbooks introduced along with mandatory cyber security training. Continued decommissioning of legacy estate and transition onto supported platforms now including business impacting systems.

IT Development

Risk Category: Information Technology		Risk Trend: Stable
Risk Description	Our Current Mitigations	Latest Developments
Failure to maintain adequate IT infrastructure and data management could lead to an inability to trade or a lack of competitiveness in the Society's online capability leading to a strategic disadvantage and loss of market share.	IT Project Governance Group in place to ensure that all strategic IT projects across the business are captured and progress is monitored with input from IT to ensure that the correct capability is in place. Cisco-based networks installed at all main hubs. Robust IT resilience at key sites. Manual process in place and tested to route network traffic in the event of a significant failure. Regular patching in place for key systems including Microsoft software suite.	Technology roadmap created as part of the 5-year strategy. Patch management is now monthly and regularised. Process has been documented and agreed with the business areas. Electronic Shelf Edge Labelling roll out in Food Retail is well progressed.

Cyber Security

Risk Category: Information Technology		Risk Trend: Stable
Risk Description	Our Current Mitigations	Latest Developments
Business-critical services could be compromised by a cyber attack leading to a loss of sensitive data or complete unavailability of systems.	Business impact analysis to understand the key systems with documented testing strategies and procedures. Ongoing patching of systems to eliminate vulnerabilities and transition of legacy estate onto supported platforms. Cyber security training for colleagues. Annual penetration tests for all critical systems and websites. Security incident management in place.	Cyber attacks are becoming more sophisticated. Pressures on technology have increased as more people have been working remotely. Cyber attacks have increased generally in the last few years with a number of incidents in the year. The Society is implementing an annual cyber plan to ensure all required actions are captured, implemented and regularised.

Talent Acquisition and Retention

Risk Category: People and Resources		Risk Trend: Stable
Risk Description	Our Current Mitigations	Latest Developments
Being unclear about the capabilities the business requires to deliver its strategic objectives. Being unable to attract the appropriate skills and capability. Being unable to retain the right people, particularly key senior personnel, and deliver a greater diversity in our workforce.	Pre-employment screening, culture fit assessment and induction for new colleagues. Career framework to ensure we can reliably benchmark our reward packages against the broader labour market. Continuing to embed diversity and inclusion and to position the Society as a values-based employer. Executive team has industry and professional expertise to identify missing capabilities.	Our ability to recruit employees has been heavily impacted by the wider job market. Wage inflation has also made it challenging to recruit colleagues with required skills set. Actions being taken to mitigate include: (i) Create role profiles, proposed search strategy and agree levels and packages for any missing capabilities. (ii) Create succession plans with structured development in place to grow our own capability for the long term. (iii) Complete the Total Reward review to ensure we are an attractive employer for the capabilities we require. (iv) Commence partnerships with schools and colleges to develop future talent pipeline across the estate.

Failure to Deliver Business Plans

Risk Category: Finance and Treasury		Risk Trend: Stable
Risk Description	Our Current Mitigations	Latest Developments
The risk that the performance of all our trading groups falls well below planned sales growth and profitability targets and there is no mitigating upside. Failure to manage and monitor the Society's working capital and cash positions. Reduced profitability and cashflow could impact the Society's ability to meet its banking covenants, make investments or reduce the pension deficit.	Monthly financial reviews give visibility to overall business plan delivery supported by rigorous quarterly forecasting and daily cash flow monitoring. Agreed headroom is maintained from the Society's formal facilities and the bank covenant position is reported monthly and regularly forecasted. The Society operates a rigorous capital allocation process.	Increased input cost inflation in Food Retail continues to impact margin and puts upward pressure on other employment costs (via increases in the National Minimum / Living Wage and other salaries). The Society is executing its capital investment strategy geared towards delivering significant in-year return on investment. Group wide project in place with a focus on reducing central and overhead costs.

Travel Customer Duty of Care

Risk Category: Operational and Consumer		Risk Trend: Stable
Risk Description	Our Current Mitigations	Latest Developments
Package travel regulations bring requirements for the Principal Tour Operator to ensure passenger safety. A failure to ensure the health and safety of customers while under our duty of care could lead to significant cost and reputational damage.	New suppliers to the market are rigorously assessed and compared to the ATOL Approved List. Existing suppliers monitored and reviewed annually. Indemnity arrangements are reviewed annually and Tour Operator's liability insurance cover is in place. Crisis team to support handling of a major issue is defined.	New process for reviewing suppliers is now in place with a significant focus on Health & Safety as well as financial and insurance arrangements. This process is being used to support the growth in destinations/ increased providers. Appointment of specialist quality assurance service to perform Health & Safety audits of overseas suppliers on behalf of the Society. Reviewing the feasibility of obtaining Financial Failure Insurance to mitigate the risk of failures within our supplier base.

Strategic Focus and Competitiveness

Risk Category: Strategic and Business		Risk Trend: Elevated to the Society Risk Register in 2023
Risk Description	Our Current Mitigations	Latest Developments
The Society's strategy must be appropriate and focussed to deliver the Society's Purpose. Need to monitor pricing, value proposition, market share, and customer and competitor behaviour to remain viable and innovative in our competitive landscape.	Strategic plans are revisited at least annually in light of Society performance and trends/changes in the market place. Monitoring of products, sales, margins and store profitability, regular market share and competitor analysis within food. Quarterly forecasting and monitoring processes across all business units.	Focus on actioning the Society's plan for loss-making / non-strategic stores; new store openings in Food Retail have slowed in favour of capital projects which deliver a better return on investment such as electronic shelf edge labels and refrigeration. Continued price monitoring and matching in Travel. Energy market remains largely static as little/no switching is currently available.

Pension Deficit

Risk Category: Strategic and Business		Risk Trend: Decreased
Risk Description	Our Current Mitigations	Latest Developments
The Society's Defined Benefit liability is sensitive to changes in several factors such as interest rates and life expectancy. Adverse movements may require the Society to pay additional contributions.	Regular monitoring of key assumptions, funding and risk positions. Investment strategy agreed with pension trustees. Work with pension trustees' covenant advisor to mitigate impact of additional funding on the Society's growth strategy.	The increase in interest rates throughout 2023/24 has led to improved bond yields and an improved pension deficit position. The Society will continue to monitor key assumptions, funding and risk positions and proactively challenge Investment Advisors' performance. Continued engagement with the pension trustees and their advisors to ensure appropriate strategies are in place.

Delivering the Society's Purpose

Risk Category: Brand and Reputation		Risk Trend: Elevated to the Society Risk Register in 2023
Risk Description	Our Current Mitigations	Latest Developments
Failure to focus sufficiently on delivering the Society Purpose and TRUST pillars could compromise the long term viability of the Society.	Refreshed Purpose, values and strategic pillars launched in 2023. Clear strategic (TRUST) pillars are beginning to inform and guide strategic planning and decision making. The Purpose and strategic materials have begun to be adopted and embedded into trading group and functional team plans. Existing Society-wide policies, procedures and materials are being reviewed and updated. 'Doing Good Together' Brand framework and enhanced member proposition launched Q4 2023.	Development and launch of refreshed Society Purpose to inform and guide Society over the next 20 years. Colleague training programme being developed during 2024.

Environmental Obligations

Risk Category: Strategic and Business		Risk Trend: Stable
Risk Description	Our Current Mitigations	Latest Developments
Not acting in line with our environmental and future sustainability obligations, and not living up to our Society's environmental credentials could lead to lost sales, reduced membership and reputational damage.	Fixed environmental targets in place through the Society Steering Wheel. Sustainability Steering Group in place with Board representation to oversee the Society's ESG activity. Annual benchmarking through BITC's Responsible Business Tracker, and third-party auditing of relevant Steering Wheel data.	The Society will maintain a watching brief on forthcoming legislation or climate related disclosure requirements in the light of the agreed COP26 obligations for business. The Society is not yet impacted by these requirements, but it is anticipated that there will be a trickle-down effect to FTSE250 and other smaller businesses like Midcounties as requirements embed.

Governance Report

Strong governance is critical for a co-operative society where members entrust the control and direction of their society to a board of elected directors. This section sets out our formal Governance report so members can see how the Society and Board is run.

Governance Report

The Board is pleased to present its governance report to members for the year to 27 January 2024.

Good governance is an essential foundation for a co-operative society owned by its members. This has been a long-held view within the Society, which the Board seeks to demonstrate by adhering to best co-operative governance practice.

Governance Code

This report is prepared in accordance with the Co-operative Corporate Governance Code issued by Co-operatives UK in 2019 (the Code). The Code "offers a set of principles that all co-ops can reflect upon and use to encourage and enable good governance practice – operating on a comply or explain basis".

The Code is under review by Co-operatives UK. A revised Code is expected to be published shortly. The Board will carefully review its governance practices against this revised Code once issued.

Contents

The current Code is structured into six sections:

- Member Voice, Participation and Engagement
- Co-operative Leadership and Purpose
- Roles and Responsibilities
- Board Composition, Succession and Evaluation
- Risk, Financial Management and Internal Controls
- Remuneration of the Board and Executive Leadership

This report follows the above structure. There are also short sections on the Society's approach to political engagement and its Supplier Payment Policy.

1. Member Voice, Participation and Engagement

As a co-operative, it is natural that the Society believes in the primacy of membership. This is demonstrated through the various formal governance arrangements the Society has created; also, less formally by the way in which the Society seeks to engage with members and take their views into account.

Formal structures

The Society is bound by a set of Rules approved by members. These set out the formal structures for the Society and form the cornerstone of its governance arrangements. The concept of membership sits at the heart of the Rules:

> "The Society is a membership organisation founded on co-operative Values and Principles. Members of the Society should exercise the responsibilities of membership appropriately. This includes a commitment to Co-operative Values and Principles and participation in the affairs of the Society".

The Society's Board is made up of elected members only. The Board has a long-standing Member Engagement Committee, again made up of elected members only, responsible for influencing and reviewing the Society's member engagement strategy. The annual elections to the Board and Member Engagement Committee allow members to determine who runs their Society.

Each year the Board holds an Annual General Meeting and a Half Year Meeting for members. These provide members with the opportunity to hold the Board to account and to participate in the formal affairs of the Society by voting on key items.

The Board views the Society's member meetings and annual elections as fundamental building blocks of good co-operative governance and takes great care to ensure they are promoted widely and run openly so members can participate as they wish.

At the end of the 2023/24 financial year, the Society had 645,048 members (2022/23: 721,674). In 2023, 491 members attended the AGM (2022: 394 members), and 158 members attended the Half Year Meeting (2022: 267). At the 2023 elections, 16 members put themselves forward for the six vacancies on the Board (2022: 13 members, five vacancies), and 10 members put themselves forward for the seven vacancies on the Member Engagement Committee (2022: five members, four vacancies). Votes were cast by 25,161 members (2022: 34,221).

Member engagement and participation

In addition to the above formal governance arrangements, the Society looks to ensure members can participate in its activity above and beyond transacting with its businesses.

This is affected through a wide-ranging set of opportunities. For example, the 'Your Co-op Voice' surveys, the 'Your Co-op Conversations' engagement programme, 'meet your elected member' sessions, other regular member activity, the Young Co-operators Network, through opportunities to engage on Society campaigns, and through the Society's Regional Community activity. Examples of such activity can be found elsewhere in this Annual Report.

2. Co-operative Leadership and Purpose

At last year's AGM, the Board introduced the Society's revised Purpose Statement, DOES values and other key strategic materials. These underpin the Society to ensure its activity keeps co-operation at its heart and continues to resonate with members and other stakeholders. You will find them summarised at the start of this Annual Report.

The Board has approved a five-year strategic plan. The strategy and plans for each of the Society's trading groups and support functions feed directly into this.

The Board believes in fostering a values-based culture. The Society has a Chief Values Officer, an Executive position, whose role is to support the Society in encouraging this in an open and consistent way. Examples of actions taken by the Society to support and enhance its culture during the year can be found elsewhere in this Annual Report.

The Board has a set of Guiding Principles which provide the framework and expectations for the way directors interact with one another and with others with whom they have business. A copy can be found on the 'governance' pages at www.midcounties.coop. The first principle is key: "Our first responsibility is to represent the members who own and control the Society and that the Society is a co-operative, subscribing to co-operative values and principles which underpin all that we do".

The Board also has long-standing whistleblowing and speak-in-confidence procedures overseen by the Audit & Risk Committee. These allow colleagues to raise concerns they may have about the Society and its operations in confidence. Matters raised are investigated and follow-up action is taken as required.

3. Roles and Responsibilities

The Board's responsibilities are wide-ranging. It sets the Society's objectives and strategy, monitors delivery of that strategy by management, and identifies and manages risk. In addition, and given the distinctive nature of co-operative societies, the Board must ensure the Society remains true to its purpose and adheres to the co-operative values and principles set out by the ICA[1].

The Board has a long-standing Member Engagement Committee responsible for influencing and reviewing the Society's member engagement strategy. The Committee comprises nine elected members, three elected 'young members' (under the age of 30), and two directors appointed by the Board.

The Board is chaired by the President who is supported by two Vice-Presidents. These positions are elected by the Board each year. The role of President is a crucial one. The President leads the Board, sets its tone and culture which permeates throughout the Society and works closely with the Chief Executive to help the Society deliver its aims and objectives.

The Society's Rules provide that the President cannot be an employee of the Society and can serve for no more than six years in any rolling 12-year period. The Board would not expect to appoint as President a director who had served less than one term of office. However, the Rules do not prevent this from occurring.

The Board held 12 scheduled meetings during 2023/24. It also met on other occasions and in private session without the presence of management as required. The table to the right lists the attendance record of directors at Board and Committee meetings for the year under review. The figures show the number of meetings each director actually attended, against (in brackets) the number of meetings they were eligible to attend.

		Committees			
Directors	Board	1	2	3	4
Amanda Davis[1]	4 (4)	2 (2)			
Olivia Birch[2]	6 (8)	2 (4)			
Ellie Boyle	11 (12)	6 (6)	4 (4)		
Bernadette Connor	12 (12)			3 (4)	
Harvey Griffiths	12 (12)	2 (2)			
Evelyne Godfrey	12 (12)	5 (6)			
Stephen Hawksworth	11 (12)				
Vicky Green	11 (12)		4 (4)		
Irene Kirkman	12 (12)		1 (1)		4 (4)
Matt Lane	9 (12)		3 (4)		
Paul Mather	12 (12)	6 (6)			
Nick Milton	11 (12)				
Barbara Rainford	12 (12)			3 (3)	
Fiona Ravenscroft	9 (12)	6 (6)			4 (4)
Heather Richardson	9 (12)		4 (4)		
Helen Wiseman	12 (12)		3 (3)	1 (1)	
Vivian Woodell	12 (12)	6 (6)			4 (4)

1. Audit & Risk
2. Remuneration
3. Member Engagement
4. Pension trustee

[1] Elected October 2023
[2] Resigned October 2023

The Board receives a regular set of information to allow it to monitor the Society's activity and performance with an appropriate level of scrutiny. At each of its meetings it receives reports from management on trading and other matters, reviews the performance of the Society and considers papers presented for decision or information. The Board also discusses and approves the Society's strategy and annual budgets at appropriate points during the year.

The Society's Rules include certain duties and responsibilities that are the sole preserve of the Board. In addition, the Board has a formal schedule of matters reserved for its decision. The schedule is reviewed on an annual basis.

The Rules and the schedule include, for example, all matters concerning the determination and general operation of the Society's Rules (subject to member approval), the appointment and removal of the Chief Executive and the Secretary, and the approval of all funding arrangements, property acquisitions and capital spend above certain thresholds.

As part of the election process, candidates for the Board are apprised of the nature of the role of a co-operative director, the type of skills a director needs and the time commitment involved.

The Code states that additional external appointments should not be undertaken by directors without the prior approval of the Board. The Board does not support this provision. It believes the Society benefits from directors who are active in their

[1] the International Co-operative Alliance – the apex body for co-operatives globally

communities and professional lives, and that they are capable of judging for themselves whether they can take on other appointment(s), conscious of the time commitment required to be given to the Society.

The Society's Rules set out certain safeguards to ensure the Board retains a balance and is not dominated by any one set of individuals. For example, a director, their partner or close family member cannot serve in a managerial position for a business which competes in a material way with the Society, and no more than four directors can be Society employees (or former employees who have left the Society within the last three years).

The Board has a policy on conflicts of interest. The Secretary maintains a register to record any conflicts declared by directors, members of the Executive and Senior Leadership Team. Formal updates to the register are requested at the end of each financial year. Individuals are charged with informing the Secretary at the first opportunity of any potential or actual conflicts should they arise in the interim. In addition, at each Board meeting, directors and those attending are asked to declare any interests they may have in relation to the business on the agenda.

The table at the end of this Report shows the directorships and other formal positions declared by directors and members of the Executive and senior management.

During the year the Board had three committees – the Member Engagement Committee, the Audit & Risk Committee and the Remuneration Committee. Each Committee has set terms of reference. These are reviewed by the Board on an annual basis. Details of the Committees can be found elsewhere in this Annual Report. The chairs of each committee are available at the AGM to answer questions from members.

The Board has delegated the day-to-day management of the Society to the Chief Executive who is responsible for the execution of the Society's strategy within the framework laid down by the Board. The Board recognises the key role played by the Chief Executive and is clear that his relationship with the Board is fundamental to the success of the Society.

The Board also recognises the role played by the Secretary. The Secretary helps the Board meet its objectives and acts as a fulcrum between management and the Board. The Secretary is appointed by the Board and all directors have access to his advice.

4. Board Composition, Succession and Evaluation

The Board comprises 16 directors elected by and from the Society's members. The Board believes this to be an appropriate size in a co-operative context to ensure democratic accountability and a diversity of member representation while still allowing for effective decision taking.

Terms of office for directors are for three years.

The Society operates a set of well-established procedures providing for the annual election of members to the Board and the Member Engagement Committee. The elections are administered by Civica Election Services Limited[2] to ensure due process is followed. The Society's elections have been contested for at least the last 20 years.

Given the above, and that members have routinely elected directors with a broad mix of skills, insight and experience, the Board does not believe it is appropriate for the Society to follow a number of provisions in the Code. In particular, the Board has not looked to:

- limit the number of terms of office a director can serve before standing down;
- introduce a documented succession plan;
- set up a Search Committee; or
- provide for independent non-executive appointed directors in the Society's Rules.

Nonetheless, recognising the Code states that a director should stand down after a period of nine consecutive years in office, in 2021 members approved a Rule change setting out the measures the Board must take to encourage members to stand for election in the event that, for two consecutive elections, the number of candidates standing was less than one and a half times the number of vacancies.

The Society's election procedures seek to ensure that a sufficient level of information on the candidates standing for election is provided to members to allow them to make an informed choice on their vote. The nature of the information provided is reviewed at least every three years by the Board. Feedback on the level of the information provided is gathered from members after each election.

The current arrangements for the induction of new directors involve meetings with the Society's Secretary and members of the Executive and a series of site visits. Additionally, new directors are encouraged to gain an insight into the wider co-operative movement. A full induction pack is also provided. The induction process continues to evolve and strengthen as new directors join the Board each year.

The Board is aware of the need for directors to be kept informed of the strategic issues facing the Society and its businesses, as well as more detailed operational matters, and has adopted a training programme comprising:

- quarterly Board information sessions aimed at giving directors a better depth of understanding on business/ operational items;
- more open Board sessions held twice a year to discuss broader issues that influence the Society;
- courses provided by Co-operatives UK/Co-operative College open to all directors; and
- relevant training opportunities for directors on specific Committees.

In addition, the Chief Executive keeps the Board advised of matters affecting the Society at each Board meeting and more frequently if required.

During the year, the Board undertook an annual review of its performance, facilitated by Co-operatives UK, and is currently working through the output.

[2] the UK's leading provider of ballot and election services

5. Risk, Financial Management and Internal Controls

This section of the Code concerns itself with the structures, procedures and processes a co-operative has in place to ensure sound financial management, internal control and risk review. Within the Society, this activity is governed through the Audit & Risk Committee. The section also contains provisions concerning withdrawable share capital, dividends and share interest payments.

Audit & Risk Committee

The Audit & Risk Committee operates under terms of reference approved by the Board. The terms include:

- monitoring the integrity of the Society's financial statements;
- reviewing the effectiveness of the Society's internal control and risk management systems;
- monitoring and reviewing the work of the Society's external auditors and assessing their independence;
- reviewing the Society's business plans – the assumptions made; the risks and mitigations listed; the rigour of their composition; their adherence to agreed strategies;
- monitoring and reviewing the performance of the Society's Internal Audit function; and
- reviewing the Society's whistle blowing and speak in confidence procedures to support the prevention of wrongdoing and fraud.

Significant decisions by the Committee are referred to the Board for consideration. The Committee has the right to report to members if the Board overrides a decision or recommendation it has made.

Between four and six directors can serve on the Committee. Terms of office are for two years and Committee members can serve for up to three terms before having to stand down for at least a year. Only directors can serve on the Committee, save that the President of the Society and any director who is a current employee of the Society or has been so within the previous 12 months cannot serve.

The Board reviews the Committee's terms of reference on an annual basis.

Professional advice is available to the Committee if required. The Committee receives induction training and has access to additional training sessions. In addition, the Committee is given updates on relevant matters at its meetings, and presentations from management on significant issues as they arise.

The Committee held six scheduled meetings during 2023/24. It meets on other occasions and in private session without the presence of management as required.

The Board is apprised of the Committee's proceedings at the next Board meeting following a Committee meeting. The Committee's minutes are also made available to the Board.

At least once a year the Committee meets the external auditor and the Society's Head of Audit, Risk & Assurance without management present. In addition, the Chair of the Committee maintains a dialogue with the external auditor and the Head of Audit, Risk & Assurance between Committee meetings.

The Chief Financial Officer and Head of Audit, Risk & Assurance attend the Committee's meetings. The Society's Senior Legal Counsel acts as Secretary to the Committee.

To ensure auditor independence and objectivity is safeguarded, the Committee has a policy of awarding project work that requires the expertise of an audit firm to a firm other than the Society's auditors, unless there is a very strong reason to use the Society's auditors. As an additional safeguard, any non-audit related work that it is felt needs to be undertaken by the auditors must be approved by the Committee before it is carried out. During the year, fees amounting to £27,000 were paid to the Society's auditor for non-audit work (2022/23: £33,000).

The Society and its auditors have both adopted a policy whereby the audit engagement partner does not conduct the Society's audit for more than five years.

Internal control and risk management

This section sets out the Society's approach to internal control and the measures taken to review its effectiveness. The Code charges the Board to review the effectiveness of the Society's system of internal control and risk management and to report formally on this review each year to members.

The Board is responsible for the Society's system of internal control and for reviewing its effectiveness. The system is designed to manage rather than eliminate the risk of failure to achieve the Society's objectives and can only provide reasonable, not absolute, assurance against material misstatement or loss.

The Board is of the view that the controls and processes within the Society are appropriate for an organisation of its size and complexity.

Internal control framework

The Board has adopted an internal control framework with the following key elements:

- an organisational structure with clearly defined lines of responsibility, delegations of authority and reporting requirements;
- policies for expenditure with set authorisation levels – for example, larger capital projects and acquisitions and disposals require Board approval;
- a comprehensive system of financial reporting – actual results together with comparisons to budgets and forecasts are reported regularly to the Board throughout the year;
- Board review and approval of the annual budget, plans and forecasts for each business group and support function;
- policies and procedures for the reporting and resolution of suspected fraudulent activities; and
- a risk management process designed to monitor the major risks facing the Society.

Control procedures
The Society's control procedures are designed to ensure that appropriate levels of control are maintained, complete and accurate accounting of financial transactions is assured, and the potential exposure to loss of assets or fraud is limited.

Measures taken include physical controls, segregation of duties and reviews of processes by management, the Internal Audit function, and the external auditors.

In addition, the Society has a policy that members of the Board are also directors of the Society's trading subsidiaries to ensure appropriate control.

Monitoring
The Society's Internal Audit function carries out independent reviews of the Society's operational and financial control environments. A risk-based approach is used to identify areas for attention. These are prioritised into an annual Internal Audit plan. Reports containing assurance ratings, key findings and action plans to improve controls are issued to management. Responsibility and timescales for remedial actions are agreed with management and evidence of completion is provided to Internal Audit for review. Monthly progress reports are issued to the Executive, providing visibility of the actions that are outstanding. A summary of significant matters is reported to each meeting of the Audit & Risk Committee for review and decision.

Review processes
The processes used by the Audit & Risk Committee to review the effectiveness of the Society's system of internal control include the following:

- review of the external and Internal Audit work plans;
- consideration of reports from the Internal Audit function and the external auditors on the system of internal control;
- discussion with management of the actions taken to resolve issues identified in such reports; and
- review of the effectiveness of the Society's risk management processes.

During the year and at the request of the Audit & Risk Committee, an independent review of the Society's Internal Audit function was undertaken by the Institute for Internal Audit (IIA). This took the form of a Readiness Assessment in preparation for a full External Quality Assessment by the IIA in 2025.

Opinion
The Audit & Risk Committee has reviewed the operation and effectiveness of the Society's internal control system during the year under review. The Committee considers there have been no weaknesses that have resulted in any material losses or contingencies which require disclosure. The Committee also considers that the external auditor is sufficiently independent of the Society, in accordance with the ethical requirements relevant to the audit of financial statements in the UK including the Financial Reporting Council's Ethical Standard, and that the external auditor has adequately fulfilled its responsibilities in accordance with these requirements.

The Committee believes the audit evidence provided to the external auditor was sufficient and appropriate to allow the external auditor to form an adequate opinion on the true and fair view of the state of the Society's affairs.

Risk management
The Board and the Executive have primary responsibility for identifying and controlling the key risks facing the Society. In this regard, the Society operates a risk management process that aims to identify the key risks for the Society as a whole and in each business group and support function. These are mapped to the Society's risk appetite which is set by the Board on a three-yearly basis (last completed in 2023/24). The risks are reviewed by the Executive and the Audit & Risk Committee with oversight from the Board.

More broadly, the Board and the Executive consider the risks impacting on the Society from a strategic perspective at appropriate intervals.

An overview of the Society's risk management structure and key risks can be found elsewhere in this Annual Report.

Withdrawable share capital, distributions, share interest
The Society complies with the Code on Withdrawable Share Capital issued by Co-operatives UK. In particular, the interest rate payable on share accounts and the Society's term investments is set at what is felt to be the lowest rate sufficient to obtain the necessary funds from members committed to furthering the Society's objectives.

In line with co-operative principles, dividend/share of the profits payments where made, are paid in proportion to a member's trade with the Society.

The Society's Rules provide that any surplus arising from a solvent dissolution of the Society would either be transferred to a member(s) of Co-operatives UK with similar Rule provisions as to the distribution of surplus on dissolution or would be paid or transferred to Co-operatives UK.

6. Remuneration of the Board and Executive Leadership

A full report on the activities of the Remuneration Committee is set out in the Remuneration Report found elsewhere in this Annual Report. The Committee's primary role is to provide robust, independent governance on the remuneration of members of the Executive. It also provides high level input and oversight into the reward strategy for all Society colleagues.

POLITICAL ENGAGEMENT
The Board recognises that co-operatives often seek to advance co-operation in national, local and international life through political engagement. Recognising this, members have approved a statement on political engagement:

> "The Midcounties Co-operative supports in letter and spirit the Principles set out in the Statement of Co-operative Identity of the International Co-operative Alliance and the Governance Code of Co-operatives UK to embrace all who

accept the responsibilities of membership without gender, social, racial, political or religious discrimination.

The Society recognises the important role that the Co-operative Party has played, and continues to play, in promoting the interests of co-operation in the political sphere and, with the endorsement of members as expressed at successive Annual Meetings, provides financial support for the work of the Party.

The Society also seeks to engage with other political organisations which are active in its core trading area and which share its objective of working towards a society based on democracy, equal opportunities and social justice; and an economy where co-operative ownership plays an important and growing role in generating prosperity, genuine consumer choice and sustainable community development."

The Co-operative Party

In keeping with the above, the Society has been a longstanding supporter of the Co-operative Party, the formal political arm of the Co-operative Movement. The Party aims to promote the principles of co-operation and all forms of co-operative organisation within political circles.

The Party has a close and enduring relationship with the Labour Party. This includes a formal electoral agreement which allows Co-operative Party candidates to stand as Labour and Co-operative representatives in General and Local elections.

Campaigns Fund

In 2014, members approved the creation of a Campaigns Fund. The Fund is intended to support campaigning activity that promotes co-operation in the political arena and supports the objectives and priorities of the Society.

At the 2023 Annual General Meeting members approved a distribution of £60,000 to the Campaigns Fund (2022: £60,000). During the year the Fund made grants to the Co-operative Party nationally, the Society's three local Co-operative Party Councils and two other campaigning bodies.

Review

The Board is undertaking a review of the Statement and the Fund and will report on the outcome to members at a future meeting.

SUPPLIER PAYMENT POLICY

The Society's policy is to agree terms of payment as part of the commercial arrangements with suppliers and to pay according to those terms once an invoice is received. Trade creditor days for the year were 13 days (2022/23: 16 days).

CONCLUDING REMARKS

The sound governance of any organisation is critical to ensure it has a clarity of purpose and appropriate levels of accountability, transparency and control. This is particularly so for a co-operative society where members entrust the control and direction of their society to a board of elected directors.

The Board is fully aware of the responsibilities and obligations imposed upon it by its elected status and the prerequisites of the co-operative ethos. It believes this report demonstrates the importance it attaches to good governance and illustrates that the measures it has taken are befitting of a true co-operative enterprise.

On behalf of the Board

Heather Richardson – President

Edward Parker – Secretary & Head of Governance

27 April 2024

External directorships (or equivalent) held by members of the Board and Executive during the year	
Board	
Amanda Davis	– Board Member, Cotswolds National Landscape (AONB) – Member of Executive Board, Gloucestershire Association of Parish and Town Councils – Parish Councillor, Bourton-on-the-Water Parish Council
Evelyne Godfrey	– Director & Secretary, Oxford City of Sanctuary Ltd – Director, Uffington Heritage Watch Ltd
Harvey Griffiths	– Director, Anglo Chesham Management Limited – Director, Anglo Industrial Holdings Ltd – Director, Broadgate Freeholds Limited – Director, Energy Capital Advisers Ltd – Secretary, Grip Star Holdings Limited – Director, Horizon (GP) Limited – Director, Horizon Development Capital Limited – Director, Horizon Development Finance Limited – Director, Horizon Housing REIT Plc – Director, Horizon Hudson Holdings – Director, Horizon Infrastructure Partnership Limited – Director, Horizon Investment Holdings (One) Limited – Director, Horizon Investment Holdings (Two) Limited – Director, Horizon Investments (One) Limited – Director, Horizon Investments (Two) Limited – Director, Horizon Scotland (GP) Limited – Director, Housing Investment Finance Ltd – LLP Designated Member, Infrastructure Partnership LLP – Secretary, Just Property Management Ltd – Director, Sustainable Infrastructure Partnership Ltd – Non-executive director, West Hertfordshire Teaching Hospitals NHS Trust – Director, Credit Capital Corporation II Limited
Stephen Hawksworth	– Director, S.C. Hawksworth Ltd
Irene Kirkman	– Independent Member, Buckinghamshire New University – Local Authority Governor, Cherwell School Oxford
Matthew Lane	– Director, MDNL Ltd – Director, Woo Cooking Oils Ltd – Director, Weekending Ltd
Paul Mather	– Trustee & Treasurer, ICOF Community Capital Ltd – Trustee & Treasurer, ICOF Ltd – Director, Co-operative Futures Limited – Committee Member, Wiltshire Short Mat Bowling Association – Treasurer, Sherston Bowls Club – Committee Member, Sherston Boules Carnival
Barbara Rainford	– Director, Co-operative Press Ltd – Director, BCRS Business Loans – Director, Co-operative Futures Limited – Trustee, The Co-operative College – Trustee, Shropshire Climate Action
Fiona Ravenscroft	– Director, Ravenscroft Ltd – Director, Osney Island Board Club Ltd – Trustee, Long Mead Foundation
Heather Richardson	– Chief Risk Officer, Bromford Housing Group
Vivian Woodell	– Director, West Oxfordshire Community Transport Limited – Director, Lawrence Home Nursing Team Limited – Director, Student Co-operative Homes Limited – Director, The Co-operative Loan Fund Limited – Chief Executive and Secretary, The Phone Co-op Foundation for Co-operative Innovation Limited – Director, Westmill Wind Farm Co-operative Limited – Director, Cooperatives Europe asbl

Executive	
Current Executive	
Alison Bain	– Member of Supporter Advisory Group, Save the Children
Sara Dunham	– Director, Consulting@ BeechesPond Ltd
Phil Ponsonby	– Vice Chair, Association of Convenience Stores (ACS) – Board Director, Federal Retail Trading Services (FRTS)
Pete Westall	– Director & Chair, Bright Future (Co-operative) Limited – Board member, BITC Regional Advisory Board – Council Member, CBI – Council Member, Co-operative Group National Members Council – Director & Chair, Co-op Community Energy Ltd

Senior Leadership Team	
Kathryn Lyddon	– Director, KML Digswell Ltd
Mark Mitchell	– Chair & Trustee, Garden Organic
Phil Gregory	– Trustee & Treasurer, Daybreak Oxford – Director, The Co-operative Loan Fund Limited
Sean McGovern	– Secretary, Bright Future (Co-operative) Limited

Remuneration Report

It is important that members can see that the Executive team, the highest paid colleagues in the Society, are paid in line with the co-operative principles of fairness and equity. It's the job of the Remuneration Committee to oversee this. The following pages set out the Committee's formal annual report to members.

INTRODUCTION

The Remuneration Committee is pleased to present its report to members for the year ended 27 January 2024.

The Committee's primary role is to provide robust, independent governance for executive remuneration to ensure that pay for the Society's Executive team:

- supports the Society's business strategy and values;
- is dependent on the Society's performance and on personal performance through the use of performance-related rewards;
- enables the Society to attract, motivate and retain talented individuals; and
- does not exceed what is necessary to achieve the aims above.

The Committee also provides high-level input into and oversight of the reward strategy implemented by management for all Society colleagues.

The report has been prepared mindful of the reporting requirements that apply to UK listed companies. Although the Society is not required to comply with these, the Committee seeks to comply with governance best practice and has adopted these requirements where appropriate.

The report will be put to an advisory vote at the Society's Annual General Meeting on 11 May 2024.

This report is structured into three sections:

- Remuneration Policy – outlining the Committee's policy for Executive remuneration for the year ahead and future years;
- Implementation – summarising how the Committee's policy has been implemented in the year under review; and
- Director Fees – providing details on the fees, expenses and benefits for directors of the Society.

The Committee's policy is to ensure that fixed pay[1] for members of the Executive is positioned around the median of the range for equivalent roles in retail businesses of a similar size to the Society. This helps to ensure the Society retains talented leaders and managers to allow it to perform for the benefit of members and other stakeholders.

The level of fixed pay is reviewed formally once every three years. The last review took place in the autumn of 2021, concluding in January 2022. The next review is scheduled for the autumn of 2024. In the intervening years, salaries are normally increased in line with increases negotiated with USDAW for the Society as a whole.

The Committee receives a reward update for the broader workforce at each meeting to ensure it is fully apprised of the reward position for colleagues when making Executive reward decisions.

The Committee also operates annual and longer-term incentive plans aligned to the Society's objectives and co-operative values to ensure that total pay is not guaranteed and varies with performance. The Committee would stress that incentive pay for the Executive is around 40-60% lower than for executives in comparable PLCs. This lower incentive pay means that total remuneration for the Executive is also significantly below that found in PLCs.

For the 2023/24 financial year, no bonus payments have been earned given that the Society's profitability fell below the stretching targets set. However, members of the Executive have earned payments under the long-term incentive scheme as targets were met for two of the four measures, as set out later in this report..

The Society has published its third joint gender and ethnicity pay gap report. The Committee and the Society's Board take the matter of diversity seriously including the issue of senior female representation within the workforce, an improved gender balance across all levels and disciplines, and the promotion of an inclusive culture that respects everyone. The report covers the period April 2022 to April 2023.

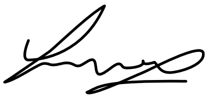
The mean gender pay gap has decreased from 14.9% to 11.8%. The mean ethnicity pay gap has also decreased from 4.3% to 3.1%. The Committee will continue to monitor the actions being taken by management in these areas.

The Committee is very aware of the impact of cost of living issues on colleagues. In addition to improving core elements of the benefits package, we have extended the enhanced colleague discount arrangements introduced in 2022 for the remainder of the year. We have also have continued to promote Grocery Aid, a charity providing a range of emotional, practical and financial support to those working in the grocery sector, relaunching their School Essentials Grant to help colleagues cover uniform and stationery back-to-school costs (during 2023 we were awarded GroceryAid Gold Status for the third year running), and introduced Wagestream across the Society, allowing colleagues to more easily manage their day-to-day finances, with 795 colleagues currently enrolled.

[1] fixed pay comprises base salary, pension contributions and benefits

At its meeting held on 16 April 2024, the Committee approved pay increases for members of the Executive team for the 2024/25 financial year of 4.0%, against a backdrop of an overall Society-wide percentage uplift of 8.3% on average.

The Committee would be pleased to have members' support for this report.



Ellie Boyle
Chair - Remuneration Committee
22 April 2024

REMUNERATION POLICY

This section of the report sets out the key elements of the Committee's policy for the remuneration of the Executive.

Overall policy

Co-operative societies are founded on the principles of fairness and equity. The Board believes, strongly, that these principles should be reflected in its approach to remuneration.

The remuneration policy for the Executive aims to:
- pay competitive base salaries, relative to a group of similar-sized businesses within the retail sector;
- reward performance through an appropriate balance of short and long-term performance-related pay;
- maintain an appropriate balance between fixed and variable pay; and
- provide a clear link between pay for the Executive and the Society's performance.

In keeping with the co-operative ethos, it is notable that variable pay is set at substantially lower levels and represents a significantly smaller proportion of Executives' overall remuneration when compared with the typical PLC pay model. This results in considerably lower total remuneration than the PLC market.

A description of how the Society intends to implement the policy above in 2024 is included in the Implementation section of the report.

Summary of the remuneration components

The table below provides a summary of the remuneration components for the Executive.

Element	Purpose and link to strategy	Operation	Maximum	Performance assessment
Base salary	To pay a fair base salary, commensurate with the individual's role, responsibilities and experience, and having regard to market rates for similar roles in other retail businesses of an equivalent size.	Normally increased annually taking account of inflation; formally reviewed every three years to ensure market competitiveness. The last review concluded early in 2022, with changes taking effect at the start of the 2022/23 financial year. In reviewing salaries, the Committee also considers individual performance, the scope of each role, relativities to other roles within the Society and trends in executive remuneration generally.	Annual increases will normally be in line with the standard rate increases applied to colleagues across the Society other than when there is a change in responsibilities or to realign executive pay with the market.	n/a

Element	Purpose and link to strategy	Operation	Maximum	Performance assessment
Annual Bonus	To provide a performance-related reward aligned to targets set for the year. A highly 'geared' remuneration package is considered inappropriate and therefore the maximum annual bonus is at a level that is significantly lower than in equivalent PLCs.	Paid in cash. Non-pensionable. Discretionary.	Maximum 20% of base salary. On-target 8% of base salary. Amounts may differ for new joiners to the Executive, but would normally be no higher than for existing executives.	Performance targets comprise a combination of financial and non-financial elements. No bonus is payable unless a minimum level of financial performance has been achieved. Awards are subject to clawback.
Executive Incentive Plan (EIP)	To provide performance-related reward aligned to the long-term strategic goals of the Society. Award levels are set at a level that is significantly lower than in equivalent PLCs.	The EIP provides a single five-year plan. It offers the potential for interim payments annually and a final bullet payment at the end of the five-year performance period if targets are met. The EIP succeeds the LTIP which provided for three-year awards, granted annually. Discretionary.	The maximum payment for each annual interim payment is 16% of annual salary. A bullet payment worth a maximum of 34% of average base salary over the five-year performance period is available at the end of the five-year EIP. Amounts may differ for new joiners to the Executive.	Performance measures for the EIP are based on key measures that form part of the five-year plan – member trade, greenhouse gas emissions, colleague diversity and net assets. Awards are subject to clawback.
Pensions	To provide pension arrangements on similar terms to other colleagues in the Society.	Members of the Executive can participate in the Society's pension arrangements on the same terms available to all Society colleagues. A cash allowance is paid to some members of the Executive in lieu of pension contribution.	The Society operates a defined contribution scheme and a scheme that meets the auto-enrolment requirements. The Society previously operated a defined benefit career average pension scheme; this closed to future accrual in 2014.	n/a

Element	Purpose and link to strategy	Operation	Maximum	Performance assessment
Benefits-in-kind	To provide benefits-in-kind broadly in line with market practice.	The main benefits provided are the provision of a car or a cash allowance, life insurance, long-term disability income protection, an annual health-check and colleague discount. Relocation benefits may be provided where necessary.	The amount of cash allowance under the Society's car policy is dependent on role; payments range from £1,000 to £1,600 per month. The value of other benefits is based on the cost to the Society and is not predetermined.	n/a

Incentive arrangements

The Board believes having an element of pay linked to Society and/or individual performance increases engagement and improves Society performance. However, the Board also believes, strongly, that a highly 'geared' remuneration package is inappropriate. Therefore, the maximum award levels available to the Executive under the Society's incentive arrangements are set significantly below levels found in PLCs.

Members of the Executive are eligible to participate in the Society's STARS annual bonus scheme (the Society Target Achievement Reward Scheme) and a five-year Executive Incentive Plan (EIP). Both operate on a discretionary basis.

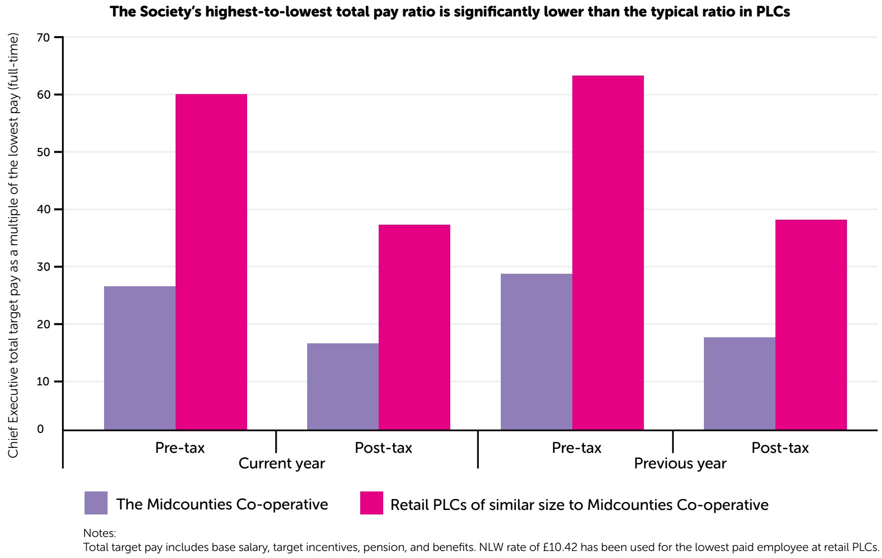
The STARS bonus scheme is currently available to more senior managers and colleagues within the Society. It has payments linked to performance over the relevant financial year. Payments under the EIP are linked to performance over a five-year period. Targets for these incentive arrangements are set by the Committee at the start of each year.

The STARS metrics comprise a mix of financial and non-financial objectives reflecting the key annual priorities of the Society. For members of the Executive, the weighting between financial and non-financial metrics can vary. For 2023/24 just under 40% of the targets were for non-financial measures. The financial measures are focused on profit, a key measure of the Society's trading performance. The inclusion of non-financial metrics reflects the Society's co-operative ethos by measuring success on more than a financial basis alone.

The EIP is intended to focus the Executive on achieving longer-term performance and strategic goals. The four performance metrics are member trade, greenhouse gas emissions, colleague diversity and net assets. These measures are designed to complement the measures used in the bonus plan and are key to the broader performance of the Society over the longer term.

Chief Executive – pay ratios

The chart here shows the approximate ratio of the Chief Executive's annual base salary and total target remuneration, pre- and post-tax, relative to the lowest rate of pay in the Society and compares this with typical ratios in the wider PLC retail sector. The ratio for 2023/24 was x26 on pre-tax pay and x17 on post-tax pay (2022/23: x29 and x18 respectively).

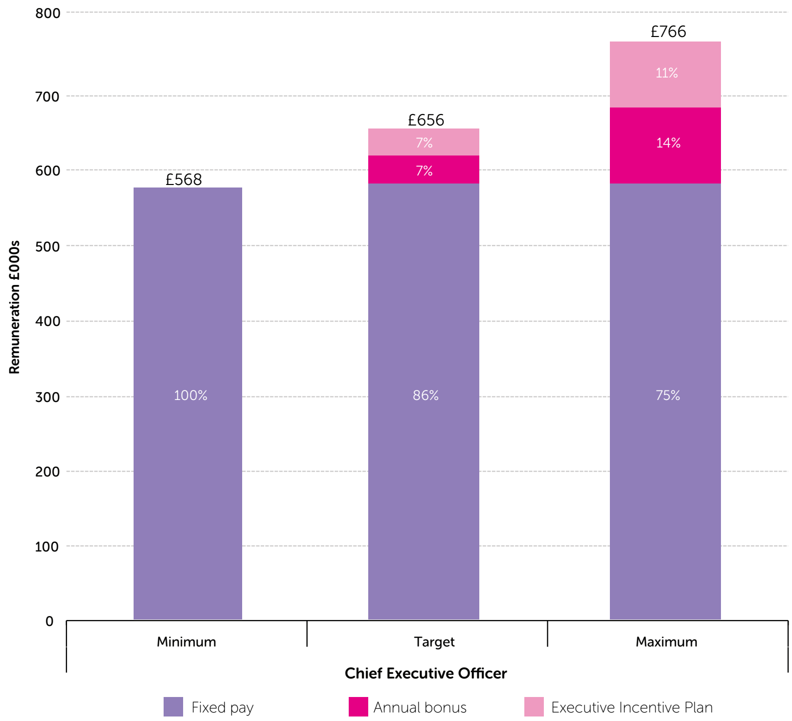


The table here shows the pay ratios between the Chief Executive and qualifying colleagues on the 75th, median, 25th percentiles and the lowest paid colleagues..

	Salary		Total Compensation	
Chief Executive	£549,001	n/a	£612,121	n/a
75th	£23,545	23:1	£23,989	26:1
Median	£21,537	26:1	£21,945	28:1
25th	£21,537	26:1	£21,540	28:1
Lowest	£19,672	28:1	£19,660	31:1

Remuneration scenarios

The chart here demonstrates how the mix of the Chief Executive's annual remuneration package can vary at different levels of performance under the Society's remuneration policy in 2024/25. It shows the potential value of total remuneration in each scenario and the percentage of total remuneration accounted for by each element.



Remuneration for other colleagues

The Society's policy is to target base salaries at the median. Accordingly, levels of remuneration for colleagues across the Society are benchmarked against industry and functional peers and checked internally for fairness. Where inconsistencies are found, the Society looks to address the issues raised.

The Society provides all colleagues with a package of benefits. These include access to a pension, an Employee Assistance Programme, enhanced family friendly benefits, Society and other retailer discounts, and voluntary salary exchange benefits such as cycle to work and an electric car and moped vehicle scheme. Colleagues also receive a colleague dividend if approved by the Society's members at the AGM. Over 550 colleagues were eligible for the STARS annual bonus scheme.

Executives' service contracts

Executives have rolling service contracts, details of which are summarised below.

Provision	Detailed terms
Notice period	Six months.
Payment in lieu of notice	Contracts may be terminated without notice by the payment of a sum equal to the sum of salary due for the unexpired notice period plus the fair value of any contractual benefits. Following written notice of termination there is no entitlement to any further payment from the Society except those sums which may have accrued and are due at that time.
Termination payment	If the Society merges with another society any termination payments would be based on the terms agreed at the time.

Policy on payments for loss of office

The Executives' service agreements contain provisions for payment in lieu of notice in respect of base salary and contractual benefits only. The circumstances of termination (including the individual's performance) are taken into account in every case. Service contracts do not provide an entitlement to the payment of a predetermined amount on termination of employment in any circumstances.

Unless the Board determines otherwise, when an Executive's employment ceases, no bonus is payable and there is no entitlement to any further payment from the Society except for such sums as have accrued for services provided and are due and payable on the date of cessation.

For the EIP, other than in certain 'good leaver' circumstances (for example, ill-health and retirement) unvested awards lapse. In the case of 'good leavers', awards may still vest normally at the end of the performance period to the extent that the performance conditions have been achieved. A pro-rata reduction to reflect the length of period worked between grant and cessation of employment may be applied at the Committee's discretion.

Recruitment to the Executive

Salaries for new members of the Executive are set to reflect the individual's role, responsibilities and experience while having regard to the market rate.

Where it is appropriate to offer a below median salary initially, the Committee has the discretion to allow phased salary increases over a period of time, even though this may involve increases in excess of the rate applied to colleagues across the Society generally and the rate of inflation.

Benefits are provided in line with those offered to other members of the Executive taking account of local market practice.

Relocation expenses/arrangements are provided if necessary, and fees and other costs incurred by the individual may also be paid by the Society.

The aggregate incentive opportunity offered to a new member of the Executive will normally be no higher than that offered to existing members of the Executive.

Individuals joining the Executive from outside the Society may forfeit certain entitlements at their current employer on leaving to join the Society. To recruit in such circumstances, the Society may compensate the individual for any lost entitlements. However, in doing so it will endeavour to ensure that the terms of any compensation are on a similar basis in terms of the value of any replacement awards, the time period over which they are earned and the application of performance conditions, and the Society's existing incentive arrangements will be used to the extent possible, although awards may also be granted outside of these schemes if necessary.

In the case of internal promotions to the Executive, any outstanding variable pay awarded in relation to the Executive's previous role will be paid out according to its terms (adjusted as relevant to take into account the appointment).

Committee discretions

The Committee operates the Society's annual bonus 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 but are not limited to:

- selecting 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 summary remuneration components table found earlier in this report);
- determining the extent of vesting based on an assessment of performance;
- making the appropriate adjustments required in certain circumstances (for example, change of control and restructuring events);
- determining 'good'/'bad' leaver status for incentive plan purposes and applying the appropriate treatment; and
- undertaking the annual review of weighting of performance measures and setting targets for the annual bonus plan and EIP from year to year.

If an event occurs (for example, a material acquisition or divestment) which results in any of the measures, targets or conditions in the annual bonus or long-term incentive plans no longer being appropriate, the Committee can make adjustments to these items provided that any changes it makes are not materially less difficult to achieve.

IMPLEMENTATION SECTION – how the remuneration policy has been applied during the year

This section of the report explains how the Remuneration Committee has applied its remuneration policy during the 2023/24 financial year. It contains information about the Committee, details of the result of the vote on last year's Remuneration Report at the 2023 AGM, a summary of how the remuneration of the Chief Executive has varied with Society performance, and full details of the remuneration received by members of the Executive during 2023/24.

The Remuneration Committee

Composition

There are five directors on the Committee. The President and one Vice-President (as chosen by the Board) hold ex-officio positions. The remaining Committee positions are elected from the Board. Terms of office are for three years. No director can serve for more than nine consecutive years.

The Committee's Chair is elected annually by the Committee. Consistent with current best practice in corporate governance, the Society's President cannot act as Chair of the Committee and any directors who are also employees of the Society cannot serve on the Committee. The Society's Secretary acts as secretary to the Committee.

Members

The directors who served on the Committee during the year were:
- Ellie Boyle – appointed Chair 23 January 2023
- Vicky Green
- Irene Kirkman – appointed 23 October 2023
- Matt Lane – resigned as Chair 23 January 2023
- Heather Richardson – ex officio as nominated Vice-President to 23 October 2023, and as Society President since then
- Helen Wiseman – Society President, ex-officio; stepped down 23 October 2023

Responsibilities

The Committee provides independent governance on remuneration for the Executive. It is responsible for:
- developing the Executive remuneration policy covering base salary, pensions, benefits and performance related incentive arrangements;
- determining, within the terms of the policy, the specific remuneration packages for each Executive member; and
- setting targets for the Society's annual and long-term performance-related incentives and reviewing outcomes relative to these targets.

The Committee is also responsible for providing high-level input into and oversight of the reward strategy for all Society colleagues.

The Committee's terms of reference can be found on the 'governance' pages of the Society's website at www.midcounties.coop.

The Committee is accountable to the Board and reports on its activities at the Board meeting following each Committee meeting. Substantive decisions of the Committee are subject to Board endorsement before implementation.

External advice

The Committee receives external advice from independent remuneration consultants Alvarez & Marsal. Alvarez & Marsal is a member of the Remuneration Consultants' Group and is a signatory to their Code of Conduct that requires its advice to be objective and impartial.

Fees paid for advice in 2023/24 amounted to £8,618 (2022/23: £8,198). Alvarez & Marsal did not provide any other services to the Society during the year. If needed, the Committee will also engage external lawyers or other consultants for advice and guidance.

Meetings

Four Committee meetings were held during the year. Attendance by Committee members at these meetings is reported in the Society's Governance Report. The Chief HR Officer attends Committee meetings on a standing basis, and there is an open invitation to the Chief Executive to attend Committee meetings. Neither are present when their own remuneration is determined.

No Executive plays any part in deciding his or her remuneration.

The principal issues considered by the Committee during the year were as follows:
- award of EIP payments for 2022/23;
- approval of EIP interim targets for 2023/24;
- setting of targets for the STARS bonus for the year;
- approval of the annual pay rise for the Executive;
- review of the Committee's terms of reference;
- continued oversight of reward across the Society;
- review of the Remuneration Report; and
- approval of salary for new Chief HR Officer.

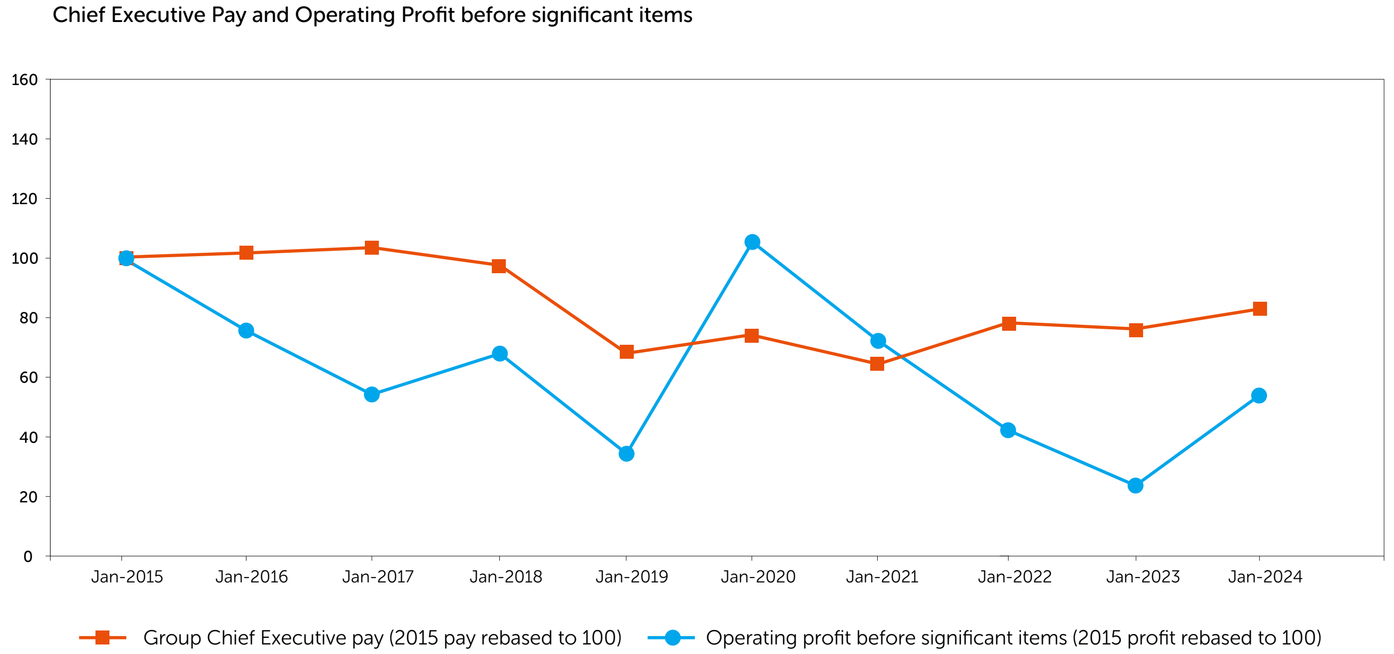
Member voting at the Annual General Meeting

An advisory vote on the Remuneration Report is held at each AGM. The table below sets out the result of the vote on the 2022/23 Remuneration Report at the May 2023 AGM.

	Total number of votes	% of votes
For	269	82
Against	29	9
Abstain	29	9
Total	**327**	**100**

Performance Graph

The following graph shows a 10-year comparison of the percentage change in the Society's operating profit before significant items (excluding discontinued operations) relative to the total remuneration received by the Chief Executive, comprising base salary, benefits, pension, bonus and long-term incentive awards.



Executives' emoluments

The table below provides details of the remuneration and pension benefits received by Executives for the 2022/23 and 2023/24 financial years. These figures have been prepared with regard to the reporting regulations applicable to listed PLCs.

Current Executive

	Year	Salary[1] £	Bonus £	Pension[2] £	Benefits-in-kind[3] £	LTIP payment £	Total £
Alison Bain Chief Marketing Officer	2022/23	195,034	-	1,321	12,100	25,460	233,915
	2023/24	203,087	-	3,993	12,275	16,247	235,602
Michelle Cemm[4] Chief People Officer	2022/23	-	-	-	-	-	-
	2023/24	18,083	-	531	969	-	19,583
Sara Dunham Chief Officer National Businesses	2022/23	208,582	-	1,321	12,000	27,316	249,219
	2023/24	233,848	-	4,618	12,000	18,708	269,174
Peter Kelly[5] Chief Financial Officer	2022/23	157,294	-	1,321	12,646	18,246	189,507
	2023/24	247,733	-	4,735	12,000	19,819	284,287
Edward Parker Secretary & Head of Governance	2022/23	167,803	-	25,235	17,188	26,853	237,079
	2023/24	174,539	-	29,615	14,746	13,963	232,863
Phil Ponsonby Chief Executive	2022/23	529,876	-	-	19,350	85,208	634,434
	2023/24	549,001	-	-	19,200	43,920	612,121
Pete Westall Chief Values Officer	2022/23	186,639	-	11,661	14,922	29,498	242,720
	2023/24	194,593	-	12,386	13,363	15,567	235,909

1. salary shows the amount received as salary during the financial year
2. the figures show either:
   - the value of the contribution made by the Society to the individual's defined contribution/auto-enrolment pension arrangement, or
   - the value of the cash alternative in lieu of pension provision
3. benefits-in-kind include the provision of a car or a cash alternative, travel payments made to colleagues affected by the relocation of the Society's Head Office in 2011, and payments under the Society's 'refer a friend' policy made to Alison Bain (£275)
4. joined the Society as Chief People Officer on 1 December 2023
5. appointed to the Executive on 20 May 2022

Base salary

It is the Committee's policy that salaries for members of the Executive are normally increased in line with the standard rate increase applied to colleagues in support roles across the Society. In 2023/24 the increase was 4.0% (2022/23: 2.0%).

In 2023/24 the Committee agreed that levels of fixed pay should be reviewed formally every three years (previously every two years) to ensure market competitiveness and benchmarking against the median position. The last review took place early in 2022 with changes taking effect at the start of the 2022/23 financial year. The next review is to take place in the autumn of 2024 with any changes taking effect at the start of the 2025/26 financial year.

Where appropriate, the Committee reviews levels of fixed pay at other times, particularly for more recent recruits to the Executive or where there has been a substantial development in role given growth or other changes in the business. In such instances, the Committee will take into account the median benchmark position.

The table below shows the base salary at the start of the 2023 and 2024 financial years for members of the Executive. All salaries are targeted around relevant market medians in line with the Committee's policy.

Executive	Salary as at 23 January 2023 £	Salary as at 29 January 2024 £	Change including 4.0% annual rise %	Change excluding 4.0% annual rise %
Alison Bain, Chief Marketing Officer	195,844	203,692	4.0	0.0
Michelle Cemm[1], Chief People Officer	-	223,607	-	-
Sara Dunham, Chief Officer National Businesses	225,007	234,011	4.0	0.0
Peter Kelly, Chief Financial Officer	240,014	249,627	4.0	0.0
Edward Parker, Secretary & Head of Governance	168,324	175,057	4.0	0.0
Phil Ponsonby, Chief Executive	530,626	551,859	4.0	0.0
Pete Westall, Chief Values Officer	187,671	195,195	4.0	0.0

[1] Appointed on 1 December 2023

STARS bonus scheme performance targets

Members of the Executive, together with the Society's management colleagues, participate in the Society's STARS annual bonus scheme. Targets consist of a mix of financial objectives at Society and trading group level and two key Society-based non-financial objectives. For 2023/24 these were 'member trade' and 'great leadership'.

The maximum bonus opportunity for members of the Executive for 2023/24 was 20% of base salary (2022/23: 20%).

A number of safeguards have been put in place for bonuses:
- all bonus payments are self-funding – the cost of the payments is factored into the profit figures before bonuses are calculated;
- there is a minimum performance requirement of 95% of budgeted profit on the financial elements for trading groups; and
- no bonus is payable if Society profit before significant items is less than 90% of budget for the year.

The Society's profit performance fell below stretching targets for 2023/24. As a result, no payments under the STARS bonus scheme were earned for the year.

Long-term incentive arrangements

The EIP provides a single five-year plan. It has four performance metrics – two financial (net assets and member trade), and two non-financial (greenhouse gas emissions and colleague diversity). Each measure is equally weighted in the plan. It offers participants the potential for annual interim payments of up to 16% of salary (4% per target) and a final bullet payment of up to 34% of average salary over the five-year performance period (8.5% per target) if targets are met. The overall five-year targets were set at the start of the plan period. The interim targets are set annually. The table below carries the detail.

EIP targets	Weighting	2023/24		2024/25 target	2026/27 Five year target
		target	result		
Financial measures					
- Net assets, excluding movement in pension liability and revaluations of property/plant/equipment Baseline – £143.728m	25%	£133.968m	£131.874m 0% payment achieved	£137.198m	£186.633m
- Member trade - % of transactions completed by members Baseline – 19% (position prior to launch of the member app in Oct 2021)	25%	35.0%	36.7% 4.0% payment achieved	40.0%	50.0%
Non-financial measures					
- % reduction in Greenhouse Gas emissions across our operations Baseline – 2019 position	25%	25.0%	32% 4.0% payment achieved	38%	50.0%
- % workforce belonging to an ethnic minority group Baseline – 10.5%	25%	12.0%	11.3% 0.0% payment achieved	13.0%	16.0%
Total			**8.0%**		

Clawback provisions

Payments made under the annual bonus and EIP are subject to clawback provisions. These allow the Society to reclaim amounts that have been paid in the event of a material misstatement of the Society's accounts, an error in the calculation of performance conditions, or gross misconduct by the individual.

Pension

The Society operates a defined contribution pension run by Legal & General (the L & G Scheme), and a scheme that complies with the Government's auto-enrolment requirements. Under the former, the Society matches contributions made by colleagues up to 7.0% of pensionable pay. Under the latter, the Society contributes 3.0% of pensionable pay and colleagues contribute at 5.0% of pensionable pay.

The L & G Scheme was set up on closure of the Society's career average defined benefit scheme (the CARE Scheme) in 2014. Only members of the CARE Scheme at the time were eligible to join the L & G Scheme. The CARE Scheme had previously operated on a final salary basis. The Society's stakeholder scheme transferred into the L&G Scheme in February 2016.

The Society offers the option of a cash alternative in lieu of pension contribution for those affected by the Lifetime/Annual Allowance limits, and for those who have chosen to opt out of the L & G Scheme and the previous CARE Scheme. The amount varies depending on the circumstances agreed at the time.

Only basic salary is pensionable and the cash alternative is excluded from the calculation of the annual bonus and EIP awards.

The pension arrangements for members of the Executive during the year are set out below:

- Alison Bain, Michelle Cemm, Sara Dunham and Peter Kelly participated in the Society's auto-enrolment pension arrangement.

- Edward Parker is a deferred member of the CARE Scheme with a mix of career average and final salary benefits; he receives a cash alternative in lieu of pension contributions and has a right to take his CARE pension without penalty from age 60 if still employed by the Society at the time.
- Phil Ponsonby has opted out of the pension provision from the Society.
- Pete Westall was a deferred member of the CARE Scheme with a mix of career average and final salary benefits; in 2017 he transferred his pension arrangements out of the CARE scheme; he receives a cash alternative.

Percentage change in the Chief Executive's remuneration
The table below shows the percentage change in the Chief Executive's salary and incentive pay between the 2022/23 and 2023/24 financial years compared with the average for all colleagues in the Society.

	% change in salary and incentive pay			
	2020/21	2021/22	2022/23	2023/24
Chief Executive	(4.0)	10.5	7.5	(3.5)
Average for colleagues	(7.4)	4.9	10.2	7.5

Relative importance of spend on pay
The table below compares the change in operating profit before significant items during the year with the change in the Society's total spend on employee remuneration and its distributions. The Chief Executive's overview found earlier in this Annual Report contains more detail on the Society's performance for the year.

	2022/23 £m	2023/24 £m	% change
Staff costs	126.0	129.9	3.1
Distributions	2.0	2.4	20.0
Operating profit before significant items	4.2	9.5	126.2

Loss of office payments
The principles governing compensation for loss of office are set out earlier in this report. No payments for loss of office were made during the year.

Payments to past Executives
During the year, the Society's former Group Chief Executive Ben Reid, who retired in 2018, represented the Society on the Board of the International Co-operative Alliance (ICA), the apex body for co-operatives globally. Effective from 30 July 2018, the Board agreed a consultancy arrangement for this whereby Mr Reid received £10,000 p.a. until June 2022 when his term of office expired. Mr Reid was nominated to stand for election to the ICA by the Society for a second term and re-elected. The Society agreed to fund the booking fees for the principal ICA conferences that Mr Reid would attend, but the consultancy agreement fell away. Mr Reid stood down from the ICA Board on 3 March 2024.

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

DIRECTORS' FEES

This section of the Report provides details of the fees, expenses and benefits for directors of the Society and sets out an overview of the role of a director.

Fees
The Rules of the Society require that the fees and expenses paid to directors are approved by the Society's members. Proposals are put forward by the Board to members on a periodic basis. Proposals were last approved by members at the Half Year meetings held in October 2022.

The Board is conscious that the fee levels paid to directors, while reflecting the level of responsibility the role of a director in a co-operative society carries, should also take into account the long held co-operative traditions of fairness and equity.

The current annual fees payable to directors and those serving on the various committees and formal groups of the Society are set out below.

Fees are normally increased each year by the same inflation-related increase awarded to colleagues in support roles across the Society. For 2023/24 this was set at 4.0%.

Note that in 2022/23 an increase of 2.0% was applied to all fees save that at the Half Year meetings in October 2022 members gave specific approval to increase the fees payable to members of the Audit & Risk Committee and Pension Trustee board beyond this amount to take account of the increased responsibilities and time commitment required for the individuals serving on these two bodies.

Board/Committee	Role	Fees 2023/24 £	Fees 2022/23 £
Board	President	14,714 40% above Director fee	14,147
	Vice-Presidents	12,612 20% above Director fee	12,126
	Director	10,510	10,105
Audit & Risk Committee	Chair	1,568 40% above Director fee	1,508
	Vice-Chair	1,232 10% above Director fee	1,185
	Committee member	1,120	1,077
Pension Trustee Board	Trustee Chair	2,184 40% above Director fee	2,100
	Trustee director	1,560	1,500
Sustainability steering group	Board representative	685	659
Member Engagement Committee	Committee member	685	659
Remuneration Committee	Committee member	685	659

Expenses

Directors are reimbursed all reasonable expenses incurred while carrying out their duties for the Society. In addition, an attendance allowance of £44.20 per half day can be claimed by directors who participate in pre-approved external meetings and events, for example, Co-operative Congress and Consumer Council meetings.

Benefits

The Society's Colleague Discount scheme is available to directors and their partners. Helen Wiseman and Bernadette Connor are members of the Society's closed career average pension scheme.

Directors' remuneration table

The following table lists the fees paid to the directors of the Society who served during the year under review.

	Fees	
Director	**2022/23 £**	**2023/24 £**
Olivia Birch[1]	10,653	9,169
Ellie Boyle	10,872	12,954
Bernadette Connor	11,148	11,937
Amanda Davis[2]	-	2,439
Harvey Griffiths	2,286	10,691
Evelyne Godfrey	10,933	11,780
Vicky Green	10,693	11,250
Stephen Hawksworth	2,286	10,709
Irene Kirkman	11,082	12,792

	Fees	
Director	**2022/23 £**	**2023/24 £**
Matthew Lane	10,553	11,250
Paul Mather	11,498	13,449
Nick Milton	10,047	10,560
Barbara Rainford	11,313	11,742
Fiona Ravenscroft	12,553	14,460
Heather Richardson	12,535	13,977
Helen Wiseman	14,516	14,585
Vivian Woodell	15,354	16,564

[1] resigned October 2023
[2] elected October 2023

The role of a director

The Society is a large and complex organisation. It employs more than 6,000 people in a number of consumer-oriented businesses and plays an important social role in the community. It is owned and controlled by its members, a fundamental principle of co-operation, and co-operative values underpin all its activity.

The Board of Directors is accountable to the Society's members. It is responsible for setting the Society's objectives and strategy and ensuring these are delivered in an assurance framework that promotes long-term success.

Being a director involves serious obligations, including legal and moral responsibilities. To be an effective member of the Board does not demand formal qualifications or first-hand experience of business management. It does, however, require a willingness to come to grips with sometimes complicated business and ethical issues, an ability to acquire a level of understanding sufficient to enable informed judgments about matters which come to the Board, and a willingness to contribute to discussion and debate in the Board room.

It also involves a commitment of time to other areas of the Board's work. For example, by standing on committees and working groups, and, more widely, by representing the Society both internally and externally at meetings and events.

While the amount of time a director contributes to their duties will vary considerably according to factors such as which committees they serve on and on personal circumstances, in all cases it extends well beyond simply preparing for and attending monthly Board meetings and should not be underestimated.

APPROVAL OF REMUNERATION REPORT

This remuneration report was approved by the Remuneration Committee on 22 April 2024.

Ellie Boyle
Chair – Remuneration Committee

22 April 2024

Our financial statements

The financial statements show the Society's financial position, results and cash flows for the financial year.

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual 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. The Group financial statements for the year ended 27 January 2024 have been prepared in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Co-operative and Community Benefit Societies Act 2014.

The financial statements are required by law to give a true and fair view of the state of affairs of the Society and of the income and expenditure of the Society for that period. In preparing the Society financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Society and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Society and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Society's website.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going concern

The Board has considered the cash flow projections for the 12 months through to the end of May 2025 arising from current performance, forecasts and known risks, including those likely to arise from a severe and plausible downside scenario, and takes into account risks as a result of Covid-19 and the cost of living crisis. An assessment of these likely impacts is shown on pages 82-83.

The Directors believe it remains appropriate to prepare the financial statements on a going concern basis due to available mitigating actions and they consider it unlikely for cash inflows to decline by the amounts in the severe but plausible scenario.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Society's auditors are unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Society's auditors are aware of that information.

Approval

The Financial Statements are signed on behalf of the Board of Directors.

Heather Richardson
President

Irene Kirkman
Vice-President

Vivian Woodell
Vice-President

Edward Parker
Secretary

1 May 2024

Independent auditor’s report to the Members of The Midcounties Co-operative Limited

Opinion on the financial statements
In our opinion, the financial statements:
- give a true and fair view of the state of the Society’s affairs as at 27 January 2024 and of its loss for the period then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

We have audited the financial statements of The Midcounties Co-operative Limited (“the Society”) for the period ended 27 January 2024 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Co-operative and Community Benefit Societies Act 2014.

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

Independence
We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the Directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

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

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Society and its environment obtained in the course of the audit, we have not identified material misstatements in the annual report and accounts.

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept by the Society; or
- the Society has not maintained a satisfactory system of control over its transactions; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors
As explained more fully in the Statement of Directors’ Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Extent to which the audit was capable of detecting irregularities, including fraud
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 on page 77.

Non-compliance with laws and regulations
Based on:
- our understanding of the legal and regulatory framework applicable to the Society and the sectors in which it operates;
- discussion with management and those charged with governance, including internal legal counsel; and
- obtaining an understanding of the Society's policies and procedures regarding compliance with laws and regulations,

we considered the significant laws and regulations to be Co-operative and Community Benefit Societies Act 2014 and accounting standards.

The Society is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be Health and Safety at Work Act, UK Employment Law, Data Protection Act, UK tax law including corporate tax, VAT and PAYE.

Our procedures in respect of the above included:
- review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- review of tax compliance and involvement of our tax specialists in the audit;
- review of financial statement disclosures and agreeing to supporting documentation; and
- review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud
We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:
- enquiry with management and those charged with governance and internal legal counsel regarding any known or suspected instances of fraud;
- obtaining an understanding of the Society's policies and procedures relating to:
  - detecting and responding to the risks of fraud; and
  - internal controls established to mitigate risks related to fraud;
- review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be:
- manipulation of revenue to show improved results to meet the expectations of the members and external stakeholders and to pass the bank covenant tests by posting manual adjustments through journals to revenue;
- manipulation of the figures and data in the banking covenants working to pass the bank covenant tests;
- disclosure of certain items as significant one-off items which are in the normal course of the business to meet an alternative performance measure being profit before significant one-off items; and
- inappropriate journals posted into the financial system to manipulate the reported results or conceal inappropriate activity.

Our procedures in respect of the above included, but were not limited to:
- testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- verification of the consolidation and, in particular, late journals posted at consolidated level;
- challenging assumptions and judgements made by management in their significant accounting estimates and judgements to check that they are free from management bias;
- reviewing the loan agreements to understand the terms of finance and the covenants and reviewed management's calculations at the year-end date and in the forecasts;
- challenging all items classified as significant one-off items and considered whether these are sufficient to require separate disclosure in the financial statements;
- consideration of management's assessment of related parties and any other unusual transactions and evaluating the process for identifying and monitoring any such transactions; and
- consideration of the total unadjusted audit differences for indications of bias or deliberate misstatement.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report
This report is made solely to the Society's members, as a body, in accordance with Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Laurie Hannant
412CEE2A993940D...

Laurie Hannant (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor Nottingham, UK
1 May 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Comprehensive Income

For the 52 weeks ended 27 January 2024

	Note	2023/24 £'000	2022/23 £'000
Revenue	1	**837,025**	802,891
Cost of sales		**(612,665)**	(588,744)
Gross profit		**224,360**	214,147
Other operating income	2.1	**197**	378
Operating expenses		**(224,326)**	(207,355)
Operating expenses excluding significant Items	2.1	**(215,082)**	(210,340)
Operating profit before significant items		**9,475**	4,185
Operating expenses - significant items	2.2	**(9,244)**	2,985
Operating profit		**231**	7,170
Finance income	2.3	**551**	244
Finance expense	2.3	**(12,765)**	(10,321)
Loss before payments to and on behalf of members		**(11,983)**	(2,907)
Payments to and on behalf of members	2.4	**(2,361)**	(1,961)
Loss before tax		**(14,344)**	(4,868)
Income tax credit	2.5	**2,480**	2,594
Loss for the year from continuing operations		**(11,864)**	(2,274)
Loss for the year from discontinued operations, net of tax.	2.6	**-**	(2,451)
Loss for the year		**(11,864)**	(4,725)
Other comprehensive income			
Items that will not be reclassified to the income statement in future periods:			
Revaluation gain of property, plant and equipment	3.1	**2,105**	10,765
Remeasurement of defined benefit liability	4.5	**2,619**	12,509
Income tax on other comprehensive income	2.5	**(1,599)**	(5,714)
Other comprehensive (expense)/income for the period, net of income tax		**3,125**	17,560
Total comprehensive expense for the period		**(8,739)**	12,835

The Group has disclosed a single amount of post-tax profit or loss of discontinued operations in the statement of comprehensive income. Details of discontinued operations are presented in note 2.6 of the annual report.

Consolidated Statement of Financial Position

As at 27 January 2024

	Note	2023/24 £'000	2022/23 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	**162,320**	158,849
Intangible assets	3.2	**72,346**	71,426
Investment property	3.3	**11,343**	12,643
Right of use assets	3.4	**96,488**	99,332
Other investments	3.5	**4,147**	4,509
Other debtors	3.8	**708**	1,233
Deferred tax assets	3.6	**10,664**	9,095
Total non-current assets		**358,016**	357,087
Current assets			
Stocks	3.7	**28,124**	28,585
Trade and other receivables	3.8	**69,967**	75,502
Cash and cash equivalents	3.9	**3,977**	15,669
Assets held for sale	3.10	**7,342**	12,240
Total current assets		**109,410**	131,996
TOTAL ASSETS		**467,426**	489,083
LIABILITIES			
Current liabilities			
Loans and borrowings	4.1	**-**	52,326
Trade and other payables	4.2	**170,717**	187,296
Lease liabilities	4.3	**10,434**	10,294
Liabilities held for sale	3.10	**711**	723
Total current liabilities		**181,862**	250,639
Non-current liabilities			
Loans and borrowings	4.1	**69,728**	-
Other payables	4.2	**126**	170
Lease liabilities	4.3	**96,707**	98,285
Provisions	4.4	**3,379**	3,034
Pension obligations	4.5	**9,237**	16,937
Total non-current liabilities		**179,177**	118,426
TOTAL LIABILITIES		**361,039**	369,065
NET ASSETS		**106,387**	120,018
EQUITY			
Share capital		**80,084**	82,796
Other reserves		**47,126**	46,153
Retained losses		**(20,823)**	(8,931)
TOTAL EQUITY		**106,387**	120,018

The financial statements were approved by the Board of Directors on the 1 May 2024.

Heather Richardson
President

Irene Kirkman
Vice-President

Vivian Woodell
Vice-President

Edward Parker
Secretary

Consolidated Statement of Changes in Equity

As at 27 January 2024

	Share capital £'000	Revaluation reserve £'000	Retained losses £'000	Total equity £'000
Balance at 22 January 2022	85,198	41,553	(15,339)	**111,412**
Loss for the year	-	-	(4,725)	**(4,725)**
Realised on disposal of properties	-	(3,578)	3,578	**-**
Other comprehensive income:				
Revaluation of property, plant and equipment (Note 3.1)	-	10,765	-	**10,765**
Actuarial gain on defined benefit pension plans (Note 4.5)	-	-	12,509	**12,509**
Income tax on other comprehensive loss (Note 2.5)	-	(2,587)	(3,127)	**(5,714)**
Total other comprehensive loss	-	8,178	9,382	**17,560**
Contributions by and distributions to members:				
Shares issued and interest credited less shares withdrawn	(2,402)	-	-	**(2,402)**
Members' share interest	-	-	(1,827)	**(1,827)**
Total contributions by and distributions to members	(2,402)	-	(1,827)	**(4,229)**
Balance at 28 January 2023	82,796	46,153	(8,931)	**120,018**
Loss for the year	-	-	(11,864)	**(11,864)**
Realised on disposal of properties	-	(188)	188	**-**
Other comprehensive income:				
Revaluation of property, plant and equipment (Note 3.1)	-	2,105	-	**2,105**
Actuarial gain on defined benefit pension plans (Note 4.5)	-	-	2,619	**2,619**
Income tax on other comprehensive loss (Note 2.5)	-	(944)	(655)	**(1,599)**
Total other comprehensive income	-	1,161	1,964	**3,125**
Contributions by and distributions to members:				
Shares issued and interest credited less shares withdrawn	(2,712)	-	-	**(2,712)**
Members' share interest	-	-	(2,180)	**(2,180)**
Total contributions by and distributions to members	(2,712)	-	(2,180)	**(4,892)**
Balance at 27 January 2024	80,084	47,126	(20,823)	**106,387**

Consolidated Statement of Cash Flows

For the 52 weeks ended 27 January 2024

	Note	2023/24 £'000	2022/23 £'000
Cash flows from operating activities			
Loss for the period		**(11,864)**	(4,725)
Adjustments for:			
Depreciation	3.1	**9,105**	9,985
Amortisation of intangible assets	3.2	**807**	521
Impairment of right of use assets	3.4	**291**	518
Depreciation IFRS16 right of use assets	3.4	**12,208**	12,652
Loss/(gain) on sale of property, plant and equipment	2.2	**1,876**	(3,352)
Change in fair value of investment property	3.3	**1,300**	(636)
Change in fair value of trading property	3.1	**4,302**	3,342
Change in fair value of investments	3.5	**(327)**	(21)
Gain on overprovision of performance obligation	2.2	**-**	(7,847)
Increase in provisions	4.4	**345**	2,278
Finance expense	2.3	**7,954**	5,403
Finance income	2.3	**(551)**	(244)
IFRS 16 finance expense	2.3	**4,811**	4,918
Payments to the pension fund		**(6,758)**	(7,786)
Payments to and on behalf of members	2.4	**2,361**	1,961
Income tax credit	2.5	**(2,480)**	(2,594)
		23,380	14,373
Change in:			
Stocks		**461**	(2,890)
Trade and other receivables		**5,544**	8,171
Trade and other payables		**(16,672)**	10,893
Overprovision of performance obligation released from other payables	2.2	**-**	7,847
		(10,667)	24,021
Income tax		**(445)**	474
Cash generated from operating activities		**12,268**	38,868
Cash flows from investing activities			
Interest received	2.3	**264**	244
Payments to new investments		**(2)**	(1,037)
Proceeds from investments		**691**	179
Income from investments		**287**	162
Proceeds from:			
Sale of investment properties, property, plant and equipment, intangible assets and assets held for sale		**1,938**	7,475
Purchase of:			
Property, plant and equipment	3.1	**(15,418)**	(16,761)
Intangible assets	3.2	**-**	(10)
Net cash used in investing activities		**(12,240)**	(9,748)
Cash flows from financing activities			
Proceeds from issue of share capital		**23,845**	47,294
Repayment of share capital and share interest		**(28,981)**	(51,523)
Proceeds from loans	4.1	**249,663**	170,962
Repayment of loans	4.1	**(230,840)**	(155,353)
Loan arrangement fees	4.1	**(1,421)**	(115)
Interest paid on borrowings		**(6,152)**	(3,184)
Repayment of lease interest	4.3	**(4,811)**	(4,918)
Repayment of lease liabilities	4.3	**(11,093)**	(10,866)
Payments to and on behalf of members and share interest paid		**(1,930)**	(1,909)
Net cash used in financing activities		**(11,720)**	(9,612)
Net (decrease) / increase in cash and cash equivalents		**(11,692)**	19,508
Cash and cash equivalents at start of period		**15,669**	(3,839)
Cash and cash equivalents at end of period	3.9	**3,977**	15,669

Cash and cash equivalents comprise cash balances and short-term deposits. Bank overdrafts that are repayable on demand and form an integral part of the Society's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. In the Consolidated Statement of Financial Position overdrafts are classified as current liabilities, loans and borrowings. The Group has elected to present a statement of cash flows that includes an analysis of all cash flows in total – i.e. Including both continuing and discontinued operations.

Accounting Policies

1. Basis of Preparation

a) Statement of compliance
The Midcounties Co-operative Limited is a Co-operative Society domiciled in the United Kingdom. The Group financial statements for the 52 weeks ended 27 January 2024 have been prepared in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Co-operative and Community Society Act 2014.

As permitted by statute and International Accounting Standard No.1 (IAS 1), the financial statements format has been adapted as necessary to give a fair presentation of the state of affairs and result of the Group. As allowed by Co-operative Society legislation, a separate set of financial statements for the Society are not included and are published separately.

b) Basis of preparation
The financial statements are prepared on a going concern basis. The Society has reported a loss of £11.9m for the year to 27 January 2024 (2022/23: £4.7m loss) and has net assets of £106.4m (2022/23: £120.0m). The Society meets its day-to-day cash flow requirements from management of working capital and banking facilities. On 22 February 2023, the Society executed a new three-year £112.6m Revolving Facility Agreement with its four long-term partner banks, replacing all previous arrangements. The facility is subject to ongoing compliance with specific financial and operational covenants which are measured on a quarterly basis. The Society has recently agreed to re-set these covenants to provide further facility headroom in the event that 'severe and plausible' events arise. While the covenants have been formally credit-approved by the banks, the final 'facility amendment agreement', adopting the tests is expected to be signed by the end of May The Society complied with all covenants throughout the financial year and has reviewed compliance over the next 12 months as part of its annual Strategic Planning Cycle.

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Society can continue in operational existence for a period of at least 12 months from the date of the approval of the financial statements.

As part of the Society's Strategic Planning Cycle, detailed annual budgets and 5-year plans have been prepared through to January 2029. These plans inform the Going Concern assessment alongside a rigorous assessment of current and future trading and consideration of the current economic environment together with the Society's Principal Risks. The scenarios outlined below are deemed to represent a severe and plausible test on the Society's ability to continue to adopt the going concern basis.

Following this analysis, the directors have concluded that the Society has adequate resources and will comply with its covenant requirements, to allow it to continue in operational existence for the period of the going concern assessment. Whilst the directors consider there are uncertainties, we do not consider the uncertainties to be material uncertainties that may cast significant doubt on the Society's ability to continue as a going concern. Therefore, the financial statements are prepared on a going concern basis.

Macro-Economic Factors

COVID-19
The impacts of Covid-19 are now considered embedded in the usual operational practices of the business; it is no longer a material consideration for customers making Travel plans, hybrid working patterns are well-established and other factors such as cost of living and higher inflation have a much more pronounced impact on our Food and Childcare businesses.

Cost of Living
The ongoing cost of living crisis and the effects of high inflation, higher interest rates and higher energy costs continue to influence the business. Shopping habit changes in Food that began to take effect last financial year have continued over the last 12 months with average transaction volumes and average basket sizes declining. Economic forecasts are indicating an easing of inflation and possible reduction in base interest rates but it may be some time before these take effect and volumes begin to rise again. The rising cost of Childcare is well publicised and particularly over the second half of the financial year we saw parents reducing sessions as they, along with much of the UK population closely managed their outgoing expenditure. Travel mostly confounded the experience of other industries with customers continuing to prioritise holidays within their household budgets and our own Travel business saw record peaks in January. The outlook for Travel remains positive with booking volumes at high levels.

Inevitably our supplier base has sought to pass on rising costs, affecting our own costs of sale, and overheads and increases in the National Living Wage have driven a large uplift in personnel costs. We are not able to absorb all cost increases and we do seek to recover some of these through pricing but with a sharpened focus on projects that help us trade more efficiently and provide help where it is needed. Last financial year saw a heightened focus on member promotions and offers to help our customers. Member trade in Food increased to 36% driven in part by these additional promotions and this will remain a strategic focus in the year ahead, ensuring customers continue to see value in shopping with us, remaining loyal and returning on a regular basis. Our investments in energy efficiency programmes such as new refrigeration and LED lighting rolled out to further sites in 2023, mitigating some of the impact of elevated energy costs and with the programmes continuing further in 2024, we expect additional financial and sustainability benefits.

Travel
In Travel, our baseline budget is formed on latest industry expectations and research published by Mintel. The wider Travel industry continues to express growth assumptions with reference to 2019, prior to the uncertainty created by Covid. Mintel's research forecasted that in 2023 the Travel industry would transact c.86% of 2019's volume whereas our own performance was c. 103%. Due to the demographic of the Society's customers and the portfolio effect of our various sales channels we assume this outperformance continues in 2024 with our sales volumes predicted at 107% of 2019 levels vs a Mintel prediction of 91%. Average holiday sales prices are assumed to increase modestly in 2024 as cost of living pressures ease slightly and customers trade up to premium destinations and longer stays.

To test our financial resilience against further material risks we have modelled a softening of our outperformance against Mintel mitigated by reduced marketing and slower investment in the capabilities of our immediate Travel and support teams.

The Travel business model benefits from strong underlying working capital; we saw working capital wins in 2023 as revenue grew 15.0% and we expect further, modest, working capital enhancement throughout 2024.

Childcare
In Childcare, we will focus in the first half of 2024 on increasing operational resilience and investing in our estate and our teams. We expect occupancy to rise modestly in the second half as a result of these investments and as Childcare reforms begin to take effect, driving up demand for places. From April 2024, eligible working parents of 2 year olds will be able to access 15 hours of Government-funded childcare support and from September 2024, 15 hours of childcare support will be extended to eligible working parents of children from the age of 9 months to 3 year olds.

Adjusting for any year-on-year changes in our nursery portfolio, the budget assumes an average occupancy increase of 2% except for those sites already operating at capacity. The division ended the year with average occupancy of 69%, in line with last year.

A downside scenario has been undertaken to model the impact of occupancy growing only 1% year over year with the inability to pass on price increases to offset a higher cost base driven by wage and supply chain inflation.

Food Retail & Post Offices
The noticeable shift in consumer shopping habits experienced in recent years with value retailers and discounters taking market share from the larger supermarkets was also prevalent in 2023. Combined with cost of living impacts and shoppers planning their household expenditure more carefully, the trend for fewer trips and fewer items in shopper baskets continued. Our baseline budget is based on industry research and like-for-like volume growth assumptions for the convenience sector published by IGD of 1.8% with only modest additional growth coming from new store openings and new partnerships.

Our downside modelling assumes a much slower like-for-like increase of only 1%. With inflation running considerably higher than this, 1% implies much lower footfall and fewer purchases.

Mitigations
As in prior years, the directors have identified a number of mitigating actions which are modelled in the severe but plausible downside scenarios. These include but are not limited to capital investment restrictions/deferments, central cost reductions and increased sale and leaseback deals. In addition, the Society continues to implement its strategy to divest non-strategic property assets and, while these are not included in stress-test scenarios, disposals have provided additional cash headroom in 2023/24 and are expected to contribute again in 2024/25.

The directors believe it remains appropriate to prepare the financial statements on a going concern basis due to the availability of its committed banking facilities and significant mitigating actions and that they consider it unlikely for business revenues and receipts to decline by the amounts in the severe but plausible scenarios.

c) Use of estimates and judgements
The preparation of financial statements in conformity with applicable accounting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about areas of estimation, uncertainty and critical judgements used in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes:

Estimates and judgements used in valuations of properties
For the current financial year the Society appointed CBRE to value certain properties. See the notes highlighted in the table below for further information regarding the revaluations of properties.

	Section
Valuation of trading properties and impairment of assets	3.1
Measurement of the recoverable amounts from cash generating units containing goodwill	3.2
Valuation of investment properties	3.3
Recognition of pension obligations	4.5

d) Basis of consolidation
The consolidated financial statements include the Society and its subsidiary undertakings. Subsidiaries are entities controlled by the Society. Control exists when the Society is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that are currently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial statements of the parent entity are prepared and filed separately.

e) Significant items
Certain income and expenditure items are disclosed separately when they are material to the Society due to size, volatility or being one off in nature and require further explanation.

f) Discontinued operations
A discontinued operation is a component of the Society's business, the operations and cash flows of which can be clearly distinguished from the rest of the Society and which:
- represents a separate major line of business or geographic area of operations; or
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

g) Changes in accounting policies
The Society has consistently applied the accounting policies set out in this note to all periods presented in these consolidated financial statements.

h) New standards and interpretations

- New standards, interpretations and amendments adopted from 1 January 2023
New standards impacting the Group that have been adopted in the annual financial statements for the year ended 27 January 2024 are:

- IFRS 17 Insurance Contracts;
- Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements);
- Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes); and
- International Tax Reform - Pillar Two Model Rules (Amendment to IAS 12 Income Taxes)(effective immediately upon the issue of the amendments and retrospectively).

These amendments to various IFRS Accounting Standards are mandatorily effective for reporting periods beginning on or after 1 January 2023. See the applicable notes for further details on how the amendments affected the Society.

IFRS 17 Insurance Contracts
IFRS 17 was issued by the IASB in 2017 and replaces IFRS 4 for annual reporting period beginning on or after 1 January 2023.

IFRS 17 introduces an internationally consistent approach to the accounting for insurance contracts. Prior to IFRS 17, significant diversity has existed worldwide relating to the accounting for and disclosure of insurance contracts, with IFRS 4 permitting many previous accounting approaches to be followed.

Since IFRS 17 applies to all insurance contracts issued by an entity (with limited scope exclusions), its adoption may have an effect on non-insurers such as The Midcounties Co-operative Society Limited. The Society carried out an assessment of its contracts and operations and concluded that the adoption of IFRS 17 has had no effect on the annual consolidated financial statements of the Society.

Disclosure of Accounting Policies (Amendments to /AS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements)
In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

These amendments have no effect on the measurement or presentation of any items in the Consolidated financial statements of the Society but affect the disclosure of accounting policies of the Society.

Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors)
The amendments to IAS 8, which added the definition of accounting estimates, clarify that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimate, changes in accounting policy and prior period errors.

These amendments had no effect on the consolidated financial statements of the Society.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes)
In May 2021, the IASB issued amendments to IAS 12, which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g. a lease in the scope of IFRS 16). The amendments introduce an additional criterion for the initial recognition exemption, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences.

These amendments had no effect on the annual consolidated financial statements of the Society.

International Tax Reform - Pillar Two Model Rules (Amendment to IAS 12 Income Taxes)
In December 2021, the Organisation for Economic Co-operation and Development (OECD) released a draft legislative framework for a global minimum tax that is expected to be used by individual jurisdictions. The goal of the framework is to reduce the shifting of profit from one jurisdiction to another in order to reduce global tax obligations in corporate structures. In March 2022, the OECD released detailed technical guidance on Pillar Two of the rules.

Stakeholders raised concerns with the IASB about the potential implications on income tax accounting, especially accounting for deferred taxes, arising from the Pillar Two model rules. The IASB issued the final Amendments (the Amendments) International Tax Reform - Pillar Two Model Rules, in response to stakeholder concerns on 23 May 2023.

The Amendments introduce a mandatory exception to entities from the recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two model rules. The exception is effective immediately and retrospectively. The Amendments also provide for additional disclosure requirements with respect to an entity's exposure to Pillar Two income taxes.

Management of the Society has determined that the Society is not within the scope of OECD's Pillar Two Model Rules and the exception to the recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two income taxes is not applicable to the Society.

- New standards, interpretations and amendments not yet effective
There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2024:
- Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements);
- Non-current Liabilities with Covenants (Amendments to /AS 1 Presentation of Financial Statements); and
- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures)

The following amendments are effective for the period beginning 1 January 2025:
- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)

The Society is currently assessing the impact of these new accounting standards and amendments. The Society does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities. The Society does not expect any other standards issued by the IASB, but are yet to be effective, to have a material impact on the Group.

Notes to the Financial Statements

Keeping it simple
These boxes are included as additional disclosure within each of the following notes to assist readers' understanding and interpretation.

Section 1 - Revenue

In this section
This section provides information used to establish the gross profit of the Society.

Keeping it simple – Revenue
Gross sales represents the amount of money customers pay or are liable to pay at the point of sale and delivery. Revenue consists of gross sales less agency fees, VAT, discounts and member share of profits.

Accounting Policy:
Revenue is recognised in line with IFRS 15 (Revenue from Contracts with Customers). Revenue from the sale of goods and services is measured at the fair value of the consideration received or receivable net of returns, trade discounts and volume rebates.

The Society does not have contracts with variable consideration.

Revenue is recognised when the control is transferred to the customer upon performance obligation being satisfied, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

The revenue recognition criteria for each key revenue stream is summarised below:

Revenue Stream	Revenue Category	Recognition criteria
Food	Food	Point of sale
Post Office	Post Offices	Point of sale
Healthcare	Discontinued	Goods are recognised at point of sale and services when the healthcare service is provided i.e. online GP service is completed
Travel agency fees and commissions	Travel	Commission earned is recognised on booking of holiday
Travel principal revenue	Travel	Recognised on departure date of holiday
Travel foreign exchange	Travel	Commission recognised at point of sale
Childcare	Childcare	When the childcare service is provided at the nursery
Flexible benefits commissions	Utilities	Commission recognised at the point of payment
Phone & Broadband Services	Utilities	When separate performance obligations (being continuous access to phone and broadband services) are delivered to the customer over the life of the contract
Energy White Label	Utilities	Commission recognised at date of agreed contractual obligation and on each anniversary following
Property Rental income	Property rentals	Straight line over the term of the lease
Other Sale of goods	Other	Point of sale
Other Provision of services	Other	When separate performance obligations are delivered to the customer

Travel agency fees and commissions revenue is where the Society acts as a travel agent to book the holiday. The Society has varying routes to market include consortium, retail stores and personal travel assistants. Revenue represents the commission for the sale of holidays excluding value added tax and less a provision for cancellation. Revenue is recognised at the point of booking and the provision for cancellations is based on the Society's expectation of future holiday cancellations which will result in the refund of commission earnt on the booked holiday. Revenue recognised but not collected in cash are present in Trade receivables less appropriate expected credit loss provisions. From the sale of holidays, the Society receives part payment from the customer of the holiday by way of a deposit and payments on account until the date of departure. Payments received in excess of revenue earnt and payments collected on behalf of the Principal to the holiday are presented as a Travel payments on account within trade and other payables

Travel principal revenue is where the Society acts as the principal tour operator. The Society is a principal where it has control over the asset before it is delivered to the customer as a package holiday. Revenue is recognised net of discounts and valued added tax and is measured as the aggregate amount earned from holidays. Revenue from the sale of principal holidays is comprised of one performance obligation and the transaction price is recognised at the point of departure. For the sale of holidays, the Society receives part payment from the customer of the holiday by way of a deposit and payments on account until the date of departure. Payments received in excess of revenue earnt are presented as Travel payments on account within trade and other payables. Trade receivables connected to Travel principal revenue only become due from the customer 14 weeks before the date of departure. At this date, a Trade receivable is recognised less any cumulative payments on account received from the customers. For principal arrangements payments are made in advance to secure hotels, flights and other elements of a holiday and these are presented within Prepayments & deposits within Trade and Other receivables until due. Trade payables connected to Travel principal bookings only become due to the supplier 8 weeks before the date of departure. At this date, a Trade payable is recognised less any cumulative payments on account made to suppliers.

Where the Society acts as travel foreign currency provider, revenue represents the difference between the cost and selling price of the currency (the translation margin). Travel foreign exchange is recognised at the point of sale to the customer.

1. Revenue

	Note	2023/24 Gross sales* £'000	2023/24 Revenue £'000	2022/23 Gross sales* £'000	2022/23 Revenue £'000
Food		**664,564**	**602,415**	661,059	592,280
Childcare		**44,031**	**43,197**	42,006	41,761
Travel**		**749,921**	**176,389**	616,195	153,339
Utilities		**13,724**	**9,374**	16,171	10,100
Post Offices		**3,230**	**3,230**	3,333	3,309
Other		**25**	**25**	25	22
Property rentals		**3,133**	**3,133**	3,370	3,325
		1,478,628	**837,763**	1,342,159	804,136
Members share of profits		**(738)**	**(738)**	(1,245)	(1,245)
Total revenue		**1,477,890**	**837,025**	1,340,914	802,891
Discontinued operations	2.6	**-**	**-**	1,041	982

* Gross sales represents the amount of money customers pay or are liable to pay at the point of sale and delivery. Revenue consists of gross sales less agency fees, VAT and staff discount.

	2023/24 £'000	2022/23 £'000
Gross Sales	**1,477,890**	1,340,914
Principal vs Agent Adjustment	**(573,236)**	(462,528)
Flexible Benefit Commissions	**(4,350)**	(6,009)
Discounts	**(5,355)**	(3,698)
VAT	**(57,924)**	(65,788)
Total revenue	**837,025**	802,891

**Travel revenue is made up of two revenue streams. Travel agency fees and commissions was £63.425m (2022/23: £51.235m) and is recognised at the point of booking a holiday, and Travel principal revenue which was £112.964m (2022/23: £102.104m) and is recognised on the departure date of a holiday.

Members share of profits
The member share of profit points are earned as part of the membership offer and are recognised as a discount to revenue at the point they are earned with a corresponding liability being held on the balance sheet. The liability is reduced and the sale recognised when the rewards are redeemed. Membership liabilities are recognised in other payables (note 4.1).

Keeping it simple – Cost of sales

Costs of sales are the costs we incur in buying the goods and services we provide to our customers.

Cost of sales are measured at the cost of goods purchased for resale and delivery net of rebates and labour costs to deliver goods and service. Cost of sales for principal travel sales are deferred until the specified due date of revenue before departure.

Supplier income is recognised as a deduction from cost of sales on an accruals basis, based on the expected entitlement that has been earned up to the balance sheet date for each relevant supplier contract. The accrued incentives, rebates and discounts receivable at year end are included within trade and other receivables (note 3.8).

Section 2 - Expenses

In this section
This section contains details of costs incurred by the Society during the year, transactions with directors, payments to and on behalf of members and income tax calculations.

2.1 Operating expenses before significant items

Keeping it simple - Operating expenses

Operating expenses are the costs we incur in providing the goods and services we deliver to our customers.
This includes the amount we pay our colleagues and the costs of running our trading outlets. Directors' fees represent any payments made to statutory directors for their role in the Society.

	Note	2023/24 £'000	2022/23 £'000
Operating costs	2.1.1	**85,006**	85,815
Personnel costs	2.1.2	**129,860**	125,993
Transactions with directors	2.1.3	**216**	196
		215,082	212,004
Discontinued operations included above	2.6	**-**	1,664
Continuing operations		**215,082**	210,340

2.1.1 Operating costs

		2023/24 £'000	2022/23 £'000
Hire of plant and equipment - short term leases		**394**	466
Hire of land and buildings - short term leases		**2,811**	3,010
Depreciation of owned assets - property, plant and equipment	3.1	**9,105**	9,985
Amortisation of owned assets - intangibles	3.2	**807**	521
Depreciation of right of use assets	3.4	**12,208**	12,652
Fees paid to auditors:			
Audit		**471**	424
Other		**27**	33
Occupancy costs		**29,092**	31,794
Other expenses		**30,091**	26,930
		85,006	85,815

Other operating income of £0.197 million (2022/23: £0.378 million) is proceeds from insurance claims.

2.1.2 Personnel costs

		2023/24 £'000	2022/23 £'000
Wages and salaries		**119,975**	116,063
Social security payments		**7,681**	7,847
Expenses related to defined contribution pension schemes	4.5	**2,204**	2,083
		129,860	125,993

Contributions by the Society to the Defined Benefit Pension Scheme in the year amounted to £6.758m (2022/23: £7.786m). More information on the Defined Benefit Scheme can be found in note 4.5.

Key management personnel
Remuneration of Key Management Personnel for the year amounted to £2.133m (2022/23: £1.920m) including National Insurance contributions. For further details in relation to key management personnel remuneration please refer to the remuneration report on page 59.

The average monthly number of employees employed by the Society was:	**Number**	Number
Full time	**2,280**	2,295
Part time	**4,275**	4,215
	6,555	6,510

2.1.3 Transactions with directors

Keeping it simple - Transactions with directors

This section represents any payments made to statutory directors for their role in the Society.

	2023/24 £'000	2022/23 £'000
Directors' fees and expenses	**216**	196

Director fees include £4,000 of payroll accrual not yet paid to directors.

2.2 Significant items

Keeping it simple - Significant items

These are unusual because they are not generated by our day to day trading and due to their size, volatility and nature are separately shown to help show a view of the Society's underlying performance.

Significant items are non-underlying items of income and expenditure that are one-off in nature, of significant magnitude and/or their volatility would otherwise distort the underlying financial performance of the Society.

Analysis of significant items:		2023/24 £'000	2022/23 £'000
Items included within operating expenses:			
Net gain/(loss) on disposal of property, plant, equipment and other investments	a	**(1,876)**	3,352
Change in fair value of trading and investment property	a	**(5,602)**	(2,706)
Expense of business acquisitions and disposals	b	**(606)**	(181)
Reorganisation costs	c	**(435)**	(2,257)
Right of use asset impairment	d	**(400)**	(58)
Refinancing	e	**(325)**	(1,427)
Distribution centre pre-opening costs	f	**-**	(1,194)
Closure costs relating to Queen's Funeral	g	**-**	(391)
Over provision relating to settlements of performance obligations	h	**-**	7,847
Significant items		**(9,244)**	2,985
Tax on significant items continuing operations	i	**580**	512
Significant items after tax		**(8,664)**	3,497

a - Gains, losses and impairments on disposal of property, plant and equipment and other investments are one-off in nature and can be significant in terms of size and volatility. Similarly, changes in fair values of the trading and investment properties as part of the annual revaluation process are significant as they depend on market conditions at the time of valuation and therefore can be volatile as well as significant in size.
b - In accordance with IFRS 3 revised, expenses related to business acquisitions are expensed to the income statement. They are significant as they are one-off in nature and potentially also in size. In the current year and prior year this mainly relates to legal costs incurred in relation to acquisitions and disposals.
c - The Society continues to assess the structure within all trading groups. This resulted in a one-off cost relating to support services restructure.
d - Impairment of IFRS 16 right of use assets
e - Cost relating to refinancing of banking facilities
f - Cost relating to the setup of a new shared Distribution Centre
g - Expenditure relating to the closure of sites in order to observe the Queen's Funeral
h - The release of the over provision relating to the settlement of specific performance obligations in Co-operative Energy Limited relating to continuing license commitments
i - The tax credit relates to tax on significant items.

Reorganisation costs further breakdown

Project Name	£'000	Description
Project Heywood	435	Reorganisation of roles and responsibilities within the Human Resources team.
Total Restructuring Costs	**435**	

2.3 Finance costs

Keeping it simple - Finance costs

This is the amount of money we have paid out or received from our loans and investments. We include interest received on bank accounts and pension obligations and interest paid on loans held and overdraft facilities used. As well as fair value gains and losses on funeral assets and finance cost relating to funeral revenue.

Finance income comprises interest income on funds invested and dividend income. Interest income is recognised as it accrues in the income statement using the effective interest method. Dividend income is recognised in the income statement on the date that the Society's right to receive payment is established which, in the case of quoted securities, is the ex-dividend date.
Finance expenses comprise interest expense on borrowings.
Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the income statement using the effective interest method.
Net finance expense in respect of pension obligations represents the interest paid from the investment of the pension scheme assets.

	Note	**2023/24 £'000**	2022/23 £'000
Finance income	2.3.1	**551**	244
Finance expenses	2.3.2	**(12,765)**	(10,321)
Total finance costs		**(12,214)**	(10,077)

2.3.1 Finance income

	2023/24 £'000	**2022/23** £'000
Other interest income	**287**	162
Interest income on bank deposits	**264**	82
Total finance income	**551**	**244**

2.3.2 Finance expense

		2023/24 £'000	2022/23 £'000
Net interest on defined benefit liability	4.5	**1,677**	2,315
Interest expense on bank loans		**5,759**	2,883
Interest expense in respect of lease liabilities	4.3	**4,811**	4,918
Loan arrangement fees expensed		**518**	205
Total finance expense		**12,765**	10,321

2.4 Payments to and on behalf of members

Keeping it simple - Payments to and on behalf of members

We return some of the profits earned each year to our members. We also support a range of co-operatives and other organisations through grants and donations.

Payments to and on behalf of members comprise grants to community projects and payments in support of co-operative development. These are recognised as a liability when approved by members in general meetings and are treated as an appropriation of profits. Where payments to employee members in their capacity as employees are non-contractual and distinguishable from the operating activities of the business and payment is dependent on, and subject to, member approval in a general meeting, these payments are included in 'Payments to and on behalf of members'.

	2023/24 £'000	2022/23 £'000
Grants and other member benefits	**1,911**	1,503
Employee member benefits	**450**	450
Charitable donations	**-**	8
	2,361	1,961

2.5 Income tax

Keeping it simple - Income tax
This section shows adjustments which are made to the profits to calculate how much tax we have to pay.

Income tax expense comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity through other comprehensive income, in which case it is recognised in equity.
Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not recognised: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and the differences relating to the investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.
The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

	2023/24 Before significant items £'000	**2023/24 Significant items £'000**	**2023/24 £'000**	2022/23 Before significant items £'000	2022/23 Significant items £'000	2022/23 £'000
Current tax expense:	**1,053**	**(1,053)**	**-**	(165)	165	-
Current period	**-**	**-**	**-**	-	-	-
Adjustment for prior periods	**1,053**	**(1,053)**	**-**	(165)	165	-
Deferred tax (credit)/charge:						
Origination and reversal of temporary differences	**(721)**	**473**	**(248)**	29	(677)	(648)
Adjustment for prior periods	**(2,232)**	**-**	**(2,232)**	(1,032)	-	(1,032)
	(2,953)	**473**	**(2,480)**	(1,003)	(677)	(1,680)
Total income tax on continuing operations	**(1,900)**	**(580)**	**(2,480)**	(2,082)	(512)	(2,594)
Total income tax on discontinued operations	**-**	**-**	**-**	914	-	914
Total income tax	**(1,900)**	**(580)**	**(2,480)**	(1,168)	(512)	(1,680)

In order to understand how, in the income tax statement, a tax credit on continuing operations of £3.581m (2022/23: £2.594m) arises on a loss before tax of £14.344m (2022/23: £4.868m), the taxation charge that would arise at the standard rate of UK corporation tax is reconciled to the actual charge as follows:

	2023/24 Before significant items £'000	**2023/24 Significant items £'000**	**2023/24 £'000**	2022/23 Before significant items £'000	2022/23 Significant items £'000	2022/23 £'000
Factors affecting the tax credit for the period:						
(Loss)/profit from Continuing Operations	**(5,100)**	**(9,244)**	**(14,344)**	(7,853)	2,985	(4,868)
(Loss)/profit from Discontinued Operations	**-**	**-**	**-**	(1,504)	(33)	(1,537)
Total Loss before taxation	**(5,100)**	**(9,244)**	**(14,344)**	(9,357)	2,952	(6,405)
Income tax using the Society's domestic tax rate of 23.99% (2022/23: 19.00%)	**(1,223)**	**(2,218)**	**(3,441)**	(1,778)	561	(1,217)
Expenses not deductible for tax purposes	**1,555**	**1,828**	**3,383**	1,642	(39)	1,603
Profit on sale of properties subject to indexation and rollover relief	**-**	**(190)**	**(190)**	-	(84)	(84)
Adjustment for prior periods (current plus deferred tax expense)	**(2,232)**	**-**	**(2,232)**	(1,032)	-	(1,032)
Utilisation of brought forward losses	**-**	**-**	**-**	-	(950)	(950)
Total income tax on continuing operations	**(1,900)**	**(580)**	**(2,480)**	(2,082)	(512)	(2,594)
Total income tax on discontinued operations	**-**	**-**	**-**	914	-	914
Total income tax (credit)/expense	**(1,900)**	**(580)**	**(2,480)**	(1,168)	(512)	(1,680)

Expenses not deductible for tax purposes are expenses incurred by the business but which are not expected to be allowable for tax purposes.

	2023/24 £'000	2022/23 £'000
Total recognised directly in equity:		
Members' share interest	**(688)**	(429)

	£'000	£'000
Total recognised in other comprehensive income:		
Revaluation of property, plant and equipment	**944**	2,587
Actuarial gains on defined benefit pension plans	**655**	3,127
	1,599	5,714

Deferred tax:	**£'000**	£'000
Net asset at start of period	**9,095**	12,700
Deferred tax credit in revenue account for the period	**2,480**	2,594
Deferred tax recognised directly in equity	**688**	429
Movement on pension liability deferred tax	**(655)**	(3,127)
Other deferred tax recognised in other comprehensive income	**(944)**	(2,587)
Discontinued operations	**-**	(914)
Net asset at end of period	**10,664**	9,095

The March 2021 Budget announced an increase in the UK corporation tax rate from 19% to 25% with effect from 1 April 2023.

		2023/24 Before Significant Items £'000	2023/24 Significant Items £'000	2023/24 Total £'000	2022/23 Before Significant Items £'000	2022/23 Significant Items £'000	2022/23 Total £'000
(Loss)/profit before tax on continuing operations		(5,100)	(9,244)	(14,344)	(7,853)	2,985	(4,868)
(Loss)/profit before tax from discontinued operations		-	-	-	(1,504)	(33)	(1,537)
Loss before taxation		(5,100)	(9,244)	(14,344)	(9,357)	2,952	(6,405)
Tax on profit on ordinary activities at standard UK corporation tax rate of 23.99% (2022/23: 19.00%)		(1,223)	(2,218)	(3,441)	(1,778)	561	(1,217)
Depreciation in excess of capital allowances	a	(367)	-	(367)	1,509	-	1,509
Pension movements	b	(1,219)	-	(1,219)	(1,039)	-	(1,039)
Expenses not deductible for tax purposes	c	3,862	-	3,862	1,143	-	1,143
Change in fair value of trading properties	c	-	1,031	1,031	-	636	636
Change in fair value of investment properties	c	-	312	312	-	(121)	(121)
Expense of business acquisitions and disposals	c	-	12	12	-	123	123
Profit on sale of properties subject to indexation and rollover relief	c	-	(190)	(190)	-	(84)	(84)
Utilisation of brought forward losses	e	-	-	-	-	(950)	(950)
Reported current tax charge and effective rate		1,053	(1,053)	-	(165)	165	-
Reported current tax charge		1,053	(1,053)	-	(165)	165	-
Depreciation in excess of capital allowances	a	837	-	837	(1,407)	-	(1,407)
Pension movements	b	1,270	-	1,270	1,369	-	1,369
Expenses not deductible for tax purposes	d	(2,828)	473	(2,355)	67	(677)	(610)
Adjustments to tax charge in respect of previous periods		(2,232)	-	(2,232)	(1,032)	-	(1,032)
Effects on deferred tax of change in tax rate		-	-	-	-	-	-
Reported total charge for continuing operations		(1,900)	(580)	(2,480)	(2,082)	(512)	(2,594)
Reported total charge for discontinued operations		-	-	-	914	-	914
Reported total tax (credit)/charge		(1,900)	(580)	(2,480)	(1,168)	(512)	(1,680)

a - Capital allowances are tax reliefs provided in law for the expenditure the Society makes on fixed assets. The tax relief is spread over a number of years. The accounting treatment for such expenditure is to spread the costs over the anticipated useful life of the asset. Deferred tax is provided on the different rates used for tax relief and depreciation in the accounts. Capital allowance rates are determined by Parliament at a fixed rate whereas depreciation rates are determined by the Society for different types of asset.

b - A tax deduction is obtained for pensions when payments are made into the scheme. Deferred tax arises on the difference between the pension accounting and the payment scheme.

c - Some expenses the Society incurs are appropriate for accounting purposes but are not allowed to be offset against taxable income when calculating the Society's tax liability. Examples include legal expenses for business acquisitions and disposals and changes in fair values of properties. These costs are included in the category expenses not deductible for tax purposes or identified separately. The material amounts included within the category for the year are tax losses carried forward for future use (£3.716m - see footnote e for explanation below) and interest not allowed to be offset against taxable income by way of the Corporate Interest Restriction of £0.947m.

d - Other timing differences include tax timing differences such as deferred capital gains rolled into new acquisitions.

e - Subject to certain rules, tax losses from earlier periods can be carried forward and relieved against future profits, so that the correct amount of tax is applied to the overall historic profits generated, and not just for that period. Once the tax losses have all been used, tax will then become chargeable on the profits generated thereafter. The brought forward tax losses arose from our energy business and have been utilised in the current year against the over provision relating to settlements of performance obligations (note 2.2).

2.6 Discontinued operations

Keeping it simple - Discontinued operations

This section shows a breakdown of discontinued operations which have been aggregated as a single line in the Consolidated Statement of Comprehensive Income.

On 28 January 2023 the Society agreed to cease trading of its Healthcare division. The cessation of trade did not result in a sale of the division and therefore no consideration was received. All assets were wound up on discontinuation.

The post-tax loss on disposals of discontinued operations was determined as follows:

	2023/24 £'000	2022/23 £'000
Cash consideration received	-	-
Total consideration received	-	-
Cash disposed of	-	-
Net cash inflow on disposal of discontinued operation	-	-
Net assets disposed (other than cash)		
Property, plant and equipment	-	-
Intangibles	-	(130)
Trade and other receivables	-	(439)
Other financial assets	-	-
Other financial liabilities	-	-
Trade and other payables	-	-
	-	(569)
Pre-tax loss on disposal of discontinued operation	-	(569)
Related tax expense	-	-
Loss on disposal of discontinued operation	-	(569)

The post-tax loss on disposal of discontinued operations was determined as follows:

Result of discontinued operations	2023/24 £'000	2022/23 £'000
Revenue	-	982
Expenses other than finance costs	-	(2,519)
Finance income	-	-
Finance costs	-	-
Tax expense	-	(914)
(Loss)/Profit for the year	-	(2,451)

Statement of cash flows	2023/24 £'000	2022/23 £'000
The statement of cash flows includes the following amounts relating to discontinued operations:		
Operating activities	-	48
Financing activities	-	-
Net cash from discontinued operations	-	48

Section 3 - Assets

In this section
This sections shows the assets used to generate the Society's trading performance.

Keeping it simple - Assets
An asset is something which is used by the Society in order to generate financial benefit. For example, stock is an asset because we will sell it to generate income, similarly we use our properties to enable our trading outlets to trade and consequently generate income.

3.1 Property, plant and equipment

Keeping it simple - Property, plant and equipment

These are the sites that the Society trades in and the fixtures and fittings within these sites.

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions. After initial recognition, all categories excluding land and buildings are valued under the historical cost model are carried at cost less any accumulated depreciation and any accumulated impairment losses. Land and Buildings is valued under the revaluation model are carried at a revalued amount, being their fair value at the date of the revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is calculated to write off the cost or valuation, less estimated residual value, in the income statement on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Depreciation rates used are as follows:	
Freehold buildings	50 Years
Plant, fixtures and fittings	3 to 20 years
Vehicles	3 to 8 years

Fair value measurement:
Property valuations are valued on a "Fair Value" basis as defined in the RICS Valuation - Global Standards January 2017 incorporating the IVSC International Valuation Standards as:
The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date (IFRS 13). The market value of items, of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

Property disposals: Sales of properties are recognised at the point of unconditional exchange of contracts.

Impairment: Assets are assessed at each reporting date to determine whether there is any objective evidence that it is impaired. An asset is considered to be impaired if evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of an asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. For the purpose of impairment testing assets are grouped together into the smallest group of assets that generate cash inflows from continuing use and are largely independent of the cash inflows of other assets or groups of assets. These are known as the cash generating unit (CGU). Significant Assets are tested for impairment at the lowest identifiable CGU or individual basis. Discount rates applied range between 10.8% to 15.2% and are applied by division (for sensitivity analysis surrounding discount rates please refer to note 3.2). Assumed discount rates are based on Midcounties weighted average cost of capital plus readily available market information.

All impairment losses are recognised in the income statement. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the income statement.

	Land & Buildings £'000	Plant, fixtures & fittings £'000	Vehicles £'000	Assets under construction £'000	Total £'000
Cost or valuation:					
At 22 January 2022	129,726	103,086	7	1,841	234,660
Additions	-	43	-	16,718	16,761
Revaluation	7,492	-	-	-	7,492
Disposals	(2,695)	(283)	(7)	-	(2,985)
Transfer from assets under construction	-	14,660	-	(14,660)	-
Transfer to assets held for sale	(2,473)	-	-	-	(2,473)
Other movements	-	-	-	739	739
At 28 January 2023	132,050	117,506	-	4,638	254,194
Additions	**-**	**27**	**-**	**15,391**	**15,418**
Transfer to intangible assets	**-**	**-**	**-**	**(1,727)**	**(1,727)**
Revaluation[1]	**(2,139)**	**-**	**-**	**-**	**(2,139)**
Disposals	**(3,434)**	**(1,763)**	**-**	**-**	**(5,197)**
Transfer from assets under construction	**-**	**14,194**	**-**	**(14,194)**	**-**
Transfer from assets held for sale	**4,885**	**-**	**-**	**-**	**4,885**
At 27 January 2024	**131,362**	**129,964**	**-**	**4,108**	**265,434**
Accumulated depreciation:					
At 22 January 2022	8,563	78,292	6	-	86,861
Provided this year	487	9,498	-	-	9,985
Disposals	(1,304)	(191)	(6)	-	(1,501)
At 28 January 2023	7,746	87,599	-	-	95,345
Provided this year	**455**	**8,650**	**-**	**-**	**9,105**
Disposals	**(53)**	**(1,283)**	**-**	**-**	**(1,336)**
At 27 January 2024	**8,148**	**94,966**	**-**	**-**	**103,114**
Carrying amount					
At 28 January 2023	124,304	29,907	-	4,638	158,849
At 27 January 2024	**123,214**	**34,998**	**-**	**4,108**	**162,320**

Security
Bank loans and overdraft are fully secured by a legal charge on certain trading and investment properties owned by the Society.

Valuations
The property valuations undertaken in January 2024 were valued on a "Fair Value" basis as defined in the RICS Valuation - Global Standards January 2017 incorporating the IVSC International Valuation Standards as:
The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date (IFRS 13). The valuations were carried out by Chartered Surveyors CBRE. Properties have been valued on a vacant possession basis.

The properties are valued individually, and yields are therefore varying on a property by property basis. Yields range from 5.2% to 15.0% (2022/23: 4.9% to 16.0%)

Upon valuation if an asset valuation has increased the movement is taken straight to the revaluation reserve and is only recognised upon the disposal of the property. If the asset value has decreased losses are taken to the income statement net on of any reserves previously held.

Had the revalued land and buildings been measured on a historical cost basis, their net book value would have been £77.061m (2022/23: £78.151m).

The fair value of land and buildings is categorised as recurring fair value measurement (level 2 inputs). Fair values are based on an active market and no significant unobservable inputs.

	2023/24 £'000	2022/23 £'000
Valuation changes recognised in other comprehensive income are:		
Revaluation gains and losses on Property Plant and Equipment	**2,105**	10,834
Revaluation gains and losses on Investment Property (note 3.3)	**-**	567
Revaluation gains and losses on Investment Property after utilisation of reserves (note 2.2)	**-**	(636)
	2,105	10,765

[1] Includes £4.302m (2022/23: £3.342m) of losses charged to profit and loss

3.2 Intangible assets

Keeping it simple - Intangible assets

An intangible asset is one which cannot be physically touched. An example of an intangible asset is a right to operate a particular type of business in a specific location, such as a Post Office .

Goodwill
Goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to cash generating units (CGUs) and is tested annually for impairment.

Other intangibles
Intangible assets acquired by the Society are measured at cost less accumulated amortisation and impairment losses. Post Office licences are amortised over various periods depending on the revenue earned and customer relationships are amortised over 5 years as set out in this section.

Fair value measurement
The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Impairment
For goodwill and intangible assets that have an indefinite useful life, the recoverable amount is estimated at each balance sheet date. The recoverable amount of tangible assets and intangible assets with a finite life are reviewed should there be an indication of impairment at the balance sheet date. The recoverable amount is the greater of their fair value less costs to sell and their value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Discount rates applied range between 10.9% to 20.6% and are applied by division. For the purpose of impairment testing assets are grouped together into the smallest group of assets that generate cash inflows from continuing use and are largely independent of the cash inflows of other assets or groups of assets. These are known as the cash generating unit (CGU). Management have determined that in most cases the cash generating units are individual branches. However, goodwill impairment testing is carried out at a divisional level being the lowest level at which goodwill is monitored.
An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. Impairment losses in respect of a CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying value of the net operating assets.
An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

	Purchased goodwill £'000	Licences, brand and computer software £'000	Total £'000
Cost:			
At 22 January 2022	75,374	3,797	79,171
Additions	-	10	10
Disposals	(43)	-	(43)
At 28 January 2023	75,331	3,807	79,138
Additions	**-**	**1,727**	**1,727**
Disposals	**-**	**-**	**-**
At 27 January 2024	**75,331**	**5,534**	**80,865**
Accumulated amortisation:			
At 22 January 2022	5,756	1,435	7,191
Charge for the year	-	521	521
At 28 January 2023	5,756	1,956	7,712
Charge for the year	**-**	**807**	**807**
At 27 January 2024	**5,756**	**2,763**	**8,519**
Carrying Amount			
At 28 January 2023	69,575	1,851	71,426
At 27 January 2024	**69,575**	**2,771**	**72,346**

Licences relate to software. Computer Software is amortised over 3-10 year period.

Components of Goodwill:

Cash Generating Unit (CGU)	At 27 January 2024 £'000	At 28 January 2023 £'000
Food and Post Office	**56,559**	56,559
Travel	**1,088**	1,088
Childcare	**11,898**	11,898
Other	**30**	30
Carrying Amount	**69,575**	69,575

Goodwill is not amortised but is subject to annual impairment reviews. Impairment testing is performed at the level at which management monitor goodwill which is the divisional trading groups (classified as groups of cash generating units (CGU's)).

Impairment Review:

Goodwill is reviewed for impairment at least annually by assessing the recoverable amount of each cash-generating unit, or group of cash-generating units, to which the goodwill relates. Impairment review completed compares the recoverable amount of goodwill with the book value. Recoverable amount is calculated by discounting future cash flows of the divisional trading groups. The key factors are future growth rates and discount rates which are based on a market participants cost of capital for each business and range from 10.9% to 20.6% (2022/23: 10.8 to 15.2%). Business specific growth rates are used to extrapolate budgeted cash flows into perpetuity, beyond a detailed 3 year plan at a rate of 2.0% - 3.0%. The terminal growth rates have been derived using historical analysis and future plans of the business. Tax rates used in the calculation are maintained at the current rate of 25% and capital expenditure is set to be equal across the five year plan as is forecast for the next 12 months. They do not exceed the long-term growth rates for the relevant industries. Following the impairment analysis no impairment charge was required (2022/23: no impairment charge was required).

To understand the impact of reasonable change to the assumptions used, sensitivity analysis was completed moving one of the assumptions by +0.5% or -0.5% (whilst holding the other assumptions constant). All movements to assumptions had no impact on the impairment.

Impairment Sensitivity Analysis:
For an impairment to be recognised the cost of capital and growth rates would need to move from their current rates as follows:

	2023/24				2022/23			
	Cost of Capital		**Growth Rates**		Cost of Capital		Growth Rates	
	Current	**Movement**	**Current**	**Movement**	Current	Movement	Current	Movement
Food	**11.6%**	**+4.6%**	**2.0%**	**-6.6%**	10.8%	+4.7%	2.0%	-6.0%
Travel	**20.6%**	**+56.2%**	**3.0%**	**-100.0%**	15.2%	+28.3%	3.0%	-47.5%
Childcare	**10.9%**	**+16.7%**	**3.0%**	**-34.9%**	11.0%	+13.5%	3.0%	-22.5%
Utilities	**13.9%**	**+5.4%**	**2.0%**	**-7.3%**	11.8%	+10.2%	2.0%	-17.0%

3.3 Investment property

Keeping it simple - Investment property

Investment property is property held by the Society which is not used by one of our trading groups and generates rental income. Properties used for the day to day trade of the business (such as our food stores, nurseries, etc.) are detailed in section 3.1.

Accounting Policy:
Investment properties are held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business. Investment properties are measured at fair value with any change in value recognised in the income statement. Investment property additions/ disposals are recognised when there has been an unconditional exchange of contracts.
When the use of a property changes such that it is reclassified as property, plant and equipment its fair value at the date of reclassification becomes its cost for subsequent accounting.

Determination of fair values
In the absence of current prices in an active market, the valuations are prepared by considering the aggregate amount of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.
When appropriate valuations reflect the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation; the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Society and the lessee and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and when appropriate counter-notices, have been served validly and within the appropriate time.

	2023/24	2022/23
	£'000	£'000
Cost or valuation:		
At start of year	**12,643**	12,834
Additions	**-**	-
Revaluation	**(1,300)**	567
Disposals	**-**	(65)
Transfer from to assets held for sale	**-**	(693)
At end of year	**11,343**	12,643

Investment properties are not depreciated. Valuation changes are recognised in Significant items (note 2.2).

Bank loans and overdraft are fully secured by a legal charge on trading and investment properties owned by the Society.

Valuations
The property valuations undertaken in December 2023 were valued assuming vacant possession on a "Fair Value" basis as defined in the RICS Valuation - Global Standards January 2017 incorporating the IVSC International Valuation Standards as: The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date (IFRS 13). The valuations were carried out by Chartered Surveyors, CBRE (2022/23: CBRE).

The properties are valued individually and yields are therefore varying on a property-by-property basis. Yields range from 6.2% to 15.0% (2022/23: 2.3% to 9.2%), with a mean yield of 10.6% (2022/23: 5.7%) before costs.

The fair value of investment property is categorised as fair value measurement (level 2 inputs).

Upon valuation gains and losses are taken directly to the income statement unless there has been a change in use of the asset and reserves had accumulated whilst the property was deemed to be Property, Plant and Equipment, in such circumstances losses are taken against the reserve balance until it is fully utilised and then subsequent gains and losses are taken the profit and loss. No gains once the asset is considered investment property add to any revaluation surplus.

During the year £3.133m (2022/23: £3.325m) was recognised in the consolidated statement of comprehensive income in relation to rental income from investment properties (note 1). Direct costs relating to investment properties during the year amounted to £0.561 million (2022/23: £0.935 million).

3.4 Right of use assets

Keeping it simple - Right of use assets

Right of use assets are assets which are leased by the Society that it has the right to occupy and operate over the lease term. These leased assets are now aligned more closely to Society owned assets.

The Society recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Society is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. The Society has used a range of discount rates in between 2.0% to 4.3% dependent on the length of lease remaining and the quality of the asset being leased. The discount rates were provided by independent professional advisors who took into consideration market factors and the societies incremental borrowing rate at the date of adoption of IFRS 16 if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Society has also used the assumption that no lease break clauses will be applied, therefore assets and liabilities have been calculated on the full term of each lease.

	Land & Buildings £'000	Plant, Fixture & Fittings £000's	Vehicles & Other £'000	Total £'000
Cost or valuation:				
At 22 January 2022	130,676	10,518	1,926	143,120
Additions	6,802	-	-	6,802
Impairment	(518)	-	-	(518)
Transfers from other debtors	-	-	269	269
Disposals	(3,100)	-	-	(3,100)
At 28 January 2023	133,860	10,518	2,195	146,573
Additions	**7,609**	**-**	**3,194**	**10,803**
Effects of modification of lease term	**(1,168)**	**-**	**20**	**(1,148)**
Impairment	**(291)**	**-**	**-**	**(291)**
At 27 January 2024	**140,010**	**10,518**	**5,409**	**155,937**
Accumulated depreciation:				
At 22 January 2022	29,099	4,116	1,880	35,095
Provided this year	10,351	2,135	166	12,652
Disposals	(506)	-	-	(506)
At 28 January 2023	38,944	6,251	2,046	47,241
Provided this year	**9,523**	**2,134**	**551**	**12,208**
At 27 January 2024	**48,467**	**8,385**	**2,597**	**59,449**
Carrying amount				
At 28 January 2023	94,916	4,267	149	99,332
At 27 January 2024	**91,543**	**2,133**	**2,812**	**96,488**

The table below states the details of the type, the number and the term of leases held by the Society.

	Land & Buildings	Plant, Fixture & Fittings	Vehicles & Other	Total
Number of leases at 28 January 2023	335	7	34	376
Number of leases 27 January 2024	**348**	**7**	**36**	**391**
Material number of Subleased Leases at 28 January 2023	7	-	-	7
Material number of Subleased Leases at 27 January 2024	7	-	-	**7**
Term of leases	2 to 1000 Years	1 to 5 Years	1 to 8 Years	

Income from material subleased finance leases
The Society also sub-leases some of its non-occupied leased properties and motor vehicles. The Society classifies the sub-lease as a finance lease, where the period of the sublease is for substantially the remaining term of the head lease. The following table sets out a maturity analysis of material sublease receivables, showing the present value lease payments to be received after the reporting date.

	2023/24 £'000	2022/23 £000's
6 months or less	**60**	77
6-12 months	**60**	77
1-2 years	**217**	237
2-5 years	**97**	166
More than 5 years	**30**	61
Total Present value of minimum lease payments receivable	**464**	618
Of which are:		
Current lease receivables	**120**	154
Non-current lease receivables	**344**	464
	464	618

Impairments are recognised when the value of a lease exceeds its benefit to the Society. The asset is written down to its fair value and a provision recognised for the reduction in the asset value. Movements on the provision are recognised in the income statement.

Please refer to note 4.3 for details on the lease liabilities in relation to these right-of-use assets, note 2.1.1 Operating costs for details on short term leases and note 6.1 for details on rental income.

3.5 Other investments

Keeping it simple - Other investments

Other investments are predominantly shares held in other businesses and the asset created when we sold funeral pre-payment plans which had not yet been used.

Other financial assets are measured at fair value with movements in the carrying value, changes arising through impairments and recognised gains and losses taken through the income statement.

	2023/24 £'000	2022/23 £'000
Non-current investments:		
Other Financial Assets	**4,147**	4,509
	4,147	4,509
Are held as follows:	**£'000**	£'000
Co-operative Group shares	**1,588**	1,588
Other I&P Societies shares	**1,431**	1,471
Other investments	**928**	750
Younity (Co-op Community Energy)	**200**	700
Total other financial assets	**4,147**	4,509

Changes in fair value recognised in the income statement were a gain of £0.327m (2022/23: £0.021m). The results of the joint venture are immaterial to the Society and therefore are recognised within operating expenses. The profit for the year was £0.338m (2022/23: £0.048m).

The Society's exposure to credit, currency and interest rate risks related to other investments is disclosed in Note 4.6.

3.6 Deferred tax assets and liabilities

Keeping it simple - Deferred tax

Deferred tax arises because financial accounting rules and tax accounting rules are different.
A deferred tax asset is a tax saving which will be made in the future as a result of transactions which have already occurred.
A deferred tax liability recognises tax which will be payable in the future as a result of transactions which have already occurred.

Accounting Policy:
Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets and liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. For investment property that is measured at fair value, deferred tax is provided at the rate applicable to the sale of the property except for that part of the property that is depreciable and the Society's business model is to consume substantially all of the value through use. In the latter case the tax rate applicable to income is used. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Deferred tax assets are comprised mostly of gains relating to our Property portfolio which can be utilised against future property disposals.

	Note	2023/24 £'000	2022/23 £'000
Deferred tax liability in respect of property, plant and equipment		**(6,160)**	(1,224)
Short term temporary differences		**(1,111)**	(1,047)
Deferred tax liability		**(7,271)**	(2,271)
Intangible assets		**597**	747
Deferred tax asset in respect of pension obligations		**2,309**	4,234
Tax losses		**15,029**	6,385
Deferred tax asset		**17,935**	11,366
Net deferred tax asset	2.5	**10,664**	9,095

Recognised deferred tax assets and liabilities are attributable to temporary timing differences relating to the following:

		Assets		Liabilities	
		2023/24 £'000	2022/23 £'000	**2023/24 £'000**	2022/23 £'000
Property, plant and equipment	a	**-**	-	**(6,160)**	(1,224)
Intangible assets	b	**597**	747	**-**	-
Pension obligations	c	**2,309**	4,234	**-**	-
Other items	d	**-**	-	**(1,111)**	(1,047)
Tax losses	e	**15,029**	6,385	**-**	-
Tax assets / (liabilities)		**17,935**	11,366	**(7,271)**	(2,271)

a - This amount is made of two components:
i) a deferred tax asset on capital allowances arising from the tax value of assets being higher than the accounts value of the same fixed assets. This has arisen due to the Society not making claim to its maximum entitlement to capital allowances since 2019 due to reduced levels of taxable trading profits in the intervening years. Impairment, disposals and depreciation have continued to reduce the accounts value of our assets. The Society expects to use these capital allowances incrementally to reduce future taxable trading profits.
ii) a deferred tax liability on the theoretical amount of tax that would be payable by the Society on chargeable gains arising from the sale of all its investment and trade properties. Investment and trade properties are measured at fair value in the accounts, which is different to their cost or value for tax purposes.

b - The amount relates historic acquisitions of goodwill eliminated as part of the fair value adjustments from the merger of the West Midlands Co-operative Society Limited and Oxford, Swindon and Gloucester Co-operative Society Limited as at September 2005 which have been elected to be written down per year for tax purposes on a 4% basis. This differs from the amortisation policy for the intagible assets in the accounts. The £150,000 decrease in the year relates to the amount utilised against trading profits in the year. The Society expects to use the remaining deferred tax balance to reduce future taxable trading profits incrementally.

c - The amount represents the theoretical future tax benefit to the Society in respect of the current pension scheme deficit. A tax deduction is obtained for pension obligations when payments are made, and the value of payments can be different to costs recognised in the accounts. The Society's future cash tax bills will be reduced if additional payments are made to reduce the scheme deficit. The deferred tax asset decrease for 2024 was £1.925m. This is due to the movement in the schemes deficit in the year

d - The amount relates historic acquisitions of goodwill after the merger of the West Midlands Co-operative Society Limited and Oxford, Swindon and Gloucester Co-operative Society Limited which have been elected to be written down per year for tax purposes on a 4% basis. This differs from the amortisation policy for the intangible assets in the accounts, and the Society expects the deferred tax balance to reverse over the goodwill's useful life, these are partially offset by a deferred tax asset in respect of provisions. Expenses that have not yet been incurred are able to be recorded in the accounts as provisions. However, of these certain expenses don't receive tax relief until they have been paid for and so the related tax relief is delayed to a future period

e - The Society has incurred trading losses that were in excess of taxable profits in the past. These losses can be used to reduce future trading profits and capital gains which are included in future tax forecasts for the Society. The restriction on the amount of losses that can be used in any one year post 1 April 2017, being £5m plus 50% of any surplus taxable profits above this amount, is not expected to limit the use of these losses other than extend the time over which they will be claimed

There are £15.365m unrecognised deferred tax assets (2022/23: £17.964m) relating to the corporate interest restrictions and discontinued operations in energy.

Movements in deferred tax assets and liabilities during the year were as follows:

	At 22 January 2022 £'000	Recognised in Income statement £'000	Recognised in equity/ other comprehensive income £'000	Acquisitions/ Transfer of engagements £'000	**At 28 January 2023 £'000**
Property, plant and equipment	(772)	2,135	(2,587)	-	**(1,224)**
Intangible assets	895	(148)	-	-	**747**
Pension obligations	8,730	(1,369)	(3,127)	-	**4,234**
Other items	99	(1,575)	429	-	**(1,047)**
Tax losses	3,748	2,637	-	-	**6,385**
Tax assets	12,700	1,680	(5,285)	-	**9,095**

	At 28 January 2023 £'000	Recognised in Income statement £'000	Recognised in equity/ other comprehensive income £'000	Acquisitions/ Transfer of engagements £'000	**At 27 January 2024 £'000**
Property, plant and equipment	(1,224)	(3,992)	(944)	-	**(6,160)**
Intangible assets	747	(150)	-	-	**597**
Pension obligations	4,234	(1,270)	(655)	-	**2,309**
Other items	(1,047)	(752)	688	-	**(1,111)**
Tax losses	6,385	8,644	-	-	**15,029**
Tax assets	9,095	2,480	(911)	-	**10,664**

3.7 Stocks

Keeping it simple - Stock

Stock is an asset which is purchased by the business for resale to our customers.

Accounting Policy:
Stocks are stated at the lower of cost and net realisable value. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the cost of realisation. Provision is made where necessary for slow moving and defective stocks.

	2023/24	2022/23
	£'000	£'000
Goods for resale	**28,124**	28,585
	28,124	28,585

All stock is expected to be realised within 12 months.

Goods bought for resale recognised as a cost of sale amounted to £416.508m (2022/23: £414.403m).

The year-end stock provision is £3.485 million (2022/23: £2.092m).

Stock write-downs in the year were £nil (2022/23: £nil)

3.8 Trade and other receivables

Keeping it simple - Trade and other receivables

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

Accounting Policy:
The carrying value of trade and other receivables classified at amortised cost approximates fair value. The Society applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

	Note	**2023/24**	2022/23
		£'000	£'000
Current Assets - Trade & Other Receivables			
Trade receivables		**20,754**	22,637
Prepayments		**4,429**	4,171
Accrued income		**1,465**	1,840
Rental income receivable	6.1	**120**	154
Other receivables		**18,626**	22,319
Deposits		**24,573**	24,381
		69,967	75,502
Non-Current Assets Other Receivables			
Rental income receivable	6.1	**344**	464
Other debtors		**364**	769
		708	1,233

Deposits represents amounts due on holiday bookings.

Rental income receivable relates to subleased properties. For more detail on subleases see note 3.4.

Included within other receivables is £15.163m (2022/23: £18.250m) relating to travel trust bond.

Provisions matrix has not been disclosed as the provisions held are not significant. A breakdown of the expected credit loss provision can be seen in note 4.6

3.9 Cash and cash equivalents

> Keeping it simple - Cash and cash equivalents
>
> Cash is considered to be any cash held in branches and the balance of any bank accounts held by the Society. A cash equivalent is something which can be easily turned into cash.

Cash and cash equivalents comprise cash balances and short-term deposits. Bank overdrafts that are repayable on demand and form an integral part of the Society's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

	2023/24 £'000	2022/23 £'000
Cash and cash equivalents	**3,977**	12,145
Short-term deposits	**-**	3,524
Cash and cash equivalents in the statement of financial position	**3,977**	15,669
Bank overdraft	**-**	-
Cash and cash equivalents in the statement of cash flows	**3,977**	15,669

The Society's exposure to interest rate risk is disclosed in Note 4.6.

3.10 Assets and liabilities held for sale

> Keeping it simple - Assets and liabilities held for sale
>
> If a decision has been made to sell a non-current asset or non-current liability, and it is in a condition for resale, it is held at either the lower of their original cost/revaluation or the amount the asset could be sold for less the costs associated with the sale.

Re-measurement and impairment
Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Society's accounting policies. Thereafter the assets (or disposal group) are generally measured at the lower of their carrying amount and fair value less cost to sell.
Any impairment loss on a disposal group is first allocated to goodwill and then to remaining assets and liabilities on a pro-rata basis. No loss is allocated to stocks, financial assets, deferred tax assets, pension assets and investment property, which continue to be measured in accordance with the Society's accounting policies.
Impairment losses on initial classification as held for sale, and subsequent gains or losses on remeasurement, are recognised in the income statement.
Gains are not recognised in excess of any cumulative impairment loss.

	2023/24 £'000	2022/23 £'000
Assets classified as held for sale:		
Land and buildings	**7,342**	12,240
	7,342	12,240
Liabilities classified as held for sale		
Bonds	**711**	723
	711	723

Amounts included in assets held for sale relate to non strategic propeties and utilities assets. Amounts included in liabilities held for sale relate to funeral bonds. These sales are expected complete in the next 12 months.

An impairment loss of £nil (2022/23: £2.052m) was recognised on Assets held for sale during the year.

During the year management made a decision to retain some of its strategic properties. As a result £4.885m (2022/23: £nil) of Assets Held for Sale were transferred back to Property, Plant and Equipment.
No depreciation is charged on these assets.

The property valuations undertaken in January 2023 were valued on a "Fair Value" basis as defined in the RICS Valuation - Global Standards January 2017 incorporating the IVSC International Valuation Standards as:
The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date (IFRS 13). The valuations were carried out by Chartered Surveyors, CBRE. Properties have been valued on a vacant possession basis.
The fair value of land and buildings is categorised as recurring fair value measurement (level 2 inputs). Fair values are based on an active market and no significant unobservable inputs.

Section 4 - Liabilities

In this section
This sections shows the liabilities incurred in order for the Society to carry out its trading activities.

Keeping it simple - Liabilities

A liability is generated when the Society has carried out an activity which results in expense that will be paid in the future. This includes loans from the banks and amounts owed to suppliers for goods or services it has received.

4.1 Loans and borrowings

Accounting Policy:
This note provides information about the contractual terms of the Society's interest-bearing loans and borrowings that are measured at amortised cost. For more information about the Society's exposure to interest rate and liquidity risk see note 4.6.

	2023/24 £'000	2022/23 £'000
Current liabilities:		
Current portion of secured bank loans (see notes 3.1 & 3.3)	**-**	52,326
	-	52,326
Non-current liabilities:		
Secured bank loans (see notes 3.1 & 3.3)	**69,728**	-
	69,728	-

Terms and conditions of outstanding loans were as follows:

	Rate	**Nominal interest rate**	**Year of maturity**	**Utilised 2023/24 £'000**	**Total facility 2023/24 £'000**	Utilised 2022/23 £'000	Total facility 2022/23 £'000
Royal Bank of Scotland loan	Fixed	5.73%	2024	**-**	**-**	23,050	23,105
Revolving credit facility Barclays	Variable	SONIA + 2.25%	2024	**-**	**-**	8,376	23,465
Revolving credit facility Lloyds	Variable	SONIA + 2.75%	2024	**-**	**-**	9,400	19,421
Multi-Currency Revolving Facility	Variable	SONIA + 2.75%	2024	**-**	**-**	11,500	31,380
Four Bank Revolving Credit Facility	Variable	SONIA + 3.75%	2026	**69,728**	**112,341**	-	-
Total interest bearing liabilities				**69,728**	**112,341**	52,326	97,371

The loans are shown net of an unamortised arrangement fee of £1.421m (2022/23: £0.116 million)

The total facilities available to the Society as at 27 January 2024 were £112.3m (2022/23: £97.4m)

Notes supporting statement of Cashflows

	Non-current loans and borrowings (excluding bank overdrafts) £'000
At 22 January 2022	36,832
Loan proceeds	170,962
Loan repayments	(155,353)
Loan agreement fees	(115)
At 28 January 2023	52,326
Loan proceeds	**249,663**
Loan repayments	**(230,840)**
Loan agreement fees	**(1,421)**
At 27 January 2024	**69,728**

4.2 Trade and other payables

Keeping it simple - Trade, other payables and provisions
When the Society receives goods or services which are to be paid for at a later date, a payable is created. This reflects money which the Society must pay out in the future.

Accounting Policy:
The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing liability is replaced by the same counterparty on substantially different terms or the terms of an existing liability are substantially modified, the original liability is derecognised and a new liability is recognised, with any difference in carrying amounts recognised in the income statement. For more information about the Society's exposure to interest rate and liquidity risk see note 4.6.

	2023/24 £'000	2022/23 £'000
Current liabilities:		
Trade payables	**106,834**	105,672
Other payables	**16,897**	32,823
Travel payments on account	**31,761**	28,805
Deferred income - other	**1,094**	1,016
Accrued charges	**14,131**	18,980
	170,717	187,296
Non-current liabilities:	**£'000**	£'000
Deferred income - other	**126**	170
	126	170

The funds held within travel payments on account represent money received in advance from customers in relation to travel bookings. This balance could be refunded to customers upon cancelation of bookings.

Held within trade payables is £42.991m (2022/23: £38.414m) worth of pipeline monies received in advance from customers due to the Society's tour operator suppliers.

The Society's exposure to liquidity risk related to its trade and other payables is disclosed in note 4.6.

4.3 Lease Liabilities

Keeping it simple - Lease Liabilities
The liability of the Society for lease payments due on Right of Use assets presented in note 3.4.

Accounting Policy:
At the commencement date of the lease, the Society recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Society and payments of penalties for terminating a lease, if the lease term reflects the Society exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.
In calculating the present value of lease payments, the Society has used a range of discount rates in between 2.0% to 4.3% dependent on the length of lease remaining and the quality of the asset being leased. The discount rates were provided by independent professional advisors who took into consideration market factors and the societies incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Society applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (i.e. below £5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term. Please refer to note 2.1.1 Operating costs for details on short term leases.

	Note	Land & Buildings £'000	Plant, Fixtures & Fittings £000's	Vehicles & Other £'000	Total £'000
At 22 January 2022		112,773	6,680	3,311	122,764
Additions		6,802	-	-	6,802
Interest expense		4,478	383	57	4,918
Lease payments		(12,660)	(2,438)	(686)	(15,784)
Disposal		(7,691)	-	(2,430)	(10,121)
At 28 January 2023		103,702	4,625	252	108,579
Additions	3.4	**7,609**	**-**	**3,194**	**10,803**
Interest expense		**4,534**	**238**	**39**	**4,811**
Lease payments		**(12,750)**	**(2,614)**	**(540)**	**(15,904)**
Effect of modification of lease terms		**(1,168)**	**-**	**20**	**(1,148)**
At 27 January 2024		**101,927**	**2,249**	**2,965**	**107,141**
27 January 2024					
Of which are:					
Current lease liabilities		**9,003**	**850**	**581**	**10,434**
Non-current lease liabilities		**92,924**	**1,399**	**2,384**	**96,707**
		101,927	**2,249**	**2,965**	**107,141**

Please refer to note 3.4 for details on the right of use assets in relation to these lease liabilities.

4.4 Provisions

Keeping it simple - Provisions

Provisions are amounts set aside from the society's profits to cover an expected liability or a decrease in the value of an asset, even though the specific amount might be unknown.

	Leasehold dilapidations £'000
At 22 January 2022	756
Reclassification from accrued charges	2,278
At 28 January 2023	3,034
Increase in dilapidations provision	**345**
At 27 January 2024	**3,379**
27 January 2024	
Due within one year or less	**-**
Due after more than one year	**3,379**
	3,379
28 January 2023	
Due within one year or less	-
Due after more than one year	3,034
	3,034

Leasehold dilapidations relate to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms. The cost is recognised as depreciation of leasehold improvements over the remaining term of the lease. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease. Dilapidation provisions accrue from the point at which the Society realises a cost to return a property to its orginal state will arise based on reasonable estimates.

4.5 Pension obligations

Keeping it simple - Pension obligations

The Society runs two types of pension scheme, defined benefit and defined contribution.
- A defined benefit scheme provides a pension based on a colleague's salary and length of service.
- A defined contribution scheme sets the value which will be paid into a pension scheme; the amount of pension this generates is variable and depends on the performance of the investments into which contributions are paid and the annuity rates at the time of retirement.

Accounting Policy:

Defined contribution plans

The Society operates a defined contribution scheme for all employees. All costs relating to the defined contribution schemes are charged to the income statement as incurred.
Contributions to the defined contribution scheme in the year were £2.204m (2022/23: £2.083m) and were charged through the Income Statement.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Society's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on a high quality corporate bond that has a maturity date approximating to the terms of the Society's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method. The Society recognises all actuarial gains and losses arising from the defined benefit plans directly in other comprehensive income immediately.

At the Statement of Financial Position date, The Midcounties Co-operative operated a defined benefit pension and a defined contribution plan for its employees. The defined benefit scheme is a Career Average Revalued Earnings (CARE) scheme. On 13 June 2014 it was closed to future accrual.

Full actuarial valuations of the scheme were carried out at 31 December 2021 and were updated to 27 January 2024 by a qualified independent actuary.

Plan Assets comprise:	2023/24 £'000	2022/23 £'000
Equities:		
Developed equities	**5,926**	10,367
Senior secured loans		
Alternative credit	**-**	10,395
High quality bonds	**58,011**	74,675
Other - Emerging market debt	**-**	4,892
Property	**27,598**	30,820
Diversifying strategies	**6,521**	18,871
Diversifying growth	**43,576**	-
Cash and cash equivalents	**19,684**	18,519
Other:		
Listed infrastructure	**-**	2,758
Other	**1,510**	1,967
Annuity policy	**701**	787
	163,527	174,051

Annuity policy is additional voluntary contributions held with Royal London Group.

	2023/24 £'000	2022/23 £'000
Actual return on plan assets	**(10,163)**	(93,104)

The fair value of plan assets does not include any of the Society's own financial instruments or any property occupied by, or other assets used by the Society.

	2023/24 £'000	2022/23 £'000
Change in defined benefit obligation		
Defined benefit obligation at beginning of year	**190,988**	304,515
Interest cost	**8,573**	5,840
Experience adjustments	**906**	15,850
Actuarial gain	**(19,970)**	(126,682)
Benefits paid	**(7,647)**	(8,602)
Annuity policy	**(86)**	67
Defined benefit obligation on plans that are wholly or partly funded	**172,764**	190,988
Change in plan assets		
Fair value of plan assets at beginning of year	**174,051**	269,598
Return on plan assets (excluding interest income)	**7,926**	5,219
Actuarial losses	**(16,445)**	(98,323)
Administration expenses	**(1,030)**	(1,694)
Employer contribution	**6,758**	7,786
Benefits paid	**(7,647)**	(8,602)
Annuity policy	**(86)**	67
Fair value of plan assets at end of year	**163,527**	174,051
Net pension obligation		
Funded status	**(9,237)**	(16,937)
Net amount recognised	**(9,237)**	(16,937)

Components of pension cost	£'000	£'000
Interest cost	**8,573**	5,840
Interest income on plan assets	**(7,926)**	(5,219)
Administrative expenses	**1,030**	1,694
Total pension cost recognised in the Income statement	**1,677**	2,315

Actuarial losses/(gains) immediately recognised in other comprehensive income:	£'000	£'000
Effect of changes in demographic assumptions	**(6,638)**	(6,276)
Effect of changes in financial assumptions	**(13,332)**	(120,406)
Effect of experience adjustments	**906**	15,850
Return on plan assets (excluding interest income)	**18,089**	98,323
Total pension income recognised in other comprehensive income	**(975)**	(12,509)

Cumulative cost of actuarial losses immediately recognised	**70,424**	71,399

Weighted average assumptions used to determine defined benefit obligations:	2023/24	2022/23
Discount rate	**5.00%**	4.60%
Price inflation rate (RPI)	**2.85%**	3.00%
Price inflation rate (CPI)	**2.35%**	2.50%

Weighted average assumptions used to determine net pension cost:	2023/24	2022/23
Discount rate	**4.60%**	1.95%
Future salary increases	**N/A**	N/A
Price inflation rate (RPI)	**3.00%**	3.15%
Price inflation rate (CPI)	**2.50%**	2.55%

Assumptions regarding future mortality are based on published statistics and mortality tables.
These assumptions are detailed in the table below:

	Males		Females	
	2023/24	2022/23	**2023/24**	2022/23
The average life expectancy of an individual retiring at age 65	**21.1**	22.2	**23.1**	23.9
The average life expectancy of an individual aged 40 retiring at age 65	**22.5**	23.6	**24.6**	25.7

Two year history	2023/24	2022/23
	£'000	£'000
Benefit obligation at end of year	**(172,764)**	(190,988)
Fair value of plan assets at end of year	**163,527**	174,051
Deficit	**(9,237)**	(16,937)
Difference between expected and actual return on scheme assets:		
Amount (£'000)	**(16,445)**	(98,323)
Percentage of scheme assets	**(10)%**	(56)%
Experience gains and losses on scheme liabilities:		
Amount (£'000)	**906**	15,850
Percentage of scheme assets	**1%**	9%

Sensitivity analysis
Possible reasonable changes at the reporting date to one of the relevant actuarial assumptions (holding the other assumptions constant) would have affected the defined benefit obligation by the amounts shown below. Although the analysis does not take account of the full distribution of cash flows expected under the Scheme, it does provide an approximation of the sensitivity of the assumptions shown.

	Total deficit	Change in reported deficit
Minus 0.5% discount rate	22,138	(12,901)
Plus 0.5% discount rate	2,296	11,533
Minus 0.5% inflation rate	2,982	6,255
Plus 0.5% inflation rate	18,848	(9,611)
Mortality rate -1 year	13,506	(4,269)
Mortality rate +1 year	4,337	4,900

Management of the CARE Scheme
The CARE Scheme is administered by The Midcounties Co-operative Pension Trustee Limited (the Trustee), which is a legal body separate to the Society. As at 27 January 2024 the Trustee board comprises three Society trustees and three member nominated representatives along with an independent professional trustee. The Trustee is required to act in accordance with legislation and in the best interests of the Scheme members. The Trustee is responsible for agreeing the funding of the Scheme with the Society, setting the investment strategy and administering the benefits. The Trustee is responsible for investing the Scheme's assets after consultation with the Society. The investment strategy is managed within a framework that has been developed to achieve long-term investment returns that are in line with the obligations of the Scheme. Within this framework, the long-term objective is to match assets to the pension obligations by investing in assets that match the benefit payments as they fall due as far as possible whilst achieving an acceptable level of return. The Trustee is responsible for agreeing the Scheme's funding arrangements with the Society. Every three years, the Trustee carries out an actuarial valuation of the Scheme for funding purposes using the assumptions set out in the Scheme's Statement of Funding Principles. If the funding valuation discloses a deficit within the Scheme, the Trustee and Society agree a recovery plan to rectify the deficit. The 31 December 2021 valuation of the Scheme was signed off in November 2022 and as a result the Society is currently contributing £6.76m per annum in deficit recovery contributions and running costs of the scheme. The Scheme exposes the Society to risks such as longevity risk, interest rate risk, inflation risk and investment risk and an illustration of the impact of small changes in these is shown.

At 27 January 2024, the weighted average duration of the defined benefit obligation was approximately 15 years.
The CARE Scheme closed to future build up from 30 June 2014. Members at the date of closure were offered membership of a new defined contribution scheme with Legal & General. The Society matches member's contributions up to a maximum of 7%.

4.6 Financial instruments and derivatives

Keeping it simple - Financial instruments and derivatives

A liability is generated when the Society has carried out an activity which results in expense that will be paid in the future. This includes loans from the banks and amounts owed to suppliers for goods or services it has received. There is an uncertainty as to how much the Society may have to eventually have to pay and the following risk calculations for credit, liquidity, interest rate, commodity price, foreign currency, capital management and guarantees are taken into account when estimating this value.

Credit risk:
Credit risk arises from the possibility of customers failing to meet their obligations to the Society. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount. The Society does not require collateral in respect of financial assets. The Society considers that it is prudent in its impairment provisioning and it has no significant customer credit risk.

The carrying amount of financial assets represents the maximum exposure to credit risk at the reporting date was:

	Note	**2023/24 £'000**	2022/23 £'000 restated
Cash & Cash equivalents (excluding overdrafts)	3.9	**3,977**	15,669
Other Financial Assets	3.5	**4,147**	4,509
Trade and other receivables	3.8	**66,246**	72,564*
		74,370	92,742

*The directors have identified an error in the classification of financial assets and liabilities and restated the prior year disclosure to reflect this. The impact of the correction of the error Trade and other receivables being increased by £27.804m from £44.760m to £72.564m in the prior year comparative. This change has had no impact on the reported net assets, cash flows or profits of the current or prior year.

The ageing of trade receivables at the reporting date was:	**Gross 2023/24 £'000**	**Impairment 2023/24 £'000**	Gross 2022/23 £'000	Impairment 2022/23 £'000
Not overdue	**21,291**	**-**	20,712	-
Overdue 0-30 days	**639**	**(17)**	895	-
Overdue 31-120 days	**333**	**(8)**	688	(7)
121 days to one year	**139**	**(85)**	672	(274)
More than one year overdue	**1,487**	**(982)**	688	(386)
	23,889	**(1,092)**	23,655	(667)

Movement in Trade receivables Impairment for the year	£'000
Impairment balance as at 28 January 2023	(667)
Utilised for continuing operations	(413)
Increase in provision for the year	(12)
Impairment balance as at 27 January 2024	**(1,092)**

Liquidity risk:
Borrowing requirements are managed in line with a three year cash flow forecast revised annually and reviewed against the Society's debt portfolio and maturity profile. Further detail of the Society's facilities and response to Coronavirus is presented in the going concern section of the basis of preparation, see note 1.b The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

27 January 2024	**Carrying amount £'000**	**Contractual cash flows £'000**	**6 months or less £'000**	**6-12 months £'000**	**1-2 years £'000**	**2-5 years £'000**	**More than 5 years £'000**
Secured bank loans	**69,728**	**69,728**	**-**	**69,728**	**-**	**-**	**-**
Lease liabilities	**107,141**	**147,396**	**8,068**	**7,977**	**14,677**	**36,916**	**79,758**
Trade and other payables	**164,989**	**164,989**	**164,989**	**-**	**-**	**-**	**-**
	341,858	**382,113**	**173,057**	**77,705**	**14,677**	**36,916**	**79,758**

28 January 2023 *restated*	Carrying amount £'000	Contractual cash flows £'000	6 months or less £'000	6-12 months £'000	1-2 years £'000	2-5 years £'000	More than 5 years £'000
Secured bank loans	52,326	52,326	-	52,326	-	-	-
Lease liabilities	108,579	154,656	7,719	7,719	15,024	32,857	91,337
Trade and other payables	166,675*	166,675	166,675	-	-	-	-
	327,580	373,657	174,394	60,045	15,024	32,857	91,337

*The directors have identified an error in the classification of financial assets and liabilities and restated the prior year disclosure to reflect this. The impact of the correction of the error Trade and other payables being decreased by £1.174m from £167.849m to £166.675m in the prior year comparative. This change has had no impact on the reported net assets, cash flows or profits of the current or prior year.

Interest rate risk:
At the reporting date the interest rate profile of the Society's interest-bearing financial instruments was:

	Carrying amount 2023/24 £'000	Carrying amount 2022/23 £'000
Fixed rate instruments:		
Financial liabilities	**-**	(23,050)
Variable rate instruments:		
Financial assets	**3,977**	15,669
Financial liabilities	**(69,728)**	(29,276)

For details surrounding the Society's interest rates attached loans see note 4.1

Foreign currency risk:
The Society is exposed to foreign currency risk on currencies held in travel branches for resale. The currencies giving rise to this risk are primarily Euros and US Dollars.
Any adverse movements on these exchange rates would not have a material impact on the Society.

Capital management:
The Society's policy is to maintain a strong capital base to sustain business performance and future development. Capital consists of total equity, loans and borrowings and at 27 January 2024 amounted to £176.115m (2022/23: £171.343m).

Guarantees:
In the course of conducting its operations, the Society has issued bank guarantees in favour of counter-parties. The total amount of bank guarantees outstanding is £3.877m (2022/23: £18.168m).

Fair values:

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	Note	2023/24 Carrying amount	2023/24 Fair value	2022/23 *restated* Carrying amount	2022/23 *restated* Fair value
		£'000	**£'000**	£'000	£'000
Other financial assets	3.5	**4,147**	**4,147**	4,509	4,509
Trade and other receivables	3.8	**66,246**	**66,246**	72,564	72,564
Cash and cash equivalents	3.9	**3,977**	**3,977**	15,669	15,669
Secured bank loans & overdraft	4.1	**69,728**	**69,728**	52,326	52,326
Lease liabilities	4.3	**107,141**	**107,141**	108,579	108,579
Trade and other payables	4.2	**164,989**	**164,989**	166,675*	166,675*

*The directors have identified an error in the classification of financial assets and liabilities and restated the prior year disclosure to reflect this. The impact of the correction of the error Trade and other payables being decreased by £1.174m from £167.849m to £166.675m in the prior year comparative. This change has had no impact on the reported net assets, cash flows or profits of the current or prior year.

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments.

Financial assets designated at fair value through the Income statement and other financial assets are carried at fair value. Under IFRS 7 Financial Instruments disclosures, such assets are classified by the way in which their fair value is calculated. All of the assets are level 2 assets under IFRS 7. IFRS 7 defines level 2 assets as, 'inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)'.

All financial assets and liabilities are held at amortised cost except for Other financial assets which are held at fair value through profit and loss.

Interest-bearing loans and borrowings

Fair values have been determined by discounting future cash flows at 3.75% (2022/23: 2.39%) The basis of the interest rate was the Sterling Overnight Index Average (SONIA) plus a margin available to the Society for bank borrowings at the year end.

Section 5 - Equity

In this section
This section contains details of the share capital invested by members through their membership and any share accounts held with the Society.

5.1 Capital and Reserves

Keeping it simple - Capital and Reserves

The Society's share capital is raised via contributions from members, comprising money paid into member share accounts and shares. A dividend distribution, or share of profits, is made to members yearly based on membership points earned within the period. The value apportioned per point is agreed by the members of the Society.

Accounting Policy:
The revaluation reserve holds unrecognised gains on properties. This reserve is not distributable to members until the gain is realised upon the sale of the property it relates to.

Included within retained earnings there are reserves related to the recognition of the changes in the fair value of investment properties. This is not distributable to members until it has been realised through a sale.

Share capital is comprised entirely of equity shares of £1 each (as defined by IFRIC 2 Members' Shares in Co-operative Entities and Similar Instruments).

Shares currently attract interest at rates between 0% and 7.00%.

Shares are withdrawable on periods of notice from one week and longer dependent on the amount involved. The right to withdraw may, by resolution of the Board, be suspended either wholly or partially and either indefinitely or for a fixed period.

Each member is entitled to one vote irrespective of the number of shares held. In the event of a solvent winding up of the Society, the Society's rules state that a surplus remaining after all liabilities, including paid up share capital, had been settled would not be distributed to the members of the Society but would be:

- transferred to one or more societies in membership of Co-operatives UK Limited having the same or similar rule provisions as regards surplus distribution; or

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

Dividends are paid to members, either directly into their share account, or in vouchers which can be spent or exchanged for cash in trading outlets, or donated to specific charities. Dividends are based on purchases made by members at a rate proposed by the Board and subject to approval at a members meeting.

This Society follows a Code of Practice and has to provide a statement to its members of the nature of their share holding investment and any change affecting it. The statement is set out here.

As a member you are a shareholder of The Midcounties Co-operative Limited. If the Society is unable to meet its debts and other liabilities, you will lose the whole amount held in shares, hence it is known as risk capital. This may make it inappropriate as a place to invest savings. The Financial Services Compensation Scheme, which applies to bank and building Society accounts and to some investments, does not apply to your share account. The Society, unlike banks and building societies and investment firms, is not authorised and supervised by the Financial Services Authority (although it may be registered by it). Therefore you cannot claim compensation under this Scheme in the event of the Society not being able to pay out your share capital. You may withdraw money from your share account at any time unless the board of directors have removed the facility under the Society's rules. Withdrawable share capital does not characterise an investment in the conventional sense. The withdrawable share capital held in your share account may receive interest but the shares do not increase in value. It is primarily for the purpose of supporting your Society rather than making an investment. The Financial Ombudsman Service does not apply to your share account or your relationship with the Society but under the Society's rules any dispute may be subject of arbitration.

Dividends:	£'000
The Final Dividend for 2022/23 was declared and approved (October 2023) by the Society:	1,100

The Dividend was paid in December 2023.

Section 6 - Other notes

In this section
This section contains details of acquisitions which have happened in the year, rental income receivable, capital commitments, related party transactions and subsidiaries.

6.1 Rental income

Keeping it simple - Rental income receivable
An rental income receivable is where rent is received to allow use of an asset that we own, for example, a property.

The Society leases out its investment property. The Group classifies some leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets or are short term (less than 12 months) or have low rental income value (£5,000 or less). The remaining leases are seen as finance leases as substantially all of the risks and rewards incidental to the ownership of the assets are transfered to the lessee. The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

As the Society also sub-leases some of its non-occupied leased properties, the table also includes sub-leased income for details of subleased rental income please refer to note 3.4.

27 January 2024	**Carrying amount £'000**	**Present Value £'000**	**6 months or less £'000**	**6-12 months £'000**	**1-2 years £'000**	**2-5 years £'000**	**More than 5 years £'000**
Operating leases	**-**	**1,136**	**405**	**135**	**538**	**58**	**-**
Finance leases	**464**	**553**	**67**	**67**	**251**	**126**	**42**
	464	**1,689**	**472**	**202**	**789**	**184**	**42**

28 January 2023	Carrying amount £'000	Present Value £'000	6 months or less £'000	6-12 months £'000	1-2 years £'000	2-5 years £'000	More than 5 years £'000
Operating leases	-	1,104	739	280	56	29	-
Finance leases	618	718	83	83	266	202	84
	618	1,822	822	363	322	231	84

6.2 Capital commitments

Keeping it simple - Capital commitments
This is the value the Society has approved to spend on assets after the year end.

	2023/24 £'000	2022/23 £'000
Expenditure committed but not provided for	**3,366**	3,633

6.3 Related party transactions

Keeping it simple - Related party transactions
These are transactions between the Society and other parties connected to the Society.

During the year:

Vivian Woodell was Director of Student Co-operative Homes Limited which purchased a of property from the Society for £0.499m. He was also a director of The Co-operative Loan Fund Limited, Westmill Windfarm Co-operative Limited, The Phone Co-op Foundation for Co-operative Innovation Limited which all have share capital in the Society, and an appointed trustee of The Midcounties Co-operative Community Fund which receives donations from the Society.

Matthew Lane was Director of Woo Cooking Oils Limited.

Paul Mather and Barbara Rainford were Directors of Co-operative Futures Limited.

Products or services supplied to Midcounties by	**2023/24 £'000**	2022/23 £'000
Co-operative Futures Limited	**42**	40
Revolver Co-operative Limited*	**61**	82
Co-operative Press Limited	**20**	20
Co-operatives UK Limited	**227**	259

*The above are related parties with directors who ceased to be on the Society board during the year.

The Society was reimbursed £0.872m (2022/23: £1.021m) by Premier Pensions in relation to pension scheme costs paid for by the Society.

6.4 Wholly owned subsidiaries

Keeping it simple - wholly owned subsidiaries
These are separate legal entities that form part of The Midcounties Co-operative which are owned, managed and controlled by the Society.

As at 27 January 2024, the Group consisted of The Midcounties Co-operative Limited and the wholly owned subsidiaries and companies listed below, which are registered in England except where stated below.

	Principal Activity
Co-operative Payroll Giving Limited	Charitable donations
Co-operative Energy Limited	Utilities
Flow Energy Limited	Utilities
Co-operative Holidays Limited	Travel
Co-op Travel Services Limited	Travel
The Midcounties Co-operative Investments Limited	Property Management
The Midcounties Co-operative Properties Limited	Property Management
The Midcounties Co-operative Trading Limited	Retail
Kenmare Estates Limited	Property Management
The Midcounties Co-op Travel Ltd	Travel

The following were not trading throughout the year:

Avoco UK Limited
BCOMP 527 Limited
Buffer Bear Limited
Buffer Bear Nurseries Limited
Co-op Energy Limited
Co-op Travel Direct Limited
Co-op Travel Limited
Countrystore (Maidenhead) Limited
Early Birds Nursery School Limited
Ecobilling Limited
Energy Coop Limited
First Steps Children's Nursery (Group) LTD
First Steps Childrens Nursery Limited
First Steps Childrens Nursery (Rathvilly) Limited
First Steps Children's Nursery (St Edwards) LTD
First Steps (Stonehouse Farm) Limited
Floridian Homes Ltd
Harry Tuffin Limited
Hubcentre Limited
The Midcounties WR1 Limited
The Midcounties WR2 Limited
Tavistock House Day Nursery Limited
Kwik Travel Limited
Needham Hall Limited
Oakshower Services Limited
Phone Co-op Numbering Limited
Places for Children (PFP) Limited
Reeves & Pain Limited
Rusts Limited
The Co-operative Childcare Limited
The Green Energy Co-op Limited
The Midcounties Co-operative Developments Limited
The Midcounties Co-operative Estates Limited
The Midcounties Co-operative Pension Trustee Limited
The Midcounties Co-operative Willow Limited
Thomas Ely Limited
Tuffin (Investments) Limited
Volt Energy Supply Limited
Warners Retail (Bidford) Limited
Warners Retail (Moreton) Limited
West Midlands Co-operative Chemists Limited

The Society also owns 50% of Co-op Community Energy and 33% of Co-operative Renewables Limited.

yourcoop

The Midcounties Co-operative Limited
Co-operative House, Warwick Technology Park
Warwick, CV34 6DA

0800 435902
member.communications@midcounties.coop

Registered under the Co-operative and Community Benefit Societies Act
2014 Registered number: 19025R

www.midcounties.coop

We are happy to provide publications in alternative formats.