



2024/25 Annual Report and Accounts



The Midcounties
Co-operative



We have colour coded some of these sections for easier navigation

Contents

● About us.....	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.....	11-13
● Pledges.....	14-15
● Thriving Co-operative	
● Chief Financial Officer's report.....	17
● Our key measures.....	18-22
● Remarkable Colleagues	
● Celebrating our colleagues.....	24
● Colleague engagement.....	25
● Colleague wellbeing.....	26
● Colleague diversity and inclusion.....	27
● Uniquely Engaged Members	29-30
● Sustainable Impact	
● Environment.....	32-33
● Community.....	34
● Thought-Leading Pioneers	
● Fair and ethical.....	36
● Co-operation amongst co-operatives.....	37
● The power of co-operation.....	38
● Carbon reporting.....	39-40
● Service recognition awards.....	41-42
● Managing risk.....	43-50
● Governance Report.....	51-59
● Remuneration Report.....	60-74
● Statement of Directors' responsibilities.....	76
● Independent auditor's report to the Members.....	77-78
● Consolidated Statement of Comprehensive Income.....	79
● Consolidated Statement of Financial Position.....	80
● Consolidated Statement of Changes in Equity.....	81
● Consolidated Statement of Cash Flows.....	82
● Accounting Policies.....	83-86
● Notes to the Financial Statements.....	87-119



Here are some key sections if you only have 15 minutes

Quick reads

The year at a glance.....	page 6
Financial highlights.....	page 7
President's introduction.....	page 10
Chief Executive's overview.....	page 11-13
Chief Financial Officer's report.....	page 17

About us

The Midcounties Co-operative is a thriving co-operative society, proudly owned by more than 758,000 members. We define our purpose as 'Through the power of co-operation we're building a fairer, more sustainable, and ethical future'. The profits we make allow us to do good together within the communities we serve.

We operate the Your Co-op family of businesses which spans Food, Travel, Early Years, Energy, Telecoms, Post Offices and Flexible Benefits. Our heartlands are in Oxfordshire, Gloucestershire, Buckinghamshire, Shropshire, Staffordshire, the West Midlands, Wiltshire and Worcestershire, but we also trade in the surrounding counties and our Energy, Early Years, Travel, Telecoms and Flexible Benefits businesses operate across the UK.



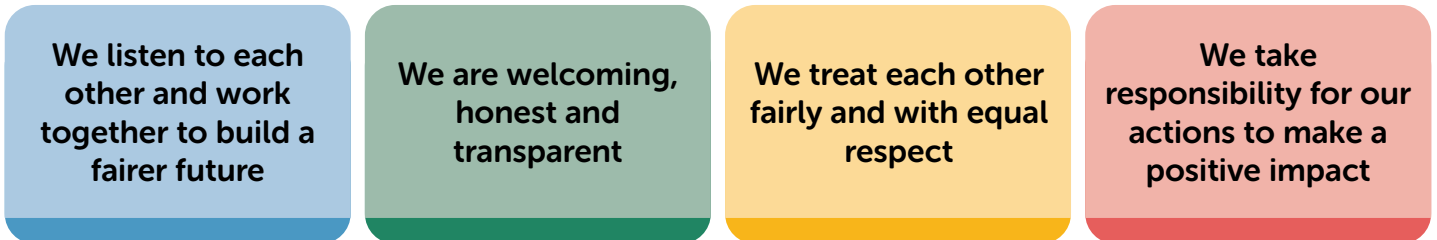
Through the power of co-operation, we're building a fairer, more sustainable, and ethical future.

Our DOES values and behaviours

What we **believe** in...



How we **behave**...



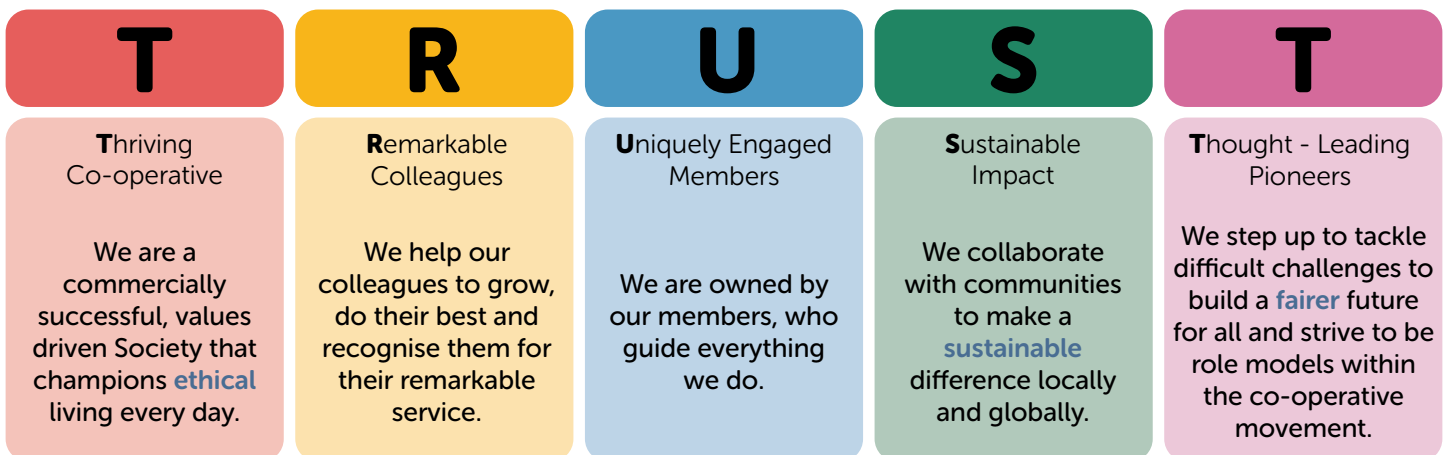
How we **show up**...



Why it works

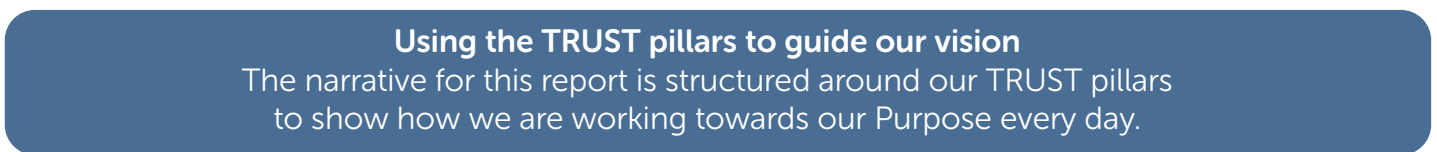
The values resonate strongly with people and the DOES behaviours align with how people want to be treated themselves and how they want to treat others.

Our strategic TRUST pillars



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.



Doing Good Together

Our members told us how important it is that when they spend with us they make good things happen. So we've now made this connection even stronger. 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 in the communities where they live.

Through our Doing Good Together Fund, a 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.



Our Society in numbers



The Midcounties
Co-operative

Society

Sites: 410

(2023/24: 421)

Colleagues: 6,088

(2023/24: 6,239)

Members: 758,416

(2023/24: 645,048)



Food & Post Offices

Sites: 294

(2023/24: 304)

Colleagues: 3,998

(2023/24: 4,201)



Travel

Sites: 71

(2023/24: 71)

Colleagues: 446

(2023/24: 401)



nursery and pre-school

Early Years

Sites: 45

(2023/24: 46)

Colleagues: 1,342

(2023/24: 1,324)



powered by octopus energy



Utilities

Community energy projects supported: 401

(2023/24: 250)

Colleagues: 46

(2023/24: 56)

The year at a glance

Members saved
£7.5m
through member deals



We donated
£287k
to good causes

We are training
130
apprentices – more than
ever before



Food waste
cut by **25%**

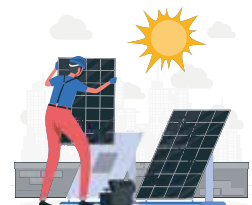


Opened **3** new
food stores and
2 nurseries



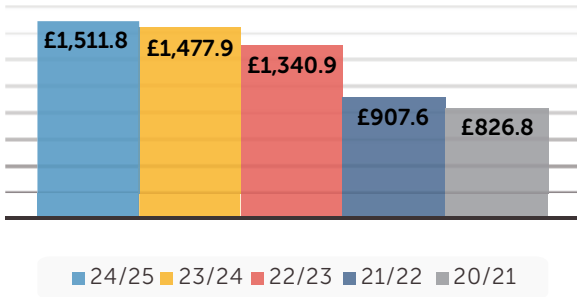
Travel gross sales
up by **£36.5m**

We supported
401
community energy projects

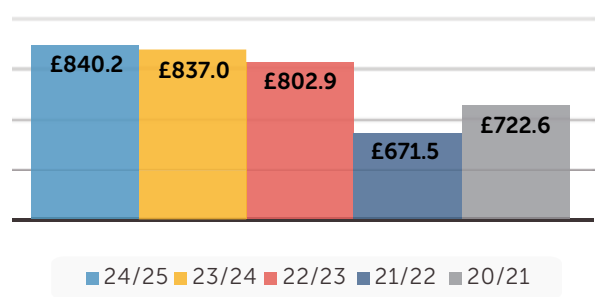


Financial highlights

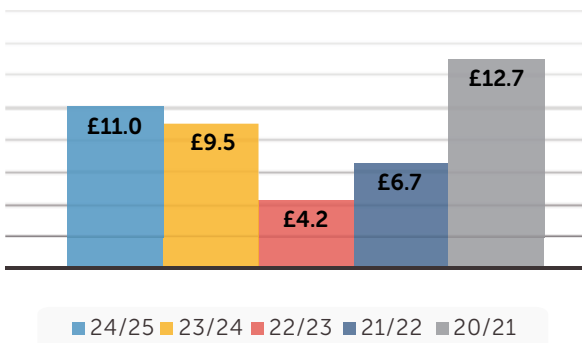
Gross Sales* - £m



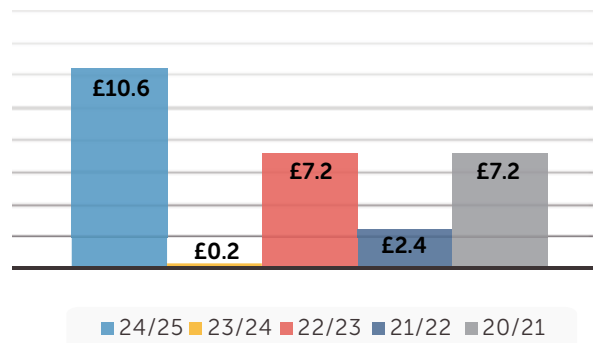
Revenue - £m



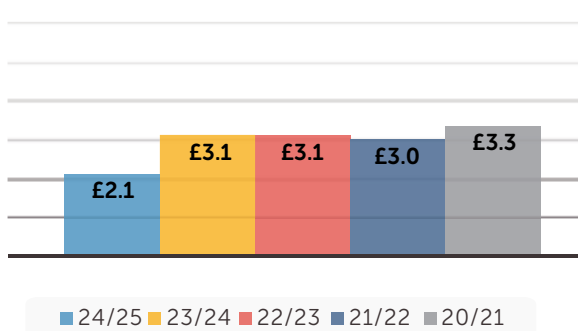
Operating Profit before significant items - £m



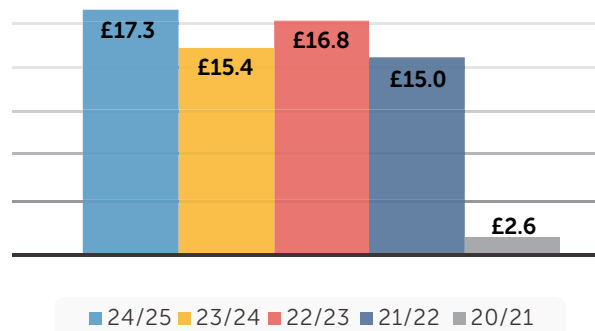
Operating Profit - £m



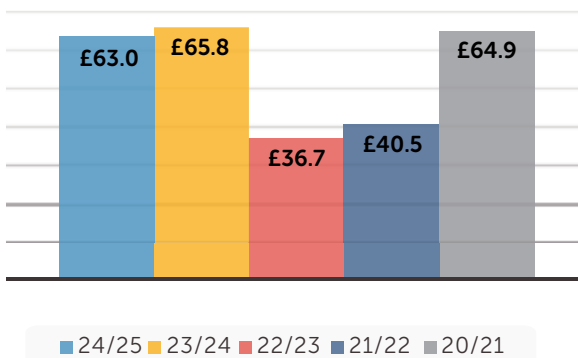
Payments to / on behalf of Members - £m



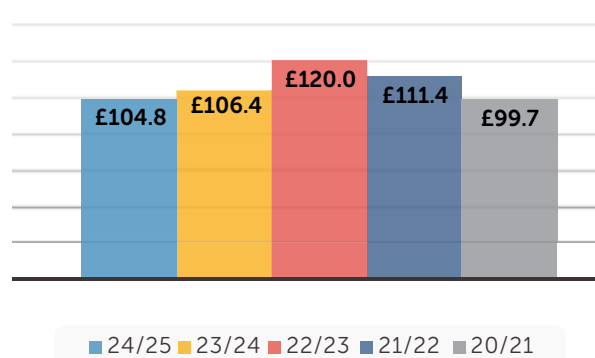
Capital Expenditure - £m



Net Debt - £m



Net Assets - £m



The Society's full Financial Statements are presented from page 79 onwards.

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

Board of Directors



Irene Kirkman
President



Heather Richardson
Vice-President



Vivian Woodell
Vice-President



Ellie Boyle



Bernadette Connor



Amanda Davis



Callum Dunne



Vicky Green



Harvey Griffiths



Stephen Hawksworth



Paul Mather



Nick Milton



Barbara Rainford



Fiona Ravenscroft



Helen Wiseman



Janson Woodall

Senior Management Team

The Executive



Phil Ponsonby
Chief Executive



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 Leadership Team



Susan Barguss
Chief Operating
Officer, People



Claire Evans
Chief Operating
Officer, Travel



Jacob Isherwood
Chief Information
Officer



Simon Lewis
Head of Finance



Kathryn Lyddon
Head of Property



Sean McGovern
Head of Legal
Services



Mark Mitchell
Head of Co-op
Holidays and
Third Party
Commercial



Sarah Yates
Head of Trading,
Food Retail

President's introduction



"A key success this year has been the increase in member-only discounts to offset cost of living challenges."

Irene Kirkman

It is both an unexpected honour and privilege, as the new President, to introduce the Society's Annual Report & Accounts for the year ended 25 January 2025. I took over as President from Heather Richardson at the end of March as she had to step down due to an increase in commitments in her day job. But I am delighted that she remains as Vice-President so that the Board will continue to benefit from her expertise.

We are living in turbulent times – there are still wars raging in Ukraine and Gaza, the new President of the United States is disrupting the global trading landscape with new tariffs, and at home the Labour government is finding its feet. The Autumn Budget included increases in the National Living Wage and Employers' National Insurance which have impacted strongly on an already challenged retail sector. We are not immune to the impacts of these events, and they provide a challenging context going forward. This is reflected in our approach to member distributions this year as we have felt it necessary to take the decision not to make an individual share of profits payment.

Against this backdrop, a key success this year has been the increase in our member-only discount offers to offset cost of living challenges. These have been particularly successful in our Food business, contributing to an overall increase in member trade to 44% as mentioned in the Chief Executive's report. But, we would like to see more members taking advantage of their membership benefits across all our businesses, for example in Travel. It is pleasing also to see an increase in the numbers of children entering our nurseries where 98% of parents are members.

The Society is investing significantly in technology to reduce costs and improve the experience of our members – the Chief Executive's report gives examples of innovation within Food, Travel and Early Years.

We have also recently launched an updated members' app which gives access to member offers, community events and funding applications.

On the wider co-operative front, the Society continues to be a major contributor to the development of co-operation, launching the Fund for International Co-operative Development alongside four other UK co-operatives. We have also continued our partnership with the Bright Future Co-operative which offers employment to survivors of modern slavery, and we are supporting the Royal Foundation Centre for Early Childhood, drawing on our experience of providing childcare in our nurseries.

I would like to express my gratitude to our fantastic colleagues who support our members. They aim to give the best possible service whether in a food store, travel branch, nursery or remotely if members need help with their home broadband, energy or booking a holiday.

Finally, I must also thank the Executive and the Board for their intensive work in the last year. They are working closely in a team effort to steer the Society through the economic headwinds resulting from the market volatility we are all seeing.

A handwritten signature in black ink that reads "Irene Kirkman".

Irene Kirkman
President

Chief Executive's overview



"By the end of the year, we had reached the highest ever level of member trade participation with 44% of our transactions completed by members, up from 37% the year before."

Phil Ponsonby

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

The Chief Financial Officer's report on page 17 provides details of the financial performance, and highlights year-on-year growth in gross sales, revenue and profit before significant items. I believe that this represents a positive performance given the very challenging economic backdrop and market volatility. This set of results is testament to the hard work and commitment by our 6,088 colleagues working across our operations who have continued to provide exceptional service to our members and customers. We have many long serving colleagues and during the year we celebrated with over 500 of them who received long service recognition awards totalling an incredible 6,000 years of co-operation. This included Martine Bevan from our Norton Canes food store who completed 50 years of service – a brilliant achievement. Our remarkable colleagues once again demonstrated their commitment to our communities giving their time through 11,600 hours of volunteering.

I am sure that many members will have continued to find the cost of living crisis challenging, placing pressure on their household finances. Whilst it has been pleasing to see the rate of inflation and interest rates fall, both remain at higher levels than we have been accustomed to. Throughout the year we have worked to do everything we can to avoid passing those increases on to customers through cost control measures and improved efficiencies. We also increased opportunities for savings to members including many additional member-only offers in our food stores. Members saved over £7.5m from these discounts during the year. These improved discounts and benefits for members also attracted over 113,000 new members who joined in the year. By the end of the year, we had reached the highest ever level of member trade

participation with 44% of our transactions completed by members, up from 37% the year before.

Trading group developments

Food and Post Offices

Our Food Retail business, excluding fuel, produced gross sales of £616m which was a slight increase over the previous year's total of £615m, reflecting some of the disposals made during the year. Sales in Food on a like-for-like basis were 1.32% higher. The falling price of petrol and diesel resulted in a gross sales reduction across our fuel sites of £7.7m. We opened three new food stores at Apley in Telford, Crowthorne in Berkshire and Berkeley in Gloucester. The Board completed a strategic review of our petrol filling stations and as a result three sites were sold.

We celebrated 30 years of Fairtrade by rebranding a range of Fairtrade products and giving 30% off 30 Fairtrade products during the month of September.

We continued to invest to protect our colleagues, stores and stock. We have extended our investment in areas such as secure kiosks, body worn cameras, security tagging and smoke cloaks, focusing on our most high-risk stores. We completed a number of store reformat where we have re-designed the stores significantly to support colleagues by introducing enhanced stock protection solutions and hardware such as security gates and monitors to deter offenders. It was pleasing to see over 13,000 members support the campaign calling on MPs to back the amendment to the Criminal Justice Bill, ultimately making it a specific offence to assault a shopworker.

We have focused on improving efficiency by extending our network of self-checkouts and introducing new technologies including electronic shelf edge labels which have now been rolled out to all our food stores. This multi-million-pound investment will help drive significant efficiencies and time savings for our store teams, reduce the cost of printing and paper usage, and drive an improved customer experience.

Our Post Offices ended the financial year achieving commissions of £3.8m which is a record number and slightly ahead of the previous year's total of £3.7m.

Travel

Our Travel business has seen a significant growth in gross sales, delivering £786m, which is an increase of £36.5m over the previous year. Our own tour operation, Co-operative Holidays, continues to expand, offering more choices than ever before, including more responsible travel options. We have now launched a sustainable holiday partnership with Byway, the pioneering flight-free travel platform. With Byway, we can offer a variety of rail package holidays from short breaks to UK destinations and France to epic journeys to

Africa or across Europe. We have increased the number of destinations available through Co-op Holidays to over 300 and gross sales were up by 59% on the previous year.

We have been investing in new technologies and have completed the first phase of the project to replace the core travel system and introduce the new bookable tour operator platform.

We relocated branches at Lydney and Stourport, increasing the number of new Co-op Travel format sites as part of these moves. Our travel teams picked up two awards at the 2024 Travel Weekly Agent Achievement Awards, celebrating the best travel agents and agencies.

Early Years

Our Early Years pre-school and nursery business delivered revenue of £47m which was an increase of £3.9m over the previous year. Occupancy levels increased to 69.7% up from 67.5% last year as a result of the positive changes to the Government funding available to families to make childcare more affordable.

We launched a new nursery at our head office in Warwick, which is performing well, and opened a new purpose-built nursery in Apley, Telford early in the second half of the year. We also made significant investments focused on improving safeguarding, quality and the state of repair across our estate. Refurbishments have been completed at nine sites this year, with our 'Little Pioneers' branded sites now making up three quarters of our estate. We also upgraded CCTV at 21 sites.

We installed new nursery management software, Family, which has enabled us to automate and digitise paperwork and enhance our communication with our families. All of our sites continue to be graded either as Good or Outstanding by Ofsted, reflecting the significant investment we have made in raising quality standards.

We supported the Early Years Education Royal Foundation. The Royal Foundation was established by the Princess of Wales to promote the importance of early years education in addressing some of society's greatest challenges. We have worked closely with the Foundation, attending roundtables and contributing to the report's findings. Little Pioneers nurseries were used as a case study, with particular focus given to our workplace nurseries and the establishment of the Little Pioneers nursery at our Warwick head office as a testbed for innovation.

Utilities

Our Utilities business comprises Phone, Broadband and Energy partnerships. Revenue has reduced overall by £0.4m to £9.0m compared to the prior year. Whilst the number of customers and revenues across our residential services has held steady, we have seen a continued decline in demand for business services since the pandemic and this trend continued in 2024.

We celebrated the fifth anniversary of Yunity – our Joint Venture with Octopus Energy, which brings together the technological capability and agility that Octopus Energy

provides with the co-operative values and community generation experience of our Society to grow the sector. Yunity is now supporting over 401 community energy projects across 120 generators and creating enough green energy to power approximately 65,000 homes (over a third of Great Britain's community energy's installed capacity). We were winners at the Community Energy England Awards 2024, with Yunity winning the Sector Support Award.

Other highlights over the year

It was pleasing to see the development of our partnership with Big Solar Co-op as they began work on installing solar panels at a selection of our sites. The partnership will allow us to further reduce our annual carbon emissions by around 20 tonnes of CO₂, building on the 39% reduction in our greenhouse gas emissions associated with energy use compared to 2019. This progress helped us win Energy Project of the Year at the Energy Awards 2024. Through partnering with energy specialists LoweConex, we have installed new automation technology in our refrigeration units and temperature control systems across more than 100 of our food stores.

In total during 2024 we reduced our energy usage year-on-year across like-for-like sites by 6%, saving around two million kWh of electricity and over 400 tonnes of CO₂.

We continued the development of our Fairer Futures Programme in the year. The programme, in partnership with social enterprise Miss Macaroon, provides work experience and training opportunities at our Walsall Town Centre food store for those facing barriers to employment. The programme has supported over 50 young people, with the majority gaining employment as a result. A particular highlight of the year was hearing that the programme had won the Community Engagement Programme of the Year at the People in Retail Awards; a tremendous boost for all involved. It was also featured as a case study by the Association of Convenience Stores as part of their Employment Opportunities for Everyone report.

Through our partnership with Bright Future Co-operative, we continue to help tackle modern slavery by enabling employment opportunities for victims. A significant milestone was achieved towards the latter end of the year with the 90th candidate experiencing safe employment since the launch of the programme.

We celebrated 10 years of pioneering Fair Tax. This is our tenth consecutive year of being given the Fair Tax Mark recognition which businesses receive for being committed to transparency over tax disclosures and paying the correct amount of tax. And we achieved an exceptional result in the Business in the Community Responsible Business Tracker, improving our score from 81% the previous year to 87% – well above the average score of 47%.

Looking ahead

Whilst it is pleasing to have reported growth in revenues and operating profit for 2024, the Society is facing ever increasing headwinds, and 2025 will be a challenging year. The impact from the increases in the National Living Wage and Employer's National Insurance, announced by the new Government in September, will add over £9m to the Society's costs this year if unmitigated. As a result, we are forecasting a downturn in profitability for the year ahead, with this expected to be particularly acute across our Food business. These cost increases are also affecting our suppliers, leading to inflationary pressures across our supply chain as a result. We will see negative effects from the changes to the sale of tobacco and vaping products, and higher costs from the new Extended Producer Responsibility for Packaging (EPR) levy being introduced this year.

Whilst it is inevitable that these financial headwinds will lead to higher price inflation, we will strive to do as much as possible to mitigate this. The Society is having to take some very difficult decisions to alleviate the pressure brought about by these external factors and this will include limiting pay rises, aside from those connected to the National Living Wage which positively affect the majority of our colleague base.

The Board has also given consideration to share of profits payments and, following a recommendation from the Distributions Working Group, has determined not to pay individual share of profits this year to ensure that adequate investments can still be made into the Society's trading operations, including new sites, refurbishments and IT. It is important to recognise that the level of member discounts now being offered across our businesses is higher than ever and focused on providing bigger and more timely benefits for members, with over £7.5m in savings made by members in this way.

Global instability and increasing cost pressures are likely to remain for some time ahead and I am sure members will support the need to take difficult business decisions which are in the long-term interests of the Society. I will ensure that the Executive team provides our full support to the Board as it navigates through the challenging shorter-term economic conditions whilst also considering the best long-term strategic course for the Society to meet the interests of our members.



Phil Ponsoby
Chief Executive

Our Pledges

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

1. Reduce direct greenhouse gas emissions by 50% (compared to 2019 levels)

We have reduced our direct greenhouse gas (GHG) emissions associated with energy usage by 39% compared to 2019 levels.

During the year, we reduced our energy usage across like-for-like sites by 6%, saving around two million kWh and over 400 tonnes of CO₂. We have invested over £9m in energy efficiency measures over the last three years, helping to reduce our carbon emissions.

2. Support the creation of 50 new co-operatives

We have continued to work closely with Co-operative Futures and Plunkett Foundation to support the development of 50 new co-ops. As well as providing funding to these organisations, we help them reach out to co-operators by inviting them to run events for our members and signpost new co-ops in their direction.

Overall, since launching this pledge we have supported the creation of 31 new co-operative and community-owned organisations, ranging from housing and music co-operatives to community-owned pubs and shops.

3. Remove all remaining single-use plastic from food stores

We are taking action to eliminate single-use plastics, working with other co-ops through the FRTS buying group to reduce packaging waste and increase recycled content.

Through FRTS we have also replaced single-use plastic cage wrap for food deliveries with re-usable cage covers, removing over 200 tonnes of plastic across the FRTS distribution network. This builds on previous actions which have included offering compostable carrier bags, using paper bags for produce and introducing soft plastic recycling facilities.

4. Extend and improve colleague incentives on electric cars 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 73 colleagues who have used the scheme so far up to 40% on new electric vehicles. We also have a cycle to work offer.

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

5. Introduce a bursary scheme for struggling families in Early Years nurseries

Following an initial trial, we have continued to support children 'locked out' of the 30 hours of government funding by giving them an additional 15 hours of childcare funded by Little Pioneers, providing 1,100 free hours during the last year.

Throughout the year, in partnership with The Co-op Credit Union, we offered parents the option to spread the cost of childcare through our Play Now, Pay Later scheme. However, with the increased government funding there has been little demand for the scheme.

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

While Co-op Holidays' share of total holiday sales in our Travel business grew by 54%, it still only represents 2% of our overall sales, so we recognise we have some way to go to achieve our pledge. We launched our new transactional travel website this year. So far, £1m sales have been attributed to the website.

We also launched our partnership with flight-free specialist Byway to offer customisable travel packages by train, ferry and bus. Demand for Eurostar packages grew by 28% and we have also partnered with Le Shuttle. Plus, we now offer community experiences on over 50% of our tours to benefit local economies.

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

Fairphone handset sales within the last 12 months were in line with the previous year. We expect to make significant progress on our pledge in the year ahead, although we have some way to go to meet the pledge target.

We continue to expand our Fairphone partnership by offering bundles and audio products, as well as investing in marketing campaigns. We are also investigating an opportunity to support the repair and replacement of Fairphone parts. All colleagues who receive a Society mobile phone will continue to be issued with a Fairphone; these have a CO₂ footprint around 30% lower than other mobiles.

8. Go further in supporting people to sustain independent living

We have continued our focus on employability, including our Fairer Futures programme run in conjunction with local supplier Miss Macaroon. So far this has provided training for 50 young people facing employability challenges. This life-changing scheme was recognised at the People in Retail Awards 2024.

We also continue to work closely with Bright Future Co-operative to help survivors of modern slavery get back into employment so they can rebuild their lives, with 90 individuals supported to date.

9. Give members even more reason to buy Fairtrade products

In 2024 we celebrated 30 years of Co-op stores supporting Fairtrade, providing fairer trading and working conditions for farmers and farm workers worldwide.

As part of September's Fairtrade Fortnight, we offered 30% off 30 Fairtrade products. We have continued to showcase Fairtrade benefits by sharing stories about how Fairtrade is helping tea, coffee and flower producers adapt to climate change and how female cocoa farmers in Africa are benefiting from training and leadership skills through the Fairtrade Foundation.

10. Continue to pay our colleagues at a higher level than the National Living Wage set by the Government

During the 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 continue to review our whole reward offer. For example, we maintained the increased colleague discount and introduced enhanced paternity pay to further support our working families.

Thriving Co-operative

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

To achieve our purpose, we believe improving our co-operative performance goes hand in hand with a strong financial performance. Growth in our finances enables us to invest in areas that matter most to our members, such as supporting local community initiatives and safeguarding the environment.

This section provides a comprehensive overview, combining the Chief Financial Officer's report, which sets out how we have performed financially through the year, and our progress on key non-trading measures tracked through our Steering Wheel.



Chief Financial Officer's report



"The Society has delivered another year of improved underlying operating profits."

Peter Kelly

Challenging trading conditions have continued over the past year, with pressures remaining on household budgets. However, food price inflation has eased, energy prices have stabilised and funding support in Early Years has lessened this pressure. Amidst this, the Society has delivered another year of improved underlying operating profits.

Gross sales*, the cash sales made through all of the Society's trading businesses throughout the year, increased by £33.9m (2.2%) to £1,511.8m (2023/24: £1,477.9m).

Revenue grew by 0.4% to £840.2m (2023/24: £837.0m). Growth was particularly strong in Early Years (+9.0%) and Travel (+6.1%) with Food showing a slight decline (-1.9%) as a result of the divestment of non-strategic stores. Utilities sales declined (-4.1%) given a reduction in the Flexible Benefits business due to the managed run-off of the historic childcare voucher scheme.

Gross profit increased by 3.0% to £231.2m (2023/24: £224.4m) and recorded an increase of 0.7 percentage points to 27.5% (2023/24: 26.8%). Gross profit has benefitted from the overall growth in Society revenues and also a stronger mix of sales in both Early Years and Travel. There are few direct costs of sale in Early Years and as such this business delivers a high gross margin.

Operating profit before significant items grew by £1.5m to £11.0m (2023/24: £9.5m). The Society's positive trading performance delivered £6.8m improvement in gross margin, which was partially offset by £5.3m in cost increases due to National Minimum Wage rises, as well as investments in technology and energy-saving projects.

Operating profit contained a number of one-off items, including an increase in the fair value of properties, refinancing costs and gains arising on the disposal of non-strategic sites. In the year, we recorded a profit on

disposal of properties of £4.2m (2023/24: loss of £1.9m). Seven properties were sold including three petrol filling stations (PFS). Since the year end, the Society has sold a further three petrol filling stations, leaving four such sites remaining.

Operating profit of £10.6m was an increase of £10.4m compared with the prior year.

The Society made a loss before tax of £5.8m in the year (2023/24: £14.3m loss). This includes a £2.7m Right of Use Asset impairment against the lease values of five loss-making stores. This loss decreases slightly to £5.5m when the one-off losses arising in 'significant items' are added back (2023/24: loss £5.1m).

Capital expenditures of £17.3m (2023/24: £15.4m) were made in the year to fund the opening of three new food convenience stores, two new nurseries and a range of energy reduction initiatives including building management systems and new refrigeration.

Net debt has reduced to £63.0m (2023/24: £65.8m). This improvement reflects the cash generated from the sale of non-strategic assets, improvements in underlying results and a growth of £6.7m in member share capital. Member share capital stood at £86.8m at the year end (2023/24: £80.1m), the increase being the result of new members joining and investing as well as additional investment from existing members to fund new capital expenditure.

The Society's defined benefit pension liability dropped by £7.3m to £1.9m (2023/24: £9.2m) reflecting the Society's funding contributions of £7.6m over the course of the year.

A handwritten signature in black ink, appearing to read 'Peter Kelly'.

Peter Kelly
Chief Financial Officer

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

Our key performance measures

We track our key performance 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, for many years we have used 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 against these objectives during the 2024/25 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.

For the 2024/25 year, we reduced the number of measures in our Steering Wheel to ensure we focused on those which our colleagues could really influence.

As in previous years, all our sites had their own Steering Wheel targets, to ensure 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 79.



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



2024/25: 44%
2023/24: 37%



Member trade has grown again this year, reflecting our focus on member pricing, promotions and our Doing Good Together message.

Co-operation

Promoting co-operation

Number of members engaged in
co-operative activities



2024/25: 62,457
2023/24: 73,458



Event attendance remains strong, but the number of survey respondents is down compared to last year. We hope to remedy this through targeted communications.

Member recruitment

Number of new members recruited



2024/25: 113,845
2023/24: 108,626



Colleagues have promoted the benefits of membership, and member-only deals have encouraged new sign-ups.

Our key measures

Proud to work for our Society

NEW MEASURE

% of colleagues who positively score the pulse survey question 'I am proud to work for our Society'



2024/25: 75%
2023/24: n/a

We work hard to create a Society that colleagues are proud to be part of. To help nurture a feeling of pride, we launched our Remarkable Colleagues Awards in November.

People

Voluntary colleague turnover

NEW MEASURE

The percentage of employees who have chosen to leave the Society during the year



2024/25: 25%
2023/24: n/a

Our turnover rate compares well to other organisations in similar sectors. During the year, over 500 colleagues celebrated long service milestones with the Society ranging from 5 to 50 years.

Overall colleague satisfaction

Measured through our regular pulse survey



2024/25: 79%
2023/24: 79%



This represents a strong level of engagement compared to industry benchmarks, maintained through colleague development, rewards and open communication.

Our key measures

Reducing complaints

Number of complaints received per 100,000 transactions



2024/25: 5
2023/24: 6



We are pleased to see a reduction in complaints this year as we continue to listen to customers and make improvements where possible.

Customers

Increasing compliments

Number of compliments received per 100,000 transactions



2024/25: 60
2023/24: 65



Our surveys, where we capture many of our compliments, had a lower response rate than expected.

Creating happy customers

Customer Satisfaction Score



2024/25: 73
2023/24: 74



Our customer satisfaction score has dipped slightly but remains broadly on target.

Our key measures

Saving energy

Amount of kWh saved (like-for-like)



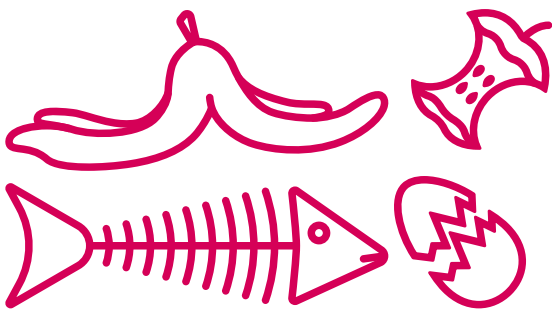
2024/25: 2.3 million
2023/24: 5.2 million

We have exceeded our energy saving target this year, having reduced energy use by a further 6% across like-for-like sites. This builds on an 11% like-for-like reduction in 2023/24 and 9% in 2022/23.

Delivery

Reducing waste

% reduction in controllable food waste from food stores



2024/25: 25%
2023/24: 21%

Our new partnership with Olio has meant 129,000 items of food that were due to be thrown away were instead distributed to 2,500 households in need.

Working safely

Number of injuries/incidents recorded as a moving annual trend



2024/25: 340
2023/24: 354

This measure continues to improve as we work with trading groups and our support service functions to make sure health and safety remains a top priority.

Remarkable Colleagues

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

We have over 6,000 colleagues working across our trading groups and support offices to deliver outstanding service to our members and customers every day.

By supporting their wellbeing, fostering an inclusive culture and creating opportunities for development, we hope they can thrive in their roles and feel fulfilled in their careers with the Society.



Celebrating our colleagues

11,600 

volunteering
hours given

£50,000 

raised for Regional
Communities

Supporting our communities

Our remarkable colleagues raised over £50,000 for our Regional Community partners through in-store activities and challenges. You can read more about these partnerships on page 34. Travel also raised almost £53,000 for the charity Go Beyond.

Colleagues completed 11,600 community volunteering hours during the year, supporting a range of great causes. Many of these hours were spent working with Regional Community partners where relationships have deepened beyond fundraising.

Our Travel colleagues have continued to work with Birmingham Metropolitan College, delivering presentations and supporting Travel & Tourism students throughout the year. Two students have secured work with Co-op Holidays thanks to the programme.

For the first time, we began recording the volunteering our colleagues complete outside of work as well as the paid time we give them to volunteer each year. This will give us a

fuller picture of the difference colleagues are making in their local communities.

Recognising our remarkable colleagues

To celebrate the amazing things our colleagues do, we launched the Remarkable Colleagues Awards programme in November, with the awards event taking place in February this year. There were 10 award categories attracting an incredible 647 nominations.

Categories included Membership Champion and Inspirational Colleague, as well as Trading Colleague and Team of the Year, and a Doing Good Together Leadership Award. Darren Adams, Head of Store Operations for Food, received the Lifetime Achievement Award for his career-long commitment to the Society.

Making a difference every day


Everything our colleagues do is for our members and customers so we are pleased that our customer satisfaction score remains strong at 73.4 for the year.

High Sheriff Award for Aileen

Aileen Wilkins, Head of Procurement, was awarded the prestigious Warwickshire High Sheriff Award in recognition of the support she gives to her community.

She said,

“It was lovely to be nominated and even more of a surprise that I won the award. It was an absolute shock at first considering how many others were up for the award, but once the initial disbelief went away, I was really proud that my contributions had been recognised.”



Aileen with some of the Baby and Toddler donations she collected for the community.

Colleague engagement

4.5% 

4.5 percentage point reduction in voluntary colleague turnover

130 

130 colleagues are now in our apprenticeship programme

Listening and taking action

Listening to the views of our colleagues and taking action on their feedback is central to the way we do business as a co-operative. Colleagues have the opportunity to respond to regular surveys, attend check-ins with their managers and have their say through our established Colleague Council network.

We are pleased that our bi-monthly colleague pulse surveys continued to receive a 50% response rate and showed a positive colleague satisfaction score of 79%.

Another encouraging sign is a reduction in voluntary colleague turnover, with the percentage of colleagues choosing to leave the Society down from 29.1% at the start of 2024 to 24.6% at financial year end.

Enabling skills development

To help our colleagues perform at their best and reach their potential, we continue to invest in learning and development at all levels.

To ensure colleagues can see the value in the training opportunities available to them, we have mapped our apprenticeship programmes and skills development training to our career framework to show colleagues where their training could potentially take them.

Our LEAP (Learn, Earn, Achieve, Progression) development programme continues to grow, with 36 colleagues graduating and 88 colleagues joining the programme for the year ahead. In fact, we are now supporting more apprentices than ever with 130 colleagues in our apprenticeship programme. Plus, 29 colleagues who graduated from the LEAP scheme in the last financial year are still employed by the Society – an 81% retention rate.

The difference an apprenticeship can make

“I chose an apprenticeship as it allowed me to study and work simultaneously whilst also giving me the opportunity to get exposure to unfamiliar areas of the business. The structure and the delivery of the apprenticeship was fantastic throughout. It provided me with confidence which in turn has resulted in securing a new position within the business.”

Ranveer Shawker, Business Tester



“I was originally the domestic cleaner at Stonehouse Farm Nursery but always had a passion for caring for children. I discussed this with my nursery manager, and we mutually agreed that I would complete an apprenticeship. I have learnt so many new skills and feel like I have made a real difference to the children in my group. I look forward to seeing where my future journey takes me!”

Lewis Collett, Stonehouse Farm Nursery





Colleague wellbeing

1,270 

1,270 colleagues using Wagestream

DOUBLED 

Paternity leave doubled



Enhancing colleague benefits

We know that balancing work with family commitments is an important concern for colleagues. To help new parents enjoy the early days of their child's life, we have doubled the amount of paternity leave on offer from two weeks to four weeks. All eligible colleagues, regardless of gender, will be able to take this time out of work on full pay.

Helping colleagues stay healthy

To help our colleagues stay well over the winter months we offered all colleagues a free flu vaccination, with over 250 colleagues accessing this benefit.

To support colleagues' mental health, we continued to provide a variety of wellbeing webinars through Everymind, available to watch live or on-demand. Topics covered included stress awareness, building self-esteem, OCD, and nutrition.

We continue to promote Grocery Aid resources and events to our colleagues, including School Essentials and Cost of Living Grants and an Employee Assistance Programme helpline. We were pleased that during 2024 we were awarded with Gold Status for the fourth year running in recognition of our support for the charity.

Offering financial support

During the 2023/24 financial year, we introduced Wagestream, which gives colleagues greater control over their finances. This facility has grown in popularity in the last year, with 1,270 colleagues now accessing the money they have earned in a flexible way that suits them. Colleagues can also save up to £1,000 per year with the build pot savings feature.

What colleagues said about Wagestream:

"Wagestream is a life changer. I've managed to save for the first time and cover all my costs throughout the month. I have no late payment fees – it's amazing."

"It's a great app, so simple to use and many different features that help me in different ways. I can't remember life without it!"

Colleague diversity and inclusion



Added accessibility software to our careers site



Maintained our Disability Confident status

Celebrating diversity

Our Inclusion Allies Network continues to champion inclusion by celebrating our differences, driving business changes where opportunities are identified and helping to create a more inclusive organisation.

The network embraced Pride in June by sharing personal colleague experiences, creating a rainbow logo which was displayed across our trading sites and arranging rainbow days at head office and other sites, where colleagues dressed in their brightest outfits and raised funds for the LGBT foundation.

We celebrated Black History Month in October by inviting colleagues to share what Black History Month means to them. We also ran an educational quiz, offered traditional meals in the head office cafeteria, and our Early Years teams educated the children on some of the amazing Black individuals who have made a big difference to the way we live our lives.

International Day of Persons with Disabilities took place in December and we ran educational colleague quizzes, shared stories and reminded colleagues about the support available to them. It was also a great opportunity to remind colleagues that we have maintained our Level 2 Disability Confident Employer status and our Invisible Disabilities Silver Standard.

Community recognition for Dan

Dan Hope, Admin Manager in the Member Investments team and part of the Inclusion Allies Network, received the Creating a Sense of Community Pride Award at the Making a Difference Community Awards.

He received the award for his tireless work in raising awareness of the LGBTQ+ community in his hometown of Hinckley, including walking 50km to help raise £20,000 for Hinckley Pride.

He said,

"It's such an incredible honour and, to be honest, a little overwhelming. This award isn't just for me, it's a reflection of the hard work and dedication of everyone who has supported Hinckley Pride and believed in its vision."

Making our careers more accessible

To make career opportunities with the Society more accessible, we introduced ReciteMe on our careers website. The accessibility software allows the user to customise font colour, style and size, translate text and offers reading aids, including a screen reader.

Partnering with Business in the Community

We continue to have a strong partnership with Business in the Community. Pete Westall, our Chief Values Officer, chairs the West Midlands Leadership Board and Rebekah Smallwood, our Head of Colleague Experience, chairs the Race Working Group which is currently supporting small and medium businesses with their diversity and inclusion strategies and helping individuals find career opportunities.

We were also pleased that Rebekah was invited to represent the Society at a ministerial roundtable on diversity. Part of the discussion was around ethnicity and disability pay gap reporting which is likely to soon become mandatory. We already report our ethnicity and gender pay gaps voluntarily and continue to look for new ways to ensure we are a fair, ethical and inclusive employer for all our colleagues.



Uniquely Engaged Members

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

The views of our members drive everything we do as a co-operative, and we encourage them to take part in a wide range of events and activities.

Through the introduction of the Doing Good Together Fund, every time a member spends with us, they help us give even more back to local good causes where they live. Members also help decide how that money is spent, as they know their communities better than anyone.



£7.5m 

Members saved £7.5m

£54,000 

£54,000 distributed through the
Doing Good Together Fund

Rewarding our members

Our members are at the heart of everything we do so we want to give them the best deal possible. Over the financial year, members saved a combined total of £7.5m (2023/24: £2.3m) as a result of over 3,700 different exclusive member offers, including meal deals, 20% off wine and weekly deals.

The promotion of these offers and the other benefits of membership has led to us recruiting over 113,000 new members, and member trade now stands at 44% (2023/24: 37%).

Launching the Doing Good Together Fund

To give even more back to the communities we serve, we launched our Doing Good Together Fund in September. Every time our members shop with us money is added to the fund to support good causes local to them. The fund has made an additional £331,000 available, and combined with The Midcounties Co-operative Community Fund, we now have around £600,000 in community funding for members to apply for.

Since the fund launch in September, we have distributed grants totalling £54,000 to 215 community groups. Hear from some of them on these pages.

Increasing member involvement

To ensure we are continuing to take on board the views of our members, we ran member surveys and events throughout the year.

Working with our Member Engagement Committee, we engaged with over 60,000 members through co-operative activities, including the Fairer Living Festival and AGM in Walsall which attracted 800 people, and foodbank awareness days.

We continue to use surveys to gather customer and member satisfaction feedback across our trading divisions, and during the year we also ran targeted research projects aligned to our business needs. The latter allowed us to gauge consumer sentiment, for example how members felt about the Autumn Budget and the potential impact on their personal finances. The feedback provided has been used to inform both commercial and social strategy with the aim of improving our services and community impact.

Our members are also engaging with us by investing in our Society. Member share capital has risen to £86.8m from £80.1m at the end of the last financial year – its highest-ever level. This increase in funds held in member share accounts



“The donation will be going towards a wellbeing and music project for young people who are experiencing complex issues in their lives.”

The Hive

How the Doing Good Together Fund helped: **Knighton Men's Shed**

Knighton Men's Shed is a joinery workshop open to men of all ages looking to spend time with like-minded individuals, where they can revive old skills and learn new ones. Many of the shed's 20 members live independently. The money provided will fund a workshop to help members increase their skills and independence.

allows us to grow the Society and deliver even more for our communities while members receive interest on their savings. [Find out more about member investments.](#)

Welcoming younger members

We've continued to engage with younger members, and it's encouraging to see the impact: nearly 20% of members recruited this year are under 30, compared to 10% of our overall membership.

During the year, our Young Co-operators Network (YCN) worked with The Co-operative Heritage Trust to put together a short film from their archives to mark the 180th anniversary of the Rochdale Pioneers called 'Co-operative Cinema: A Movement in Moving Image'. In addition, YCN representative Ayesha Di'Angelo sat on a panel discussing the effectiveness of the co-operative model and its benefits for young people at the annual Co-op Youth Summit.

Encouraging democratic engagement

The Society's annual elections provide members with the opportunity to have their say. Each year, eligible members can stand for election to either the Board or the Member Engagement Committee (MEC). Nominations for the 2024 elections closed on 15 July. 10 candidates stood for the five Board vacancies, and three for the two positions on the MEC.

Voting opened on 2 September, inviting eligible members to elect their representatives for the Board and MEC. The response was significantly higher than in previous years, with voter turnout rising to 35,000 (9.8% of total membership base) compared to 25,000 (5.5%) in 2023.

"Our grant has helped support a community theatre experience that brings joy and creates connections across generations."

Empire Electric Palace Theatre



"The grant will help us deliver community projects and ensure that we can create the best environment possible for participants of all ages."

The Getting Fit Company

How the Doing Good Together Fund helped:
Sunrise Multicultural Project

Based in Banbury, Sunrise Multicultural Project offers workshops, community groups and activities to support the integration of multicultural groups. The funding will be used to purchase equipment for the group's activities, which encourage social interaction and the opportunity for members to learn from each other and promote diversity.



Sustainable Impact

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

Taking steps to protect the environment has never been more critical. In partnership with our colleagues and local communities, we seek to cut energy use, reduce food waste and promote sustainable ways of living.

We work closely with our communities, providing funding and volunteering support to help them thrive. And, through our joint venture, Yunity, we enable communities to produce their own renewable energy, generating enough to power 65,000 homes.

Environment

25% 

Food waste cut by 25%

6% 

Energy use down
6% year-on-year

Achieving our targets

We are pleased to have achieved our sustainability-linked banking targets for the year.

We have cut our direct greenhouse gas (GHG) emissions associated with energy usage by 39% compared to 2019 levels, saving 4,800 tonnes of CO₂.

We also met the 25% reduction in controllable food waste across our food stores target for 2024/25, saving over 700,000 items from going to waste.

Cutting carbon emissions

Over the last three years, we have invested over £9m in energy efficiency projects, including installing new automation technology in our fridges and temperature control units at more than 100 food stores.

These projects have helped us cut year-on-year energy use across like-for-like sites by 6% in 2024/25, saving around two million kWh and over 400 tonnes of CO₂, which in turn has helped us save £2m on electricity costs.

Our energy saving initiatives were recognised at The Energy Awards where we were awarded the Energy Project of the Year – Retail & Commercial Award.

Curbing food waste

We launched a partnership with Olio to help find good homes for food that would otherwise end up in landfill. Through this partnership, 129,000 items of food that were due to be thrown away were instead distributed to 2,500 households in need.

Embracing sustainable energy

To help us achieve our aim of reducing our GHG emissions by 50% by 2027 compared to 2019 levels, we have installed 300 solar panels at our head office and Copthorne Food Store in Shropshire in partnership with Big Solar Co-op. These panels will produce over 100,000 kWhs of renewable energy per year and save 20 tonnes of CO₂. We plan to install more solar panels at our sites during the year to help us hit our emissions target.

Offering sustainable travel options

Our tour operator Co-op Holidays is helping customers make more sustainable travel choices by **partnering with Byway**, the pioneering flight-free travel platform. Byway offers a wide range of UK and European holiday options and even adventures to Africa.

Supporting climate projects

We have continued our partnership with Ecologi, supporting 50 climate projects that have prevented 560 tonnes of CO₂e emissions from entering the atmosphere – equivalent to 430 long haul flights. Additionally, we've funded the planting of 67,000 trees in protected areas to support future decarbonisation and habitat restoration.

Five years of community energy

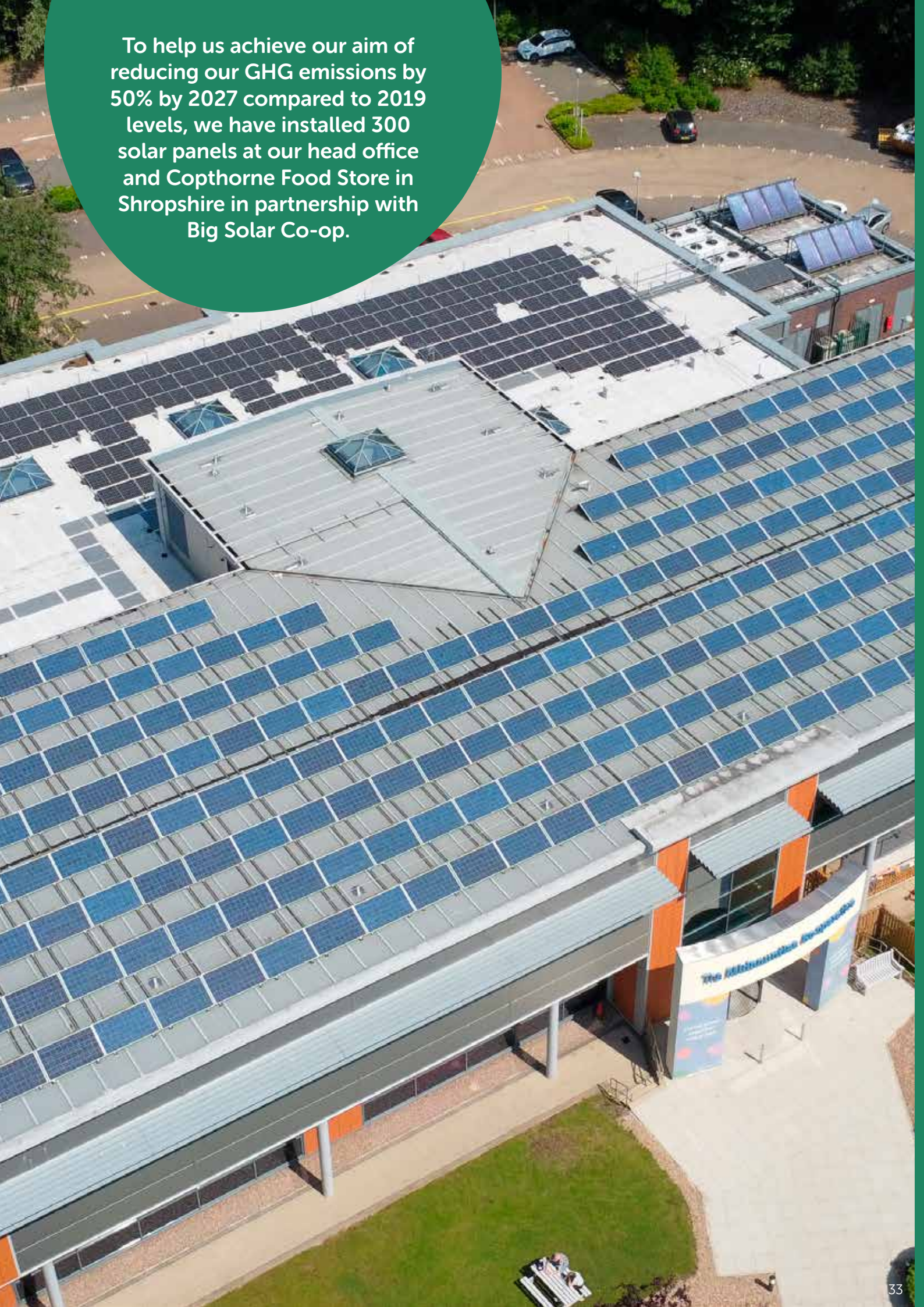
During the year, we celebrated the fifth anniversary of Yunity, our joint venture with Octopus Energy. Over the last five years, Yunity has supported 401 community energy projects delivered by 120 energy generators and created enough green energy to power approximately 65,000 homes. **[This map](#)** shows various projects we support.

In addition, Yunity has built a name for itself in political and community energy circles, influencing policy and supporting community generators. For example, it created a £1.5m kickstart fund for generators and operates a growing community energy connect platform that matches volunteers with community energy groups. The platform has received over 250 registrations from community energy groups and volunteers to date.

To support community energy initiatives, Yunity has also provided £63,000 in grants to 21 groups for social impact projects, such as energy advice sessions and training young people.

This ongoing commitment to furthering community energy was commended at the Community Energy England Awards 2024, where Yunity won the Sector Support Award. The award recognises community energy organisations that have demonstrated outstanding dedication to mentorship, training, sharing expertise or other support within the sector.

To help us achieve our aim of reducing our GHG emissions by 50% by 2027 compared to 2019 levels, we have installed 300 solar panels at our head office and Copthorne Food Store in Shropshire in partnership with Big Solar Co-op.



Community

£287k 

given to good
causes

49 

defibrillators fitted
across our estate

Supporting our regional communities

Since our Regional Communities initiative was relaunched in July 2023, we have raised over £125,000 for charities and local good causes. Each of our 12 Regional Communities has a dedicated team of colleague ambassadors who arrange events and fundraisers for their Regional Communities partners, including sponsored walks, bake sales, auctions and quiz nights.

This support has enabled Lawrence Nurses to fund a bereavement walking group in the Cotswolds, allowed Zebra Access to run courses helping newly diagnosed Deaf children and their families understand their diagnosis in Wolverhampton, and Shrewsbury Ark has been able to provide warm clothing for their homeless guests.

The teams are also doing good together by providing volunteering support, accompanying local schools on school trips, facilitating JET Be the Best You Can Be sessions to raise young people's aspirations and volunteering at church fetes.

Bringing first aid skills to primary schools

As well as the Regional Communities initiative, we have 170 Your Community sites in areas outside of our core trading locations. Across 2024, these sites have raised in excess of £20,000 (over double their target of £10,000).

Some of this funding has been used to bring first aid skills into local primary schools by providing each school with a resource pack, created in association with Community Heartbeat Trust, to educate children about what to do in a first aid emergency in an engaging and age-appropriate way.

Helping save lives in our communities

Since 2015 we have worked with Community Heartbeat Trust to fundraise for and install 49 defibrillators across our core trading area, either outside our stores or in prominent community locations.

In the last year alone, our defibrillators have been deployed 74 times, showing just how crucial they are and the impact that they have within our communities. We also ran three training events during the year to help members feel confident on how to use a defibrillator should they need to.

Distributing community grants

In addition to the above activity, we gave over £131,000 to 476 community groups through our community grants scheme and Doing Good Together Fund. When combined with £32,000 of food bank funding, over £71,000 raised through Regional Communities and Your Community sites, and almost £53,000 secured for Go Beyond, our charitable giving totalled £287,000 for the year.



Swindon Regional Community supports STEP Swindon

The Swindon Regional Community team co-ordinated fundraisers such as community book swaps at Brewery Street and Old Town food stores to raise money for STEP Swindon, a charity that provides a safe space and life skills for children and young people.

The team raised £6,105 to help STEP Swindon establish a much-needed therapeutic group for neurodiverse children and young people.

Beyond fundraising, the team supported Step Swindon's 40th birthday event and donated four repurposed Society laptops to help the children do their homework.

Paul Dobson from STEP Swindon said, "Your incredible generosity and support have truly made a difference in the lives of our children. We're absolutely blown away!"

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 at the forefront of change, choosing to do what we believe to be right instead of following the crowd.

We take a bold lead, shaping our businesses to align with our values of fairness, sustainability and ethical trading, while advocating for essential reforms. Working with other co-operative organisations means we can make an even bigger difference.



Fair and ethical

87% 

87% in BITC Business Responsibility Tracker

50 

50 young people supported by Fairer Futures



Enabling fairer futures

We are now almost two years into the Fairer Futures programme at our Walsall Town Centre food store, which we set up alongside local supplier Miss Macaroon in 2023 to provide training and work experience for those facing barriers to employment.

Our amazing team of colleagues in Walsall have supported 50 young people through the programme. Pleasingly, 39 of those who have been through the scheme are now in employment – a testament to the strength of the programme.

We were therefore very proud to receive the Community Engagement Programme of the Year award at the People in Retail Awards in September in recognition of the way the programme reduces social inequality and raises aspirations. The programme was featured as a case study by the Association of Convenience Stores as part of their Employment Opportunities for Everyone report.

Creating brighter futures

We have continued our partnership with Bright Future Co-operative, which brings charities and businesses together to offer stable employment for survivors of modern slavery. Our Society was a founding member of the co-op, our Chief Values Officer Pete Westall chairs its board, and our Head of Legal Services Sean McGovern acts as Secretary.

The co-op now has over 30 members, and so far, 90 people have found work through the programme. In December, our Recruitment Manager Sophie Timms attended a round table at the House of Commons to talk about how our Early Years settings and teams have supported six survivors of modern slavery through our work with Bright Future Co-operative.

Celebrating Fairtrade

For 30 years, our Society has proudly championed Fairtrade, and we marked this milestone with celebrations in store. During September's Fairtrade Fortnight, we encouraged members to make the switch to Fairtrade by offering 30% off 30 Fairtrade products.

Trading responsibly

We were delighted to achieve one of the highest scores of any UK business in the Business in the Community (BITC) Responsible Business Tracker, increasing our score from 81% last year to 87%. For context, the average score in the tracker is 47%.



Co-operation amongst co-operatives

31 

31 new co-ops created



Fund for International Co-operative Development established



New community-owned business

BATCOM is a start-up community composting scheme for Brimscombe and Thrupp in Stroud, Gloucestershire, which was supported by Co-op Futures in partnership with our Society.

The scheme was established by three local people with a desire to create a composting site to turn garden waste into compost to be used by local people as a soil conditioner. Many people in the area live where council collection lorries can't access, so they currently get rid of their garden waste by having bonfires or driving their green waste to the local tip 15 miles away. The new composting site will solve this issue while also bringing together keen gardeners from the local area in a welcoming space.

Supporting 31 new co-ops

In 2022, we pledged to help establish 50 new co-operatives in the following five years to grow the co-operative economy. Working in partnership with organisations including Co-op Futures and Plunkett Foundation, we are now over halfway to achieving that target, with 31 new co-ops and community businesses formed in the last three years.

As well as providing funding for our partner organisations, we use our knowledge of business operations to provide guidance and support. The new community-owned businesses range from community hubs to organic farms.

Launching the Fund for International Co-operative Development

Together with four other UK co-operatives, we founded the Fund for International Co-operative Development (FICD) in December.

The FICD was created to help communities around the world rebuild after crises and support long-term economic resilience, with a focus on enabling local co-ops deliver emergency aid, developing and supporting co-operatives in the recovery phase and strengthening co-operative networks and partnerships.

The launch, held at Rochdale's historic Toad Lane – the birthplace of the co-operative movement – coincided with a celebration of 180 years of co-operation and the start of the UN's 2025 International Year of Co-operatives, themed 'Co-operatives Build a Better World'.



Fund for International Co-operative Development

The power of co-operation

£50,000 

£50,000 transferred to an early childhood levy share fund

13,000 

13,000 members backed amendments to the Criminal Justice Bill

Tackling retail crime

Retail crime continues to be a significant issue for our food stores. We continue to invest in protective actions including secure kiosks, body worn cameras, security tagging and smoke cloaks – a security system that makes it much harder for would-be shoplifters to steal from our stores. The Society invested over £533,000 in these measures during the year, focusing on the most at-risk stores.

In the first half of the year, over 13,000 members supported the campaign calling on MPs to back the amendment to the Criminal Justice Bill, ultimately making it a specific offence to assault a shopworker. We also continued to look at ways of working collaboratively with police forces and other retailers and have supported Police and Crime Commissioner campaigns such as the Offender to Rehab scheme in the West Midlands.

We took part in our union USDAW's Respect for Shopworkers Week which aims to prevent shop workers experiencing violence, threats and abuse at work. As part of this, Head of Store Support Chris Chandler spoke on a panel discussion at the high-profile Retail Crime Summit in Whitehall.

Supporting the Royal Foundation

The Royal Foundation Centre for Early Childhood was established by the Princess of Wales in 2021 to raise awareness of the huge impact the first five years of a child's life has on their future and society as a whole.

As part of the centre's Business Taskforce, we have been honoured to work closely with the Foundation, attending roundtables and contributing to its report: 'Prioritising early childhood for a happier, healthier society: How business can drive, and benefit from, transformative change in the UK.'

Little Pioneers nurseries were used as a case study within the report, with particular focus given to our workplace nurseries and the establishment of the nursery at our Warwick head office as a testbed for innovation.

As part of our involvement with the centre, we have transferred £50,000 from our Apprenticeship Levy to an early childhood levy share fund which will create more apprenticeship opportunities in the sector, helping more people develop long-term careers in childcare.

Co-operation on a global scale

Former President Heather Richardson and Chief Values Officer Pete Westall attended the ICA Global Co-op

Conference held in Delhi in November. Pete Westall was part of a panel discussing 'Co-operatives leading the way to shared and sustainable prosperity', sharing his experiences of how co-operatives can improve the lives of people both locally and globally.

Our colleagues were also invited to take part in two Co-operatives Europe events. First, Shani Knight-Cross, a Thrive member (an initiative set up to create opportunities for colleagues to grow their careers within the Society), represented the Society at Co-operatives Europe General Assembly and Symposium in Brussels in May. Then, in September, Cameron Zacharias from our Insights team attended the European Youth Co-operative Forum in Bulgaria, which brought together young representatives of co-operatives from across Europe to discuss youth and co-operative governance.

Working with police to tackle retail crime



Carbon reporting



The Society emitted **14,317** tonnes of CO₂e (scope 1 & 2 emissions) in 2024/25 across its direct greenhouse gas emissions

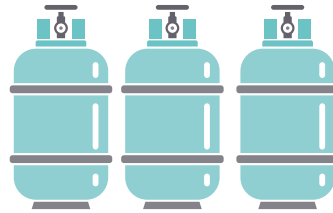
Electricity and gas

7,698 tonnes CO₂e in 2024/25



Refrigerant gas

6,436 tonnes CO₂e in 2024/25



Transport emissions

183 tonnes CO₂e in 2024/25



Over the last three years we have invested over £9m into energy efficiency projects

How we have reduced our greenhouse gas emissions

The following two pages set out our progress and what we have done this year to cut our emissions.

Tracking our performance

Our Society Steering Wheel contains an energy saving measure. This ensures that colleague behaviours at all levels of the business are focused on reducing our most significant direct greenhouse gas emissions. We also have sustainability-linked finance targets with our banking partners, which include specific greenhouse gas reduction measures.

Focusing on energy saving

Over the year we have taken action to reduce energy use across our operations. This has been driven by a combination of energy-saving property projects and colleague behaviours. Over the last three years, we have invested over £9m in energy efficiency projects, including replacing refrigeration in a range of stores, implementing LED lighting and, over the last year, the implementation of new automation technology in partnership with LoweConex.

We have installed this automation technology in our refrigeration units and temperature control systems across more than 100 of our food stores. It allows us to collect energy use data from sites, monitor operational performance and reduce energy consumption remotely. This is driving significant energy savings and has helped us reduce our energy use year-on-year by 6%.

We have continued to track site-by-site energy use and night time versus day time energy use. In this financial year, we have also introduced 'priority energy use profile alerts' to make us aware if any sites are using more energy than expected so we can investigate and take action.

We continue to invest in our refrigeration estate, ensuring that we are replacing older refrigeration equipment with newer and more efficient kit.

Engaging colleagues and sharing best practice

Our Energy Reduction Steering Group continues to meet on a weekly basis to decide on the best ways to engage colleagues across our sites with the idea of saving energy. By sharing top tips and raising awareness, we can help cut energy use and therefore our emissions.

To share our experiences of energy reduction, our Head of Sustainability chairs an environmental best practice forum for retail co-operative societies. By working together with other co-ops, we can make the biggest impact.

Supporting community energy

Through Younity, our joint venture with Octopus Energy, we continue to support community energy projects across the country, from solar panels on rooftops and wind turbines on farmland to hydropower from local rivers.

Overall, we are supporting over 401 community energy projects across 120 generators who combined create enough green energy to power approximately 65,000 homes.

Science-based targets

At the start of the year, we had our greenhouse gas emissions reduction targets validated by SBTi (the Science Based Targets initiative), which include our more complex scope 3 emissions.

Scope 3 emissions are indirect emissions occurring as a result of the activities of the Society, usually generated by sources the business does not own or control. For our business this is a broad and wide-ranging scope that incorporates each of our trading groups, our suppliers, and our products and services.

Scope 1 and 2 emissions are slightly more straightforward and are generally in the direct control of businesses.

We have the following science-based targets in place:

- 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.

We will continue to work towards the above targets over the coming year, including 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 our scope 3 emissions associated with our products and services.



Westmill Wind Farm
Co-operative



Service recognition awards

20
Years

Name	Site Name
Leanne Potts	Warwick Gates Nursery
Christine Winterbourne	Kidlington Food
Natalie Pritchard	Chase Terrace Travel
Victoria Kendall	Beechcroft Road Food
Elizabeth Skilton	Wombourne Post Office
Gemma Hillcoat	Walcot Nursery
Gemma Hyam	Longlevens County Store
Gail Roberts	Hazlemere Food
Alison Holmes	Direct Support Centre
Dawn Rowlands	Tenbury Wells Food
Suzanne Addison	Northway Food
Anne Myers	Finchfield Nursery
Susan Berry	Convenience
Denise Ballard	Ashton Court Nursery
Claire Nicholls	Walsall Travel
Lyndsey Prestleton	Solihull Travel
Hamdeep Kaur	Park Hall Food
Sonia Smith	High Street Swindon Food
Susan Gilks	Groundwell Road Food
John Greenaway	Cheslyn Hay Food
Christine Williams	Cainscross Food
Adrian Vale	Bourton on the Water Food
Karen Kinsell	Tamworth Food
Diomelyn Simmill	Stonehouse Food
Marie Leonard	Pelsall Food
Rian Devereaux	IT
Isobel Baldwin	Franche Road Food
Nadine Board	Carterton Nursery
Sarbjit Kaur	Sutton Road Food
Carol McKinnon	Sussex Place Food
Corinne Bird	Steventon Food
Melanie Clapton	Oxford Nursery
Marion Hendley	Kings Sutton Food
Senita Tut	Finchfield Nursery
Erika Rico-Diaz	Fairford Leys Food
Lisa Butcher	Coleford Food
Carol Griffiths	Cannock Food
Karen Clorley	Wem Food
Rachel Coupland	Northway Food
Natalie Broyd	Mersey Way Food
Elizabeth Pritchard	Knighthood Food
Gemma Collins	Finchfield Nursery
Bradley Gibson	Areley Kings Post Office
Andrew Jackson	Leckhampton Food
Hannah Daniels	High Street Swindon Food
Amy Bricknell-Routledge	Grove Food
Sukhpreet Kaur	Fullbrook Food
Jaspal Bhogal	Bloxham Food
Pauline Tanner	Wotton-under-Edge Food
Timothy Curd	Watling Street Food
David Benham	Streety Food
Rebecca Medina	Castle Donington Food
Judith Day	Cainscross Nursery
Michelle Doherty	Tamworth Travel
Rosie Dodds	Milton-under-Wychwood Food
Jody Kendrick	Merry Hill Food
Michelle Holland	Cannock Travel
Susan Villar	Watford Junction Nursery
Nicola Jones	Newbiggin Nursery
Julie Warlow	Franche Road Food
Julia Jeffrey	Finchampstead Road
Victoria Rodgers	Diss Food
Diane Gadsby	Davies Road Food
Phillip Rogers	Copthorne Food

25
Years

Ann Harbach	Wombourne Petrol Station
Karen Whatling	Codsall Food
Susan Prior	Georgetown Food
Carl Davies	Headington Food
Michelle Sliney	Grove Food
Mary Calder	Headless Cross Food
Kay Perry	Atherstone Food
Elaine Parrott	Headington Food
Jonathan Wallcraft	Charlbury Food
Peter Donnelly	Buckingham Road Food
Lynne Harris	Cavendish Square Food
Clare Downs	Property
Sally Bonard	Tadworth Nursery
Sheila Worvill	Chipping Norton Food
Julie Edwards	Madley Park Food
Elizabeth Berry	Kidlington Food
Carol Mason	New Invention Food
Lynda Stewart	Nuneaton Food
Iona Davies	Bicton Heath Food
Joanne Thomas	Copthorne Food
John Metcalf	Hazlemere Food
Annastasia Ham	Shrivenham Food
Lee Franklin	Membership
Liz Smith	Cainscross Food
Nicola Marsden	Longlevens County Store
Donna Cannon	Food Markets Bidford
Edmund Palmer	Cannock Food
Gareth Quinn	Society Marketing
Tina Wilson	Apley Nursery
Shelley Greenaway	Travel Support Centre

35
Years

Karen Clempson	Atherstone Food
Jennifer Vincent	Brewery Street Food
Julie Smith	New Invention Post Office
Sarah Brelsford	Beeston Travel
Mark Knibbs	Rose Hill Food
Carol Hayward	Grove Food
Linda Morgan	Pendeford Food
Drucilla Flynn	Milton-under-Wychwood Food
Wendy Winfield	Food Markets Moreton-in-Marsh
Dione Anderson	Chipping Campden Food
Rosemary Cooke	Northway Food
Rachel Millard	Newent Food
Delyth Wasilewski	Bicton Heath Food

40
Years

Amanda Landers	Headington Food
David Rowley	Churchstoke Food
Sarah Edwards	Vine Island Food
Kevin Arblaster	Abingdon Post Office
Linda Sargeant	Pattingham Food
Amanda Swales	Wymans Brook Food

45
Years

Lynne Griffin	Franche Road Food
Philip Johnson	Bicester Food
Sharon Palmer	Wotton-under-Edge Food

30
Years

Nicola Ball	Hawks Green Travel
Lyn Hatch	Coleford Food
Laura Wheeler	Grove Food
Karen Coleman	Mariners Arms Food
Wendy Hewitt	Chipping Norton Food
Debbie Smith	Wolverhampton Travel
Sabrina Dunford	Littlehampton Food
James Morgan	Pendeford Food
Catherine Sargeant	Pattingham Food
Donna Hunter	Food Markets & Supermarkets
Shirley Clapton	Seymour Road Food
Wendy Oseland	Park Hall Food
Sarah Hawkins	Watlington Food
Barbara Selwood	Highworth Post Office
Susan Townsend	Chipping Norton Food
Melanie Franklin	Byfield Food
Diane Price	Norton Canes Food
Sara Donovan	Worcester Travel
Linda Naylor	Chipping Campden Food
Stephen Dudek	Brockworth Food
Sandra Handley	Sutton Road Food

50
Years

Congratulations

Martine Bevan	Norton Canes Food
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**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.



Sarah Brelsford
Travel

35 Years

I have been in travel for 36 years this year. I started off with Pickfords Travel in 1989 and I've remained in my role through various changes in ownership, the last one being from Thomas Cook to The Midcounties Co-operative in 2012.

I have seen lots of changes to the travel industry, dealing with the fallout of many world events which have affected our industry and managing to work from home during Covid.

I currently dual manage two branches and enjoy this as my branches are completely different.

I have had great support over the years from my line managers and the leadership team at Midcounties.



Jaspal Bhogal
Food Retail

20 Years

During my time at Midcounties I have mainly worked in our Bloxham store while supporting other surrounding stores. I love being part of our local community. The people I work with would say that I live and breathe Midcounties and I always try my hardest to go above and beyond in everything I do for the Society.

My favourite things about working for Midcounties are the colleagues I work with and customers I interact with and serve on a daily basis.



Sally Bonard
Early Years

25 Years

I've dedicated my entire career to childcare and joined Tadworth nursery as a qualified nursery assistant in 1999. I set a goal to reach management level within five years, and was proud to have achieved this with three months to spare.

I have seen so many changes over my time here at Tadworth and I can honestly say that no two days are ever the same. Having such a wonderful team at Tadworth, along with the delightful children and their families, makes every day at work truly rewarding.

I'm just waiting for the day when one of the children I first cared for at Tadworth returns with their own little one, seeking a place here at Tadworth!



David Rowley
Food Retail

40 Years

I started working for Harry Tuffin Ltd in 1983 on a Saturday working in the petrol station and then full time when I left school in the supermarket filling the household, paperware and cereal aisles. When computers came in, I started working in stock control.

When Midcounties took over in 2012 they were kind enough to carry my service over and I have enjoyed working for the Society.

I never know what I will be doing until I get to work, and I enjoy the variety of tills, shop floor, petrol and Post Office. I have also been privileged to be involved in the HAF (Holiday Activities and Food Programme) projects which I find really worthwhile.



Clare Downs
Property

25 Years

My Co-op journey started in June 1999 in one of our food stores, whilst I was still at school. I was all set to go to university when we acquired some new stores, and I was asked to support with the transformation and integration of colleagues and systems. I really enjoyed the role and experience, so ended up staying for 25 years. I've progressed through the Society with roles that included Head of Post Offices and Service, and Head of Commercial Partnerships, with no two days being the same.

I've recently gained a double master's degree in business whilst working full time.

The experiences, challenges, and friendships I've built here have shaped me both personally and professionally.



Martine Bevan
Food Retail

50 Years

My name is Martine Bevan and I have worked for The Midcounties Co-op for the last 50 years. I left school at the age of 16 and started work at Norton Canes Co-op, which was in Breeze Avenue. It was a lovely place to work as the village was small and we all knew each other. As the village grew larger, Breeze Avenue store closed and in May 1979 we moved to a new larger store on Brownhills Road. I have continued working here for 45 years with many great colleagues. I have also been an USDAW union rep for 20 years plus and a member of colleague council from its start.



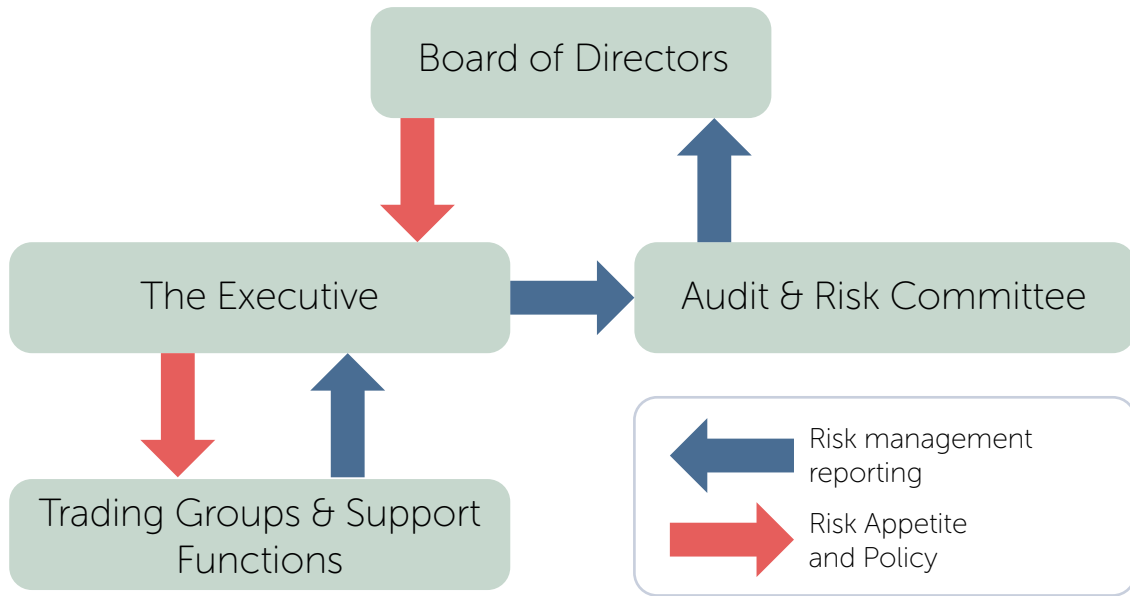
Managing risk

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.

Our risk management framework

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. In addition, on an annual basis, the Board will make an annual assessment as to whether the current risk appetite remains appropriate.

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 2024/25

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.

Where risks are identified that are of sufficient importance to be actively monitored, they are 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.


The Society also considers areas of new or emerging risk during the course of its normal business operations. From 2025, these will be reported to the Audit Committee alongside our principal risks. The Society conducts horizon scanning to enable a medium and longer-term view of potential disruptors to our business.


As part of our risk assessment process, we analyse internal and external sources of emerging risk themes by reviewing leading external publications, attending industry seminars and forums, gathering insights via top-down and bottom-up risk discussions with internal stakeholders and seeking professional consultation if it is required.


Two risks were combined due to the close alignment of their impacts and mitigating activities. These are: 'Serious Operational Issue' and 'Operational Resilience'.


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

Key Risks summary


Significant Geopolitical Events		
Risk Category: Operational and Customer		Risk Trend: Increased 
Risk Description	Our Current Mitigations	Latest Developments
<p>Ongoing conflict in 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.</p> <p>In addition, geopolitical uncertainty in the Middle East has the potential to disrupt shipping and impact on the Society's supply chain.</p>	<p>Monthly financial reviews give visibility to overall business plan delivery.</p> <p>Rigorous quarterly forecasting process.</p> <p>Regular communication and co-ordination with FRTS regarding supply chain contingency planning for key items.</p> <p>Sourcing alternative UK based suppliers for key product lines.</p>	<p>While the conflict in Ukraine has slowed, recent changes to the US government's stance on its previous support for Ukraine mean that the future of the conflict is uncertain.</p> <p>The 2024 US election and subsequent geopolitical interventions, particularly the threat and introduction of tariffs by the USA has the potential to impact on international trade and the price/availability of goods due to reciprocal arrangements being put in place by other governments.</p>


Severe Operational Disruption		
Risk Category: Operational and Customer		Risk Trend: Stable 
Risk Description	Our Current Mitigations	Latest Developments
<p>A severe operational issue occurs which the Society is unable to react to appropriately which causes financial loss and reputational damage to the Society's brand.</p> <p>For example, a significant pandemic event affecting the UK or widespread flooding across the estate.</p>	<p>Management teams have a proven ability to react to operational issues and receive regular reporting on operational performance.</p> <p>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.</p> <p>Risk management processes are reported annually to the Board via the Audit & Risk Committee.</p>	<p>The Society Business Continuity Planning methodology has been reviewed and is live within the business.</p> <p>A working group has been formed to link the Society-wide response to the activities within the individual trading groups.</p> <p>Decision support documentation and key contacts lists have been refreshed as part of the rollout.</p>


Significant Regulatory Intervention		
Risk Category: Regulatory and Compliance		Risk Trend: Increased 
Risk Description	Our Current Mitigations	Latest Developments
<p>The Society is subject to a significant external intervention in the form of new legislation. This intervention 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.</p>	<p>The Society actively monitors regulation and policy changes as they are formulated and will engage with key decision makers to influence changes where possible.</p> <p>We engage with Co-operative Party MPs and key decision makers to influence where it is possible and appropriate to do so.</p> <p>Compliance functions and senior management apply and oversee a broad suite of policies to comply with legal and regulatory requirements.</p>	<p>The Society has proposed a way forward to the Civil Aviation Authority regarding the bonding of customers' monies in Travel. This will see the business begin to segregate customer monies in ESCROW and increase levels throughout the five-year planning period, enhancing the security already provided by existing Bond and Trust arrangements.</p> <p>In late 2023 an update to the UK Corporate Governance Code was released which places additional responsibilities on Board relating to governance and internal control. This has been reviewed by Co-operatives UK and appropriate changes will be introduced into the Co-operative Corporate Governance Code likely in 2025.</p> <p>When published, the Society will review guidance relating to the adoption and consider its impact on the Society.</p>


Failure to Deliver Business Plans		
Risk Category: Strategic & Business		Risk Trend: Increased 
Risk Description	Our Current Mitigations	Latest Developments
<p>Risk of no 'portfolio effect' in performance of trading groups, i.e. all trading groups fail to deliver business plan sales growth and profitability targets with no mitigating upside.</p> <p>Failure to manage and monitor the Society's working capital and cash positions.</p> <p>Reduced profitability and cashflow could impact the Society's ability to meet its banking covenants, make investments or reduce the pension deficit.</p> <p>Delivery of strategic plans is dependent on continued bank support providing sufficient liquidity headroom and scope for ongoing capital investment.</p>	<p>Monthly financial reviews give visibility to overall business plan delivery supported by a rigorous quarterly forecasting process and daily cash flow monitoring.</p> <p>Agreed headroom is maintained from the Society's formal facilities and the bank covenant position is reported monthly and regularly forecasted.</p> <p>The Society operates a rigorous capital allocation process.</p>	<p>The impact of inflation in prior periods has led to pressure in a number of areas including our various supply chains. The ongoing rises in National Minimum Wage and most recently the changes announced for National Insurance have increased the Society's employment costs.</p> <p>The Society strategy will aim to deliver significant debt reduction and in-year cash generation throughout 2025/26.</p>

Key Risks summary


Consumer Confidence and Spending Power		
Risk Category: Operational and Customer		Risk Trend: Stable 
Risk Description	Our Current Mitigations	Latest Developments
<p>The economic backdrop of a cost of living crisis driven by price inflation which continues to outstrip wage growth has an impact on consumer purchasing behaviour; potentially reducing 'convenience' spend in favour of the major discounters and reducing/cancelling discretionary holiday spend.</p>	<p>Monitoring of products, sales, margins and store profitability bolstered by responsive promotions and marketing activity.</p> <p>Strategic plans include competitor activity mitigations and a quarterly forecasting and monitoring processes to assess effectiveness.</p> <p>Regular market share and competitor analysis.</p> <p>Regular review of consumer confidence and sentiment surveys.</p>	<p>Following the 2024 Autumn Statement, consumer and business confidence has dipped sharply despite a reduction in the Consumer Price Index compared to the prior year. The additional tax burden placed on the Society by the changes in National Insurance means it will focus on cash generation to facilitate debt reduction in 2025.</p> <p>New store openings in Food Retail will also be slowed in favour of capital spend on projects which deliver significant in-year savings such as electronic shelf edge labels.</p> <p>The Society will continue price monitoring and matching in Travel.</p>


Safeguarding within Childcare		
Risk Category: Operational and Customer		Risk Trend: Decreased 
Risk Description	Our Current Mitigations	Latest Developments
<p>The Society currently has over 3,500 children attending our nurseries and has an obligation to provide a safe environment for them and protect each child from harm.</p> <p>Failure to maintain safety and legal compliance within the Society's Early Years settings leading to a systemic failure of safeguarding resulting in significant harm to children. This 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.</p>	<p>(i) Effective safeguarding/whistleblowing/mobile phone policies together with associated training; and induction ensures an appropriate level of understanding and competence across all customer facing roles.</p> <p>(ii) Safer recruitment protocol and ongoing suitability checks over colleagues.</p> <p>(iii) Procedure for dealing with child protection concerns.</p> <p>(iv) Health check by NSPCC implemented.</p> <p>(v) Recruitment protocols and messaging touch points for candidates have been modernised including: career pages, application forms, screening processes and interview questions.</p> <p>(vi) Audits and spot checks to spot potential issues and take a proactive approach.</p> <p>(vii) Intimate care review to include CCTV outside bathrooms and installation of vision panels.</p> <p>(viii) Public liability and business interruption insurance.</p> <p>(ix) Monthly quality assurance checks.</p> <p>(x) Regular Board-level training on safeguarding.</p>	<p>The business has reviewed and strengthened a number of key controls in this area, including:</p> <ul style="list-style-type: none"> - Mandatory training regime in place for in-setting staff covering: health & safety, safeguarding and first aid (Millie's Mark). - Site specific risk assessments are completed for all settings. - Structured programme of audits and on-site assessments to ensure compliance with the law and Society standards. - Roll-out of CCTV across the majority of the estate. - Go live of the Family software system across the majority of sites which has improved the security, timeliness and accuracy of child data. - Continued review and enhancement of physical environments to ensure the safeguarding of children.

Cyber Security Breach		
Risk Category: Information Technology		Risk Trend: Increased 
Risk Description	Our Current Mitigations	Latest Developments
<p>The Society's business critical services could be compromised by a cyber attack leading to a loss of sensitive data or complete unavailability of systems.</p>	<p>Business impact analysis undertaken to understand the key systems with documented testing strategies and procedures.</p> <p>Ongoing patching of systems to eliminate vulnerabilities and transition of legacy estate onto supported platforms.</p> <p>Cyber security training for colleagues.</p> <p>Annual penetration tests for all critical systems and websites.</p> <p>Security incident management in place.</p>	<p>Cyber attacks are getting more sophisticated. Pressures on technology have increased as colleagues work remotely.</p> <p>Cyber attacks have increased significantly in the last few years with the Society experiencing a number of attempted attacks in the year.</p> <p>The Society operates an annual cyber plan to ensure all required actions are captured, implemented and regularised.</p> <p>During 2024 the Society introduced cyber insurance which is now in place to help mitigate the financial impact of a successful attack.</p>


Travel Customer Duty of Care		
Risk Category: Operational and Consumer		Risk Trend: Increased 
Risk Description	Our Current Mitigations	Latest Developments
<p>Package travel regulations bring requirements for the Principal Tour Operator to ensure passenger safety.</p> <p>A failure to ensure the health and safety of customers while under our duty of care could lead to significant cost and reputational damage to the Society.</p>	<p>New suppliers are rigorously assessed. Existing suppliers are monitored and reviewed annually.</p> <p>Indemnity arrangements are reviewed annually and tour operator's liability insurance cover is in place.</p> <p>Enhanced crisis management process in place and tested.</p>	<p>The process for reviewing suppliers is now embedded with a significant focus on health and safety as well as financial and insurance arrangements. This process is being used to support the growth in destinations/increased providers.</p> <p>Specialist quality assurance service in place to perform health and safety audits of overseas suppliers on behalf of the Society.</p> <p>The Society regularly reviews the feasibility of obtaining Financial Failure Insurance at the earliest practical opportunity to mitigate the risk of suppliers used to repackage within our own repackaging proposition.</p>

Key Risks summary


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


Commercial Contracts		
Risk Category: Regulatory and Compliance		Risk Trend: Stable 
Risk Description	Our Current Mitigations	Latest Developments
<p>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.</p>	<p>Contract Management Project process in place covering all stages of the contract lifecycle, including initiation, retention and operational delivery. This is supported by a contract database, contract management process, supporting documents and training for relevant colleagues.</p> <p>More formal structure of Contract Managers/Champions with accountability to promote a culture of proactive contract management.</p> <p>Legal review and advice on key contractual provisions.</p> <p>External legal advice sought as necessary. Negotiation skills training provided to Contract Champions.</p>	<p>Continued embedding of the contract management process via the Contract Champions.</p> <p>Arrangements for external legal advice on commercial contracts extended - ensuring cost effective and comprehensive outsourced support</p> <p>Contract champions have been given greater accountability for contracts with a lifetime value of £50k or below, with legal resource focussed on higher value and/or more complex contracts.</p>


Data Security		
Risk Category: Information Technology		Risk Trend: Stable 
Risk Description	Our Current Mitigations	Latest Developments
<p>The Society holds a significant amount of personal colleague and member data which is necessary for running the business.</p> <p>The potential loss of this data and the resulting reputational damage or operational impact could be significant.</p>	<p>Documented testing strategy and procedures including backup and recovery documentation.</p> <p>Disaster recovery plans are in place for key third party suppliers.</p> <p>Annual controls testing undertaken by third party specialists.</p> <p>Ongoing patching of systems to eliminate vulnerabilities and transition of legacy estate onto supported platforms.</p> <p>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.</p>	<p>Rollout of Data Loss Protection to the Society's most critical systems.</p> <p>Monitoring of data security now included within compliance dashboard for Audit Committee review.</p> <p>Ongoing work to address and improve controls based on third party report recommendations.</p> <p>Continued decommissioning of legacy estate and transition onto supported platforms, now including business impacting systems.</p>


IT Development		
Risk Category: Information Technology		Risk Trend: Stable 
Risk Description	Our Current Mitigations	Latest Developments
<p>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.</p>	<p>An IT Project Governance Group is in place to ensure that all strategic IT projects across the business are captured and progress is monitored to ensure that the correct capability is in place.</p> <p>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.</p> <p>Regular patching is in place for key systems.</p>	<p>The Society has established a technology roadmap as part of the five-year strategy review.</p> <p>Patch management is now monthly and regularised. The process has been documented and agreed with the business areas.</p> <p>Additional security has been put in place around the Society's legacy IT estate until assets can be upgraded.</p>


Key Risks summary

Talent Acquisition and Retention		
Risk Category: People and Resources		Risk Trend: Stable 
Risk Description	Our Current Mitigations	Latest Developments
<p>Being unclear about the capabilities we require to deliver the long-term strategy.</p> <p>Being unable to attract the appropriate skills and capability.</p> <p>Being unable to retain the right people, particularly key senior personnel and deliver a greater diversity in our workforce.</p>	<p>Pre-employment screening, culture fit assessment and induction for new hires.</p> <p>Career framework to ensure that we can reliably benchmark our reward packages against the broader labour market.</p> <p>Continuing to embed diversity and inclusion and to position the Society as a values-based employer.</p> <p>The Executive team has industry and professional expertise to identify missing capabilities.</p>	<p>Our ability to recruit employees in certain parts of the business (e.g. Early Years) has been impacted by the tight job market in those sectors and the geographical areas we operate in. Wage inflation has also made it challenging to recruit colleagues with the required skillset.</p> <p>Other parts of the business (Food and Head Office) have seen a pull back in recruitment activity as tighter cost control measures have been implemented.</p> <p>Early Years has seen an increased use of apprenticeships and other recruitment and retention activity tailored to the settings' local job market conditions and business need.</p>

Pandemic Event		
Risk Category: Operational and Customer		Risk Trend: Stable 
Risk Description	Our Current Mitigations	Latest Developments
<p>Significant business disruption arising from a nation-wide pandemic event, resulting in reduced profitability and cash flow and increased pressure on liquidity and funding headroom.</p>	<p>Operating a portfolio of businesses in different markets has helped to diversify the risk. This includes a significant Food Retail business which has historically been considered an essential service.</p> <p>The Society will remain vigilant and ready to respond should a significant pandemic event occur.</p>	<p>While there have not been any significant disease outbreaks affecting humans in the UK during the year, there have been instances of avian flu which have caused supply chain disruption in some areas.</p> <p>The general deterioration of the global geopolitical landscape has meant that co-operation between nations is now less likely should a global pandemic event occur.</p>

Brand Positioning		
Risk Category: Operational and Customer		Risk Trend: Stable 
Risk Description	Our Current Mitigations	Latest Developments
<p>The brand positioning and brand identity of the Society is not significantly differentiated from Co-op Group and other independent co-operative societies. The public therefore do not make a deliberate choice to be a Society member, customer or stakeholder.</p>	<p>Routinely generating actionable business insights which are used to inform thinking, guide decision making and improve performance.</p> <p>Brand purpose and proposition is approved by Board.</p> <p>Developing a marketing strategy that is tailored to specific business unit needs.</p>	<p>Responsibility for marketing activity is now placed in the individual business units. In addition to saving cost for the Society, it is anticipated that this will allow more focused campaigns aligned to each business unit's activity</p>

Pension Deficit		
Risk Category: Strategic and Business		Risk Trend: Decreased 
Risk Description	Our Current Mitigations	Latest Developments
<p>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.</p>	<p>Regular monitoring of key assumptions, funding and risk positions.</p> <p>Investment strategy agreed with pension trustees.</p> <p>Work with pension trustees' covenant advisor to mitigate impact of additional funding on the Society's growth strategy.</p>	<p>The Society has budgeted to pay the £7m deficit payment over 2025/26.</p> <p>The Society will support the tri-annual valuation (effective 31 December 2024) and negotiate a new payment plan with the trustees to ensure the long-term funding of the scheme.</p>

Environmental Obligations		
Risk Category: Strategic and Business		Risk Trend: Stable 
Risk Description	Our Current Mitigations	Latest Developments
<p>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.</p>	<p>Fixed environmental targets in place through the Society Steering Wheel.</p> <p>Sustainability Steering Group in place with Board representation to oversee the Society's ESG activity.</p> <p>Annual benchmarking through BITC's Responsible Business Tracker, and third-party auditing of relevant Steering Wheel data.</p>	<p>The Society has partnered with Big Solar Co-op to install solar panels on a selection of its sites. In addition, Younity continues to support community energy programmes, from solar panels on rooftops and wind turbines on farmland to hydropower from local rivers.</p> <p>The change of government during the year has brought five new climate and environmental policy objectives. The Society will maintain a watching brief as to the impact of these new policies on the business.</p>

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 25 January 2025.

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".

Contents

The 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. The Board has a long-standing Member Engagement Committee, again made up of elected members, 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 2024/25 financial year, the Society had 758,416 members (2023/24: 645,058). In 2024, 274 members attended the AGM (2023: 491 members), and 197 members attended the Half Year Meeting (2023: 158). At the 2024 elections, 10 members put themselves forward for the five vacancies on the Board (2023: 16 members, six vacancies), and three members put themselves forward for the two vacancies on the Member Engagement Committee (2023: 10 members, seven vacancies). Votes were cast by 35,145 members (2023: 25,161).

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 member insight surveys, the 'conversations' engagement programme, other regular member activity, the Young Co-operators Network, through opportunities to engage on Society campaigns, and through the Society's community activity. Examples of such activity can be found elsewhere in this Annual Report.

2. Co-operative Leadership and Purpose

In 2023, 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 ICA¹.

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 11 scheduled meetings during 2024/25. It also met on other occasions and in private session without the presence of management as required. The following table 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.

Directors	Board	Committees			
		1	2	3	4
Amanda Davis	11 (11)	6 (6)			
Ellie Boyle	10 (11)	6 (6)	3 (3)		
Bernadette Connor	10 (11)			3 (4)	
Callum Dunne ¹	3 (4)				
Harvey Griffiths	10 (11)	6 (6)			
Evelyne Godfrey ²	7 (7)				
Stephen Hawksworth	11 (11)				
Vicky Green	10 (11)		3 (3)		
Irene Kirkman	11 (11)		1 (3)		4 (4)
Matt Lane ²	7 (7)		1 (2)		
Paul Mather	11 (11)	6 (6)			
Nick Milton	10 (11)				
Barbara Rainford	10 (11)				
Fiona Ravenscroft	11 (11)	6 (6)			3 (4)
Heather Richardson	9 (11)		2 (3)		
Helen Wiseman	11 (11)			3 (4)	
Janson Woodall ¹	4 (4)				
Vivian Woodell	11 (11)	6 (6)			4 (4)

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

¹ Elected October 2024

² Resigned October 2024

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. Subject to there being no conflict of interest, the Board believes the Society benefits from directors who are active in their 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.

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

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 Limited² 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; or
- set up a Search Committee.

Nonetheless, recognising the Code states that a director should stand down after a period of nine consecutive years in office, the Rules set 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.

Currently, the Society's Rules do not provide for the appointment of independent non-executive directors, as recommended in the Code. However, given the Society operates in an increasingly complex and challenging environment, the Board believes it is now appropriate to make provision in the Society's rules to allow for the appointment of one independent non-executive director. A rule change is to be proposed at a Special Meeting forming part of the Society's forthcoming Annual General Meeting accordingly.

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;
- 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. The output is being worked through.

² a leading UK 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. In line with established governance practice, 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 on the Committee.

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 2024/25. It met 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 Head of Legal Services 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, £27,000 was paid to the Society's auditor for non-audit work (2023/24: £27,000).

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 Risk, Audit & Assurance 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 Risk, Audit & Assurance 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 Risk, Audit & Assurance 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.

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. The risk appetite is reviewed by the Board, in full, every three years (last completed 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 if 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 and is supported by the Society.

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 was set up to support campaigning activity that promoted co-operation in the political arena and supported the objectives and priorities of the Society.

At the 2024 Annual General Meeting, members approved a distribution of £60,000 to the Campaigns Fund (2023: £60,000). During the year the Fund made grants to the Co-operative Party nationally and the Society’s three local Co-operative Party Councils and two other campaigning bodies.

Following a review of the Fund in 2024, the Board concluded that despite periodic efforts to promote and refresh the Fund since its inception, the Fund had failed to gain sufficient momentum. As a result, the Board proposed, and members approved, the closure of the Fund at the Half Year Meeting in October 2024. Going forward the Board will continue to advocate to members that the Society supports the Co-operative Party given the work it does in promoting co-operation in political circles.

SUPPLIER PAYMENT POLICY

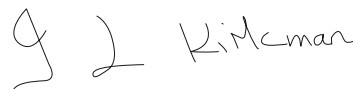
The Society’s policy is to agree terms of payment as part of the commercial arrangements with suppliers and to pay according to those terms once an invoice is received. Trade creditor days for the year were 14.5 days (2023/24: 13 days).

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



Irene Kirkman – President



Edward Parker – Secretary & Head of Governance

25 April 2025

External directorships (or equivalent) held by members of the Board and Executive during the year	
Board	
Amanda Davis	<ul style="list-style-type: none"> - Board Member, Cotswolds National Landscape (A.O.N.B.) - Member of Executive Board, Gloucestershire Association of Parish and Town Councils - Branch Chair, Unison Gloucestershire Local Government Branch - Parish Councillor, Bourton-on-the-Water Parish Council - Chair, Bourton Chase Residents Association
Bernadette Connor	<ul style="list-style-type: none"> - Town Councillor, Kidderminster Town Council - Senate Member, Co-operative Group National Members Council
Harvey Griffiths	<ul style="list-style-type: none"> - 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
Stephen Hawksworth	<ul style="list-style-type: none"> - Director, S.C. Hawksworth Ltd
Irene Kirkman	<ul style="list-style-type: none"> - Local Authority Governor, Cherwell School Oxford - Director, The Midcounties Co-operative Pension Trustee Limited
Paul Mather	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - Director, Co-operative Press Ltd - Director, BCRS Business Loans - Director, Co-operative Futures Limited - Director, Babbinswood Farm CBS - Trustee, The Co-operative College - Trustee, Shropshire Climate Action
Fiona Ravenscroft	<ul style="list-style-type: none"> - Director, Ravenscroft Ltd - Director, Osney Island Board Club Ltd - Trustee, Long Mead Foundation - Director, Co-operatives UK - Director, The Midcounties Co-operative Pension Trustee Limited
Heather Richardson	<ul style="list-style-type: none"> - Chief Risk Officer, Bromford Housing Group
Vivian Woodell	<ul style="list-style-type: none"> - Director, West Oxfordshire Community Transport Limited - Director, Student Co-operative Homes 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 - Director, The Co-operative Loan Fund - Director, The Midcounties Co-operative Pension Trustee Limited

Executive	
Current Executive	
Sara Dunham	– Director, Consulting@BeechesPond
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 & Chair, BITC Regional Advisory Board – Council Member, Co-operative Group National Members Council – Director & Chair, Co-op Community Energy Ltd – Director, Fund for International Co-operative Development

Senior Leadership Team	
Kathryn Lyddon	– Director, KML Digswell Ltd
Mark Mitchell	– Chair & Trustee, Garden Organic
Simon Lewis	– Director, Co-op Loan Fund
Sean McGovern	– Secretary, Bright Future (Co-operative) Limited
Jacob Isherwood	– Trustee, Young People First



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 25 January 2025.

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 24 May 2025.

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 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 2024. The next review is scheduled for the autumn of 2027. 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 attuned to the position of 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 2024/25 financial year, no bonus payments have been earned given that the Society's profitability fell below the stretching targets set, and the Committee has deferred a decision on the payment earned under the long-term incentive scheme until the impact of the increase in National Insurance introduced in the government's Autumn budget on the Society's overall costs is clearer.

The Society has published its fourth 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 2023 to April 2024.

The mean gender pay gap has continued to decrease and is now 9.4% (down from 11.8%). The mean bonus pay gap is -9.43% (i.e. in favour of females); this reflects the additional bonuses which can be earned by site-based colleagues in Travel and Early Years, where the majority of colleagues are female. While the mean gender pay gap is expressed as 9.41% in favour of males, this is driven by the significant number of female colleagues employed in site-based roles compared to male colleagues. When comparing basic hourly rates across all roles and pay levels within the Society there is no evidence of any gender pay discrepancies between equal or equivalent roles. The Committee will continue to monitor the actions being taken by management in these areas.

The Society has again extended the enhanced colleague discount arrangements introduced in 2022. We have also

¹ fixed pay comprises base salary, pension contributions and benefits

continued to promote GroceryAid, a charity providing a range of emotional, practical and financial support to those working in the grocery sector and in 2024 we were awarded GroceryAid Gold Status for the fourth year running. We also doubled colleagues paid paternity leave and enhanced our EveryMind support package.

At its meeting held on 10 April 2025, the Committee approved pay increases for members of the Executive team for the 2025/26 financial year of 1.0% in line with colleagues in support roles and at the more senior management grades across the Society.

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



Ellie Boyle
Chair - Remuneration Committee
10 April 2025

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 2025 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 in the autumn of 2024, no changes to pay were felt necessary. 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 nonfinancial 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. 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 Society's 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 equivalent sized PLCs.

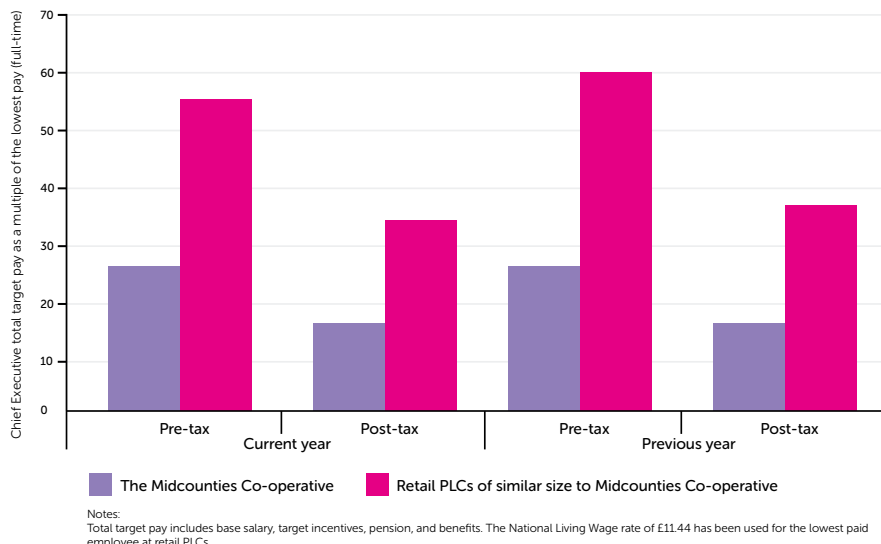
Members of the Executive are eligible to participate in the Society's STARS annual bonus scheme (the Society Target Achievement Reward Scheme) and a five-year Executive Incentive Plan (EIP). Both operate on a discretionary basis. The STARS scheme is under review.

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 2024/25 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.

The Society's highest-to-lowest total pay ratio is significantly lower than the typical ratio in PLCs



Chief Executive – pay ratios

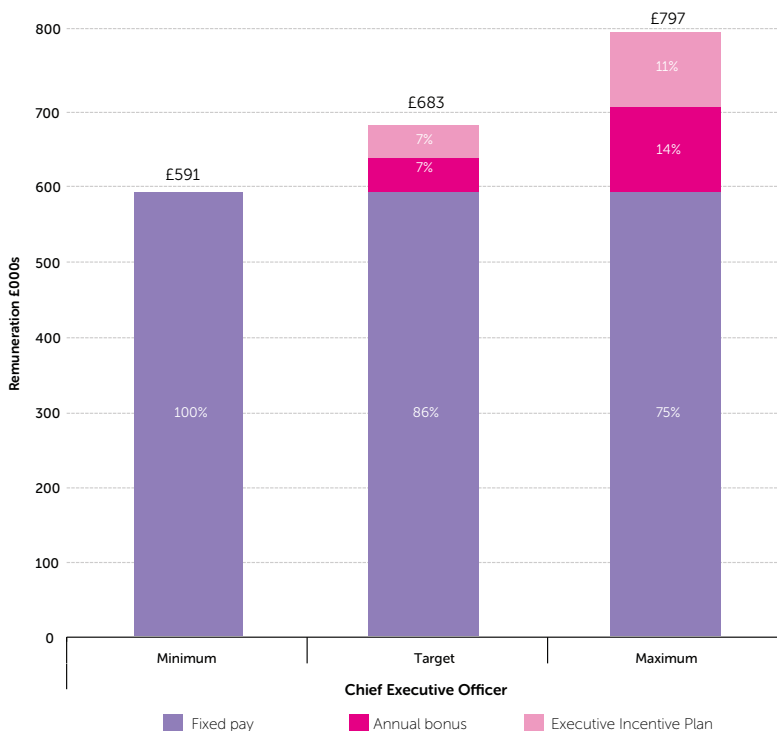
The chart here shows the approximate ratio of the Chief Executive’s annual base salary and total target remuneration, pre- and post-tax, relative to the lowest rate of pay in the society and compares this with typical ratios in the wider PLC retail sector. The ratio for 2024/25 was x27 on pre-tax pay and x17 on post-tax pay (2023/24: x26 and x17 respectively).

The table here shows the total compensation pay ratios for the Chief Executive and qualifying colleagues on the 25th, 50th and 75th percentiles over the last six years.

	25 th percentile	50 th percentile	75 th percentile
2019/20	34:1	33:1	30:1
2020/21	29:1	29:1	26:1
2021/22	31:1	31:1	28:1
2022/23	29:1	28:1	26:1
2023/24	29:1	29:1	26:1
2024/25	27:1	27:1	24:1

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 2025/26. 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 scheme. Just under 600 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 2024/25 financial year. It contains information about the Committee, details of the result of the vote on last year's Remuneration Report at the 2024 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 2024/25.

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 – Chair
- Vicky Green
- Irene Kirkman – ex-officio as Society President
- Matt Lane – stepped down 9 October 2024
- Heather Richardson – ex-officio as nominated Vice-President
- Helen Wiseman – appointed 28 October 2024

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 2024/25 amounted to £24,976 (2023/24: £8,618). 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

Three 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 2023/24;
- approval of EIP interim targets for 2024/25;
- setting of targets for the STARS bonus for the year;
- approval of the annual pay rise for the Executive;
- approval of redundancy terms for the Chief Marketing Officer;
- the triennial review of Executive remuneration;
- succession planning processes for the Chief Executive and Secretary;
- continued oversight of reward across the Society;
- review of annual bonus scheme arrangements (ongoing);
- review of gender and ethnicity pay gap insights; and
- review of the Remuneration Report.

Member voting at the Annual General Meeting

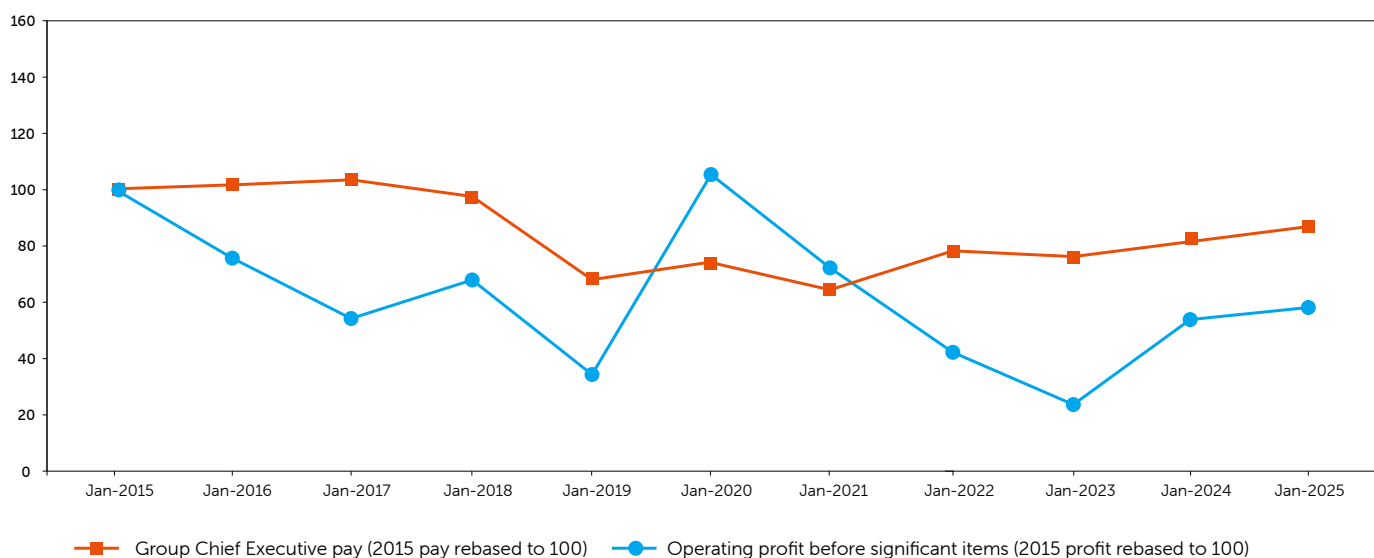
An advisory vote on the Remuneration Report is held at each AGM. The table below sets out the result of the vote on the 2023/24 Remuneration Report at the May 2024 AGM.

	Total number of votes	% of votes
For	179	86
Against	9	4
Abstain	20	10
Total	208	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.

Chief Executive Pay and Operating Profit before significant items



Executives' emoluments

The table below provides details of the remuneration and pension benefits received by Executives for the 2023/24 and 2024/25 financial years. These figures have been prepared having regard to the reporting regulations applicable to listed PLCs.

Current Executive

	Year	Salary ¹ £	Pension ² £	Benefits-in-kind ³ £	Fixed pay	Bonus £	EIP ⁴ £	Variable pay	Total £
Alison Bain ⁵ Chief Marketing Officer	2023/24	203,087	3,993	12,275	219,355	-	16,247	16,247	235,602
	2024/25	124,452	4,396	6,998	135,846	-	-	-	135,846
Michelle Cemm ⁶ Chief People Officer	2023/24	18,083	531	969	19,583	-	-	-	19,583
	2024/25	231,863	7,129	12,000	250,992	-	-	-	250,992
Sara Dunham Chief Officer National Businesses	2023/24	233,848	4,618	12,000	250,466	-	18,708	18,708	269,174
	2024/25	242,660	7,649	12,000	262,309	-	-	-	262,309
Peter Kelly Chief Financial Officer	2023/24	247,733	4,735	12,000	264,468	-	19,819	19,819	284,287
	2024/25	258,837	8,099	12,000	278,936	-	-	-	278,936
Edward Parker Secretary & Head of Governance	2023/24	174,539	29,615	14,746	218,900	-	13,963	13,963	232,863
	2024/25	181,516	29,130	12,000	222,646	-	-	-	222,646
Phil Ponsonby Chief Executive	2023/24	549,001	-	19,200	568,201	-	43,920	43,920	612,121
	2024/25	572,227	-	19,200	591,427	-	-	-	591,427
Pete Westall Chief Values Officer	2023/24	194,593	12,386	13,363	220,342	-	15,567	15,567	235,909
	2024/25	202,403	13,396	12,000	227,799	-	-	-	227,799

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

4. decision on EIP payment deferred, as noted in the Chair's introduction

5. left the Society due to redundancy on 28 July 2024; details of the loss of office payments made can be found in the 'loss of office payments' section later in this report

6. joined the Society as Chief People Officer on 1 December 2023

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 2024/25 the increase was 4.0% (2023/24: 4.0%).

The Committee has a policy that levels of fixed pay for the Executive should be reviewed formally every three years to ensure market competitiveness and benchmarking against the median position. The last review took place the autumn of 2024. No changes to pay were felt necessary arising from the review.

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 2024 and 2025 financial years for members of the Executive. All salaries are at the median in line with the Committee's policy.

Executive	Salary as at 28 January 2024 £	Salary as at 26 January 2025 £	Change including 4.0% annual rise %	Change excluding 4.0% annual rise %
Alison Bain ¹ , Chief Marketing Officer	203,692	-	-	-
Michelle Cemm, Chief People Officer	223,607	232,551	4.0	0.0
Sara Dunham, Chief Officer National Businesses	234,011	243,380	4.0	0.0
Peter Kelly, Chief Financial Officer	249,627	259,604	4.0	0.0
Edward Parker, Secretary & Head of Governance	175,057	182,054	4.0	0.0
Phil Ponsonby, Chief Executive	551,859	573,924	4.0	0.0
Pete Westall, Chief Values Officer	195,195	202,820	4.0	0.0

¹ left the Society due to redundancy on 28 July 2024

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 2024/25 these were 'member trade' and 'great leadership'.

The maximum bonus opportunity for members of the Executive for 2024/25 was 20% of base salary (2023/24: 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.

While the Society's profit performance improved on last year, it fell below stretching targets. As a result, no payments under the STARS bonus scheme were earned for 2024/25.

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. As noted in the Chair's introduction, the Committee has deferred a decision on the payment earned under the long-term incentive scheme until the impact of the increase in National Insurance introduced in the government's Autumn budget on the Society's overall costs is clearer.

EIP targets	Weighting	2024/25		2025/26 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%	£137.198m	£130.448m 0% payment achieved	£119.693m	£186.633m
- Member trade - % of transactions completed by members Baseline – 19% (position prior to launch of the member app in Oct 2021)	25%	40.0%	44.0% 4.0% payment achieved	45.0%	50.0%
Non-financial measures					
- % reduction in Greenhouse Gas emissions across our operations Baseline – 2019 position	25%	38.0%	39.0% 4.0% payment achieved	44.0%	50.0%
- % workforce belonging to an ethnic minority group Baseline – 10.5%	25%	13.0%	12.5% 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 over the last five 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	2024/25
Chief Executive	(4.0)	10.5	7.5	(3.5)	4.1
Average for colleagues	(7.4)	4.9	10.2	7.5	7.0

n.b. the average colleague increase for 2023/24 has been restated from that reported last year.

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.

	2023/24 £m	2024/25 £m	% change
Staff costs	129.9	135.2	4.08
Distributions	2.4	2.1	-12.5
Operating profit before significant items	9.5	11.0	15.8

Loss of office payments

The principles governing compensation for loss of office are set out earlier in this report. During the year, the role of Chief Marketing Officer held by Alison Bain was made redundant. The incumbent agreed exit terms and her employment ended on 28 July 2024. A payment of £36,665 was agreed in accordance with the Society's redundancy policy, together with pay in lieu of notice of £115,100 and other contractual payments of £26,857.

Payments to past Executives

No 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 2024/25 this was set at 4.0% (2023/24: 4.0%).

Board/Committee	Role	Fees 2024/25 £	Fees 2023/24 £
Board	President	15,302 40% above Director fee	14,714
	Vice-Presidents	13,116 20% above Director fee	12,612
	Director	10,930	10,510
Audit & Risk Committee	Chair	1,631 40% above Director fee	1,568
	Vice-Chair	1,281 10% above Director fee	1,232
	Committee member	1,165	1,120
Pension Trustee Board	Trustee Chair	2,271 40% above Director fee	2,184
	Trustee director	1,622	1,560
Sustainability steering group	Board representative	713	685
Member Engagement Committee	Committee member	713	685
Remuneration Committee	Committee member	713	685

Expenses

Directors are reimbursed all reasonable expenses incurred while carrying out their duties for the Society. In addition, an attendance allowance of £45.96 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.

Director	Fees		Director	Fees	
	2024/25 £	2023/24 £		2024/25 £	2023/24 £
Ellie Boyle	12,685	12,954	Matthew Lane ²	9,108	11,250
Bernadette Connor	12,450	11,937	Paul Mather	13,238	13,449
Amanda Davis	11,999	2,439	Nick Milton	10,825	10,561
Callum Dunne ¹	2,438	-	Barbara Rainford	11,790	11,742
Harvey Griffiths	11,978	10,691	Fiona Ravenscroft	14,319	14,460
Evelyne Godfrey ²	8,681	11,780	Heather Richardson	16,999	13,977
Vicky Green	11,531	11,250	Helen Wiseman	11,695	14,585
Stephen Hawksworth	11,101	10,709	Janson Woodall ¹	2,438	-
Irene Kirkman	15,302	12,792	Vivian Woodell	17,203	16,564

¹ elected October 2024

² resigned October 2024

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 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 10 April 2025.



Ellie Boyle
Chair – Remuneration Committee

10 April 2025

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 25 January 2025 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

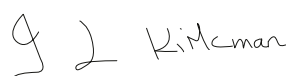
The Board has considered the cash flow projections for the 12 months through to the end of May 2026 arising from current performance, forecasts and known risks, including those likely to arise from a severe and plausible downside scenario that might impact the Society's trading divisions both in isolation and in aggregate. An assessment of these likely impacts is shown on pages 83-84. 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.



Irene Kirkman
President



Heather Richardson
Vice-President



Vivian Woodell
Vice-President



Edward Parker
Secretary

15 May 2025

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 Group's and of the Society's affairs as at 25 January 2025 and of the Group's and Society's 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 and the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969.

We have audited the financial statements of The Midcounties Co-operative Limited ("the Society") and its subsidiaries ("the Group") for the period ended 25 January 2025 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 a summary of significant accounting policies. 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 remain 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 we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative or Community Benefit Societies Act 2014 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 Society's accounting records and returns; or
- we have not received all the information and explanations we need 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 Group and 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 Group and 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 below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the legal and regulatory framework applicable to the Group and the sectors in which it operates;

- Discussion with management and those charged with governance, including internal legal counsel;
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations; and
- Obtaining an understanding of the legal and regulatory framework in which the Group operates, including the Co-operative or Community Benefit Societies Act 2014, UK tax legislation, the Modern Slavery Act 2015, health and safety regulations, licensing and food handling regulations, FCA regulations and employee-related legislation such as the National Living Wage.

We considered the significant laws and regulations to be the applicable accounting framework such as UK tax legislation, employee-related legislation such as the National Living Wage, FCA regulations and Community Benefit Societies Act 2014.

The Group 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 meeting 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;
- Review of legal expenditure accounts to understand the nature of expenditure incurred; and
- Discussion with management, including consideration of known or suspected instances of non-compliance with laws and regulations.

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, Audit Committee and internal legal counsel regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group'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;
- Enquiry with management concerning actual and potential litigation and claims;
- Challenging assumptions made by management in their significant accounting estimates and assessing whether the judgements made in accounting entries are indicative of potential bias; 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 meet the banking covenants if they aren't on track to meet;
- 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;
- 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 reviewing 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 for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:

Laurie Hannant

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Laurie Hannant (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor Nottingham, UK
17 May 2025

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 25 January 2025

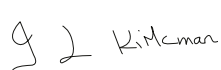
	Note	2024/25 £'000	2023/24 £'000
Revenue	1	840,241	837,025
Cost of sales		(609,064)	(612,665)
Gross profit		231,177	224,360
Other operating income		109	197
Operating expenses		(220,640)	(224,326)
Operating expenses excluding significant Items	2.1	(220,303)	(215,082)
Operating profit before significant items		10,983	9,475
Operating expenses - significant items	2.2	(337)	(9,244)
Operating profit		10,646	231
Finance income	2.3	478	551
Finance expense	2.3	(14,842)	(12,765)
Loss before payments to and on behalf of members		(3,718)	(11,983)
Payments to and on behalf of members	2.4	(2,123)	(2,361)
Loss before tax		(5,841)	(14,344)
Income tax (charge)/credit	2.5	(654)	2,480
Loss for the year		(6,495)	(11,864)
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	1,348	2,105
Remeasurement of defined benefit liability	4.5	928	2,619
Income tax on other comprehensive income	2.5	(268)	(1,599)
Other comprehensive income for the period, net of income tax		2,008	3,125
Total comprehensive expense for the period		(4,487)	(8,739)

Consolidated Statement of Financial Position

As at 25 January 2025

	Note	2024/25 £'000	2023/24 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	149,448	162,320
Intangible assets	3.2	71,651	72,346
Investment property	3.3	12,046	11,343
Right of use assets	3.4	91,465	96,488
Other investments	3.5	4,079	4,147
Other debtors	3.8	600	708
Deferred tax assets	3.6	10,812	10,664
Total non-current assets		340,101	358,016
Current assets			
Stocks	3.7	28,952	28,124
Trade and other receivables	3.8	71,078	69,967
Cash and cash equivalents	3.9	5,971	3,977
Assets held for sale	3.10	5,743	7,342
Total current assets		111,744	109,410
TOTAL ASSETS		451,845	467,426
LIABILITIES			
Current liabilities			
Loans and borrowings	4.1	68,956	-
Trade and other payables	4.2	165,728	170,717
Lease Liabilities	4.3	8,456	10,434
Liabilities held for sale	3.10	610	711
Total current liabilities		243,750	181,862
Non-current liabilities			
Loans and borrowings	4.1	-	69,728
Other payables	4.2	89	126
Lease Liabilities	4.3	97,868	96,707
Provisions	4.4	3,473	3,379
Pension obligations	4.5	1,876	9,237
Total non current liabilities		103,306	179,177
TOTAL LIABILITIES		347,056	361,039
NET ASSETS		104,789	106,387
EQUITY			
Share capital		86,838	80,084
Other reserves		41,882	47,126
Retained losses		(23,931)	(20,823)
TOTAL EQUITY		104,789	106,387

The financial statements were approved by the Board of Directors on the 15 May 2025.



Irene Kirkman
President



Heather Richardson
Vice-President



Vivian Woodell
Vice-President



Edward Parker
Secretary

Consolidated Statement of Changes in Equity

As at 25 January 2025

	Share Capital £'000	Revaluation reserve £'000	Retained losses £'000	Total Equity £'000
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
Loss for the year	-	-	(6,495)	(6,495)
Realised on disposal of properties	-	(6,297)	5,642	(655)
Other comprehensive income:				
Revaluation of property, plant and equipment (Note 3.1)	-	1,348	-	1,348
Actuarial gain on defined benefit pension plans (Note 4.5)	-	-	928	928
Income tax on other comprehensive loss (Note 2.5)	-	(295)	1,097	802
Total other comprehensive income	-	1,053	2,025	3,078
Contributions by and distributions to members:				
Shares issued and interest credited less shares withdrawn	6,754	-	-	6,754
Members' share interest	-	-	(4,280)	(4,280)
Total contributions by and distributions to members	6,754	-	(4,280)	2,474
Balance at 25 January 2025	86,838	41,882	(23,931)	104,789

Consolidated Statement of Cash Flows

For the 52 weeks ended 25 January 2025

	Note	2024/25 £'000	2023/24 £'000
Cash flows from operating activities			
Loss for the period		(6,495)	(11,864)
Adjustments for:			
Depreciation	3.1	11,856	9,105
Amortisation of intangible assets	3.2	886	807
Impairment		2,136	291
Depreciation IFRS16 right of use assets	3.4	15,873	12,208
(Gain)/ loss on sale of property, plant and equipment	2.2	(4,241)	1,876
Change in fair value of trading and investment properties	2.2	(186)	5,602
Change in fair value of investments		68	(327)
(Decrease)/ Increase in provisions	2.3	(94)	345
Finance expense	2.3	8,701	7,954
Finance Income	2.3	(478)	(551)
IFRS 16 finance expense	2.3	6,141	4,811
Payments to and on behalf of members	2.4	2,123	2,361
Payments to the pension fund	4.5	(7,615)	(6,758)
Income tax expense / (credit)	2.5	654	(2,480)
		29,329	23,380
Change in:			
Stocks		(828)	461
Trade and other receivables		(1,003)	5,544
Trade, other payables and provisions		(5,010)	(16,672)
		(6,841)	(10,667)
Income tax		-	(445)
Cash generated from operating activities		22,488	12,268
Cash flows from investing activities			
Interest received	2.3	393	264
Payments to new investments	3.5	-	(2)
Proceeds from investments	3.5	-	691
Income from investments		85	287
Proceeds from:			
Sale of investment properties, property, plant and equipment, intangible assets and assets held for sale		24,315	1,938
Purchase of:			
Property, plant and equipment	3.1	(17,092)	(15,418)
Intangible assets	3.2	(222)	-
Net cash generated from / (used in) investing activities		7,479	(12,240)
Cash flows from financing activities			
Net proceeds from issue of share capital		15,200	23,845
Repayment of share capital		(11,429)	(28,981)
Proceeds from loans	4.1	173,804	249,663
Repayment of loans	4.1	(174,576)	(230,840)
Loan arrangement fees	4.1	-	(1,421)
Interest paid on borrowings		(6,746)	(6,152)
Repayment of lease interest	4.3	(6,141)	(4,811)
Repayment of lease liabilities	4.3	(14,325)	(11,093)
Payments to and on behalf of members and share interest paid		(3,760)	(1,930)
Net cash used in financing activities		(27,973)	(11,720)
Net increase / (decrease) in cash and cash equivalents			
Cash and cash equivalents at start of period		3,977	15,669
Cash and cash equivalents at end of period	3.9	5,971	3,977

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.

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 25 January 2025 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 £6.5m for the year to 25 January 2025 (2023/24: £11.9m loss) and has net assets of £104.8m (2023/24: £106.4m). The Society meets its day-to-day cash flow requirements from management of working capital and utilisation of its banking facilities.

On 22 February 2023, the Society executed a three-year £112.6m Revolving Facility Agreement with its four long-term partner banks. Following the divestment of certain secured properties, at the year end the facility stood at £93.2m, of which £68.9m was utilised. As this facility has a maturity date of less than one year at the year end date, the amount utilised has been classified as a current liability.

Subsequent to the year end, on 15 May 2025, the Society executed an extension of the current facility ("the facility extension") with its existing lenders until 31 July 2026, for a total of £89.9m. At the date of approval of these financial statements, the amount utilised was £33.2m.

The terms of the facility extension contains financial covenants which are tested on a quarterly basis. The Society has reviewed these covenants against its annual Strategic Plan and is forecasting to be compliant with all tests for the period of the facility extension. There are a number of conditions required to be undertaken by the Society as part of the facility extension, including the appointment of a Chief Strategy Officer ("CSO") as part of the executive team to support the CEO, with primary responsibility to lead Strategic and Governance reviews of the Society.

The scope of the Strategic Review is to present recommendations to the Board regarding options available to support a longer term financing arrangement. As such the directors are reviewing initiatives to ensure the Society deleverages further and increases its liquidity headroom.

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 ("the going concern assessment period").

As part of the Society's Strategic Planning Cycle, detailed annual budgets and a 5-year plan through to January 2030, have been prepared and approved by the board ("the strategic plan").

The facility extension expires on 31 July 2026 and as this is within the Society's five year planning horizon, the directors have considered the likelihood of being able to secure access to funding beyond this period.

The Society expects to deleverage across the five year planning horizon from continued growth in EBITDA, the sale of non-strategic property assets and other liquidity enhancements. As a result, the strategic plan forecasts an improvement in leverage and interest cover – both key metrics which are expected to indicate a reduction in risk profile and increase the financing options available to the Society.

The baseline assumption within the strategic plan is therefore that the Society is able to secure access to further funding and remains viable beyond the going concern assessment period. With the reduction in risk profile, the Society expects financing options to be at lower rates, however the strategic plan assumes the prudent view that the cost of financing arrangements remains in line with today. Baseline interest rates aligned to the Bank of England's medium-term forecasts.

If the Society is not able to reduce its debt in line with the strategic plan, the directors believe access to funding will still be available albeit at costs in line with current arrangements rather than at lower rates.

The Society has already engaged with advisers and is in regular dialogue with existing and prospective lenders to begin the process for refinancing ahead of expiry of the facility extension in July 2026.

The strategic plan has been used as part of the going concern assessment, alongside downside sensitivity testing of the assumptions underpinning the forecast trading and consideration of the current economic environment together with the Society's Principal Risks. The key considerations are outlined in further detail in this section and have been used to represent a severe and plausible test on the Society's ability to continue as a going concern.

After considering the terms of the facility extension and the results of the severe and plausible analysis, the directors have concluded that the Society has adequate resources and will comply with its covenant requirements and conditions of its financing facility, to allow it to continue in operational existence for the period of the going concern assessment.

Whilst the Directors consider there are uncertainties in the going concern assessment period, from the economic environment and also the Society's plan to reduce debt in line with its strategy, we do not consider these 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

Whilst the cost of living crisis experienced in recent years has eased, the lasting effects of higher inflation, higher energy costs and higher interest costs continue to influence both the business and our many members and customers. Average transaction volumes and average items per basket were broadly flat across the year, having fallen in the previous year. Economic forecasts are indicating an easing of inflation and a gradual (though slower than previously expected) reduction in base interest which should allow volumes to rise again, though the timing and speed of these reductions remains uncertain. The continued rising cost of Childcare remains well publicised, though recent government initiatives to expand the number of working hours for eligible families has driven an increase in attendance at our nurseries amongst younger age groups and a corresponding rise in the level of funding paid.

Prolonged cost of living concerns, geopolitical and macroeconomic uncertainties and regulatory requirements continue to be significant considerations for the Travel sector. However, despite these challenges holidays continue to be a key part of household budgets. Strong competition is healthy for consumers and should continue to drive volumes across the sector but with passengers placing a heightened awareness on price, a positive outlook for Travel comes with an element of caution.

Inevitably our supplier base has sought to pass on rising costs, affecting our own costs of sale and overheads. Increases in the National Living Wage along with the changes in the Autumn budget to both increase the rate at which National Insurance is paid and a reduction in the threshold at which National Insurance becomes payable has driven a material uplift in personnel costs. We are not able to absorb all cost increases and though we do seek to recover some of these through pricing, the net impact of the National Insurance changes has been substantial, leading to a c.£4m increase payroll costs across the Society.

The year has seen a continued focus on member promotions and offers to help our customers. Member trade in Food was a particular success, increasing to over 40% compared with 35% last year, with customers continuing to see value in shopping with us, remaining loyal and returning on a regular basis. Our investments in energy efficiency programmes continued in the year, with remote refrigeration monitoring launched in over 100 food stores, and the further roll out of new refrigeration. This built on the substantial refrigeration and LED lighting rolled out across the Food estate in 2023 and 2024 and continues to reduce electricity usage and cost across the society.

Travel

Our key imperatives continue to be growing Co-op Holidays and delivering a tech-enabled model across all our channels, underpinned by robust operations and a sharpened focus on value for our members.

Our baseline budget is formed on Mintel's research for passenger volume growth expectations for 2025 with average selling prices based on historic norms. Further growth has been embedded into the baseline, chiefly in relation to Co-op holidays from our initiatives to grow sales by enhancing product range, integrating suppliers, optimising marketing, developing our online capability and incentivising our partners. Next year we will also launch a new travel money proposition across all sales channels.

To test our financial resilience against material risks we have modelled a softening of volumes versus those anticipated by Mintel and increased pressure on pricing and discounts. We believe this can be largely mitigated by short-term reductions in marketing spend and a slower investment in the expansion of the Travel support teams.

Consumer protection is a key focus for the Travel sector and is of utmost importance to the Society. We believe we have a healthy relationship with regulators and maintain an open dialogue as we continue to evolve and further enhance the protection of consumer monies (deposits and balance payments) which the Society receives from its passengers prior to their holidays starting. Ensuring our Budgets adequately allow for the peak inflows and outflows of customer receipts and supplier payments is a cornerstone of our strategic planning process.

Early Years

In Early Years, we will continue our focus on our four key imperatives – People, Protection, Property and Performance. We have invested significantly in our estate, refurbishing 5 nurseries, converting them to our Little Pioneers brand and ensuring we place the safeguarding and education of children in our nurseries at the forefront of our daily operations. These investments will help secure existing occupancy and ensures we are well placed to grow both occupancy and profitability over the near and long term. We have already seen increased attendance at our nurseries following the expansion in government-funded hours made available to families in the second half of 2024 and we expect to benefit further in the year ahead with another extension of funding from September 2025 that means all eligible working families will be able to claim 30 hours of childcare from the term after their child turns 9 months until they reach school age.

Adjusting for any year on year changes in our nursery portfolio, the budget assumes an average occupancy increase of 2% as we maintain the momentum gained in the second half of 2024 and place further emphasis on the recruitment and retention of staff; a key challenge faced by the whole sector.

A downside scenario has been undertaken to model the impact of occupancy remaining flat year over year with limited ability to pass on price increases. Although employment costs continue to rise we are able to mitigate lower occupancy by reducing the number of variable staffing hours in our nurseries whilst continuing to maintain the regulated ratios.

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 through much of 2024. H1 2024 saw continued declining average items per basket volumes on the back of sustained high inflation and continued impacts from the cost of living crisis.

Throughout H2 2024 the Food operation drove sustained volume growth, supported by an easing of inflation and targeted Member promotions & discounts. Economic forecasts are indicating a continued relatively-low inflation and a gradual though slower than previously expected reduction in base interest which should support continued volume growth; though the timing and speed of these reductions remains uncertain.

Our baseline Budget is based on industry research and like-for-like (L4L) volume growth assumptions for the Retail Grocer sector published by IGD of +0.9%, supported by a further growth in alternative sales channels and partnerships. A downside scenario has been undertaken to model the impact of reductions in the growth of both LfL volume and LfL rate as well as removing or reducing the growth of new initiatives. A reduction in store labour hours and a decrease in marketing spend are both considered to be appropriate mitigations to a moderate downside.

Mitigations

As in prior year 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 / deferrals, 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 2024/25 and are expected to contribute significantly in 2025/26.

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 revenue 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
Valuation 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

a) New standards, interpretations and amendments adopted from 1 January 2024

The following amendments are effective for the period beginning 1 January 2024:

- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1); and
- Non-current Liabilities with Covenants (Amendments to IAS 1)

These amendments to various IFRS Accounting Standards are mandatorily effective for reporting periods beginning on or after 1 January 2024. See the applicable notes for further details on how the amendments affected the Society.

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

On 25 May 2023, the IASB issued Supplier Finance Arrangements, which amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures.

The amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The amendments also provide guidance on characteristics of supplier finance arrangements.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);

On 22 September 2022, the IASB issued amendments to IFRS 16 Lease Liability in a Sale and Leaseback (the Amendments).

Prior to the Amendments, IFRS 16 did not contain specific measurement requirements for lease liabilities that may contain variable lease payments arising in a sale and leaseback transaction. In applying the subsequent measurement requirements of lease liabilities to a sale and leaseback transaction, the Amendments require a seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

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

Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants (Amendments to IAS 1)

The IASB issued amendments to IAS 1 in January 2020 Classification of Liabilities as Current or Non-current and subsequently, in October 2022 Non-current Liabilities with Covenants.

The amendments clarify the following:

- An entity's right to defer settlement of a liability for at least 12 months after the reporting period must have substance and must exist at the end of the reporting period.
- If an entity's right to defer settlement of a liability is subject to covenants, such covenants affect whether that right exists at the end of reporting period only if the entity is required to comply with the covenant on or before the end of the reporting period.
- The classification of a liability as current or non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement.
- In case of a liability that can be settled, at the option of the counterparty, by the transfer of the entity's own equity instruments, such settlement terms do not affect the classification of the liability as current or non-current only if the option is classified as an equity instrument.

These amendments have no effect on the measurement of any items in the consolidated financial statements of the Society. However, the classification of certain borrowings has changed from non-current to current as result of the application of the amendments for the current financial year as well as the comparative period.

b) 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 Society has decided not to adopt early.

The following amendments are effective for the annual reporting period beginning 1 January 2025:

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)

The following amendments are effective for the annual reporting period beginning 1 January 2026:

- *Amendments to the Classification and Measurement of Financial Instruments* (Amendments to IFRS 9 *Financial Instruments* and IFRS 7)
- *Contracts Referencing Nature-dependent Electricity* (Amendments to IFRS 9 and IFRS 7)

The following standards and amendments are effective for the annual reporting period beginning 1 January 2027:

- IFRS 18 *Presentation and Disclosure in Financial Statements*
- IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

The Society is currently assessing the effect of these new accounting standards and amendments. IFRS 18 *Presentation and Disclosure in Financial Statements*, which was issued by the IASB in April 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 *Basis of Preparation of Financial Statements* (renamed from *Accounting Policies, Changes in Accounting Estimates and Errors*). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

The Society does not expect to be eligible to apply IFRS 19.

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, volume rebates and member discounts.

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
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
Early Years	Early Years	When the early years 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 earned 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 earned 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 earned 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

	2024/25 Gross sales* £'000	2024/25 Revenue £'000	2023/24 Gross sales* £'000	2023/24 Revenue £'000
Food	659,146	590,762	664,564	602,415
Early Years	47,937	47,106	44,031	43,197
Travel	786,435	187,160	749,921	176,389
Utilities	12,063	8,994	13,724	9,374
Post Offices	3,083	3,083	3,230	3,230
Other	18	18	25	25
Property rentals	3,118	3,118	3,133	3,133
	1,511,800	840,241	1,478,628	837,763
Members share of profits	-	-	(738)	(738)
Total revenue	1,511,800	840,241	1,477,890	837,025

* 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.

	2024/25 £'000	2023/24 £'000
Gross Sales	1,511,801	1,477,890
Principal vs Agent Adjustment	(599,275)	(573,236)
Flexible Benefit Commissions	(3,069)	(4,350)
Discounts	(5,003)	(5,355)
VAT	(64,213)	(57,924)
Total revenue	840,241	837,025

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 redeemed with a corresponding liability being held on the balance sheet.

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	2024/25 £'000	2023/24 £'000
Operating costs	2.1.1	84,884	85,006
Personnel costs	2.1.2	135,199	129,860
Transactions with directors	2.1.3	220	216
		220,303	215,082

2.1.1 Operating costs

		2024/25 £'000	2023/24 £'000
Depreciation of owned assets - property, plant and equipment	3.1	11,856	9,105
Amortisation of owned assets - intangibles	3.2	886	807
Depreciation of right of use assets	3.4	15,873	12,208
Fees paid to auditors:			
Audit		422	471
Other		27	27
Occupancy Costs		26,430	29,092
Other expenses		29,390	33,296
		84,884	85,006

2.1.2 Personnel costs

		2024/25 £'000	2023/24 £'000
Wages and salaries		124,190	119,975
Social security payments		8,612	7,681
Expenses related to defined contribution pension schemes	4.5	2,397	2,204
		135,199	129,860

Key management personnel

Remuneration of Key Management Personnel for the year amounted to £2.333m (2023/24 £2.133m) including National Insurance contributions. For further details in relation to key management personnel remuneration please refer to the remuneration report on page 69.

The average monthly number of employees employed by the Society was:

	Number	Number
Full time	2,157	2,280
Part time	4,219	4,275
	6,376	6,555

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.

	2024/25	2023/24
	£'000	£'000
Directors' fees and expenses	220	216

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:		2024/25	2023/24
		£'000	£'000
Items included within operating expenses:			
Net gain/(loss) on disposal of property, plant, equipment and other investments	a	4,240	(1,876)
Change in fair value of trading and investment property	a	186	(5,602)
Expense of business acquisitions and disposals	b	(965)	(606)
Reorganisation costs	c	(786)	(435)
Right of use asset impairment	d	(2,682)	(400)
Refinancing	e	(266)	(325)
Other significant items		(64)	-
Significant items		(337)	(9,244)
Tax on significant items continuing operations	f	(282)	580
Significant items after tax		(619)	(8,664)

- a - Gains and losses 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 - The Society continues to assess the structure within all trading groups. This resulted in a one-off cost relating to support services restructure.
- c - The Society also continues to review the most appropriate organisational structures to support its trading groups. In 2024/25 this included the reorganisation of its central marketing function and changes to other support functions.
- d - Impairment of IFRS 16 right of use assets, which primarily reflects the fluctuation in the performance of our Food stores.
- e - Cost relating to the refinancing of banking facilities.
- f - The tax (charge)/ credit relates to tax on significant items.

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	2024/25 £'000	2023/24 £'000
Finance income	2.3.1	478	551
Finance expenses	2.3.2	(14,842)	(12,765)
Total finance costs		(14,364)	(12,214)

2.3.1 Finance income

	2024/25 £'000	2023/24 £'000
Other interest income	85	287
Interest income on bank deposits	393	264
Total finance income	478	551

2.3.2 Finance expense

	2024/25 £'000	2023/24 £'000
Net interest on defined benefit liability	4.5	1,677
Interest expense on bank loans	4.3	5,759
Interest expense in respect of lease liabilities	4.3	4,811
Loan arrangement fees expensed		518
Total finance expense		14,842

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, payments in support of co-operative development and charitable donations. 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'.

	2024/25 £'000	2023/24 £'000
Grants and other member benefits	1,673	1,911
Employee member benefits	450	450
	2,123	2,361

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.

	2024/25 Before significant items £'000	2024/25 Significant items £'000	2024/25 £'000	2023/24 Before significant items £'000	2023/24 Significant items £'000	2023/24 £'000
Current tax expense:						
Current period	(1,719)	1,719	-	1,053	(1,053)	-
Adjustment for prior periods	-	-	-	-	-	-
	(1,719)	1,719	-	1,053	(1,053)	-
Deferred tax charge / (credit):						
Origination and reversal of temporary differences	2,953	(1,437)	1,516	(721)	473	(248)
Adjustment for prior periods	(862)	-	(862)	(2,232)	-	(2,232)
	2,091	(1,437)	654	(2,953)	473	(2,480)
Total income tax	372	282	654	(1,900)	(580)	(2,480)

In order to understand how, in the income tax statement, a tax charge / (credit) on continuing operations of £0.654m (2023/24: of £2.480m) arises on a loss before tax of £5.841m (2023/24: £14.344m), the taxation charge that would arise at the standard rate of UK corporation tax is reconciled to the actual charge as follows:

Factors affecting the tax charge / (credit) for the period:

(Loss) from Continuing Operations

Total Loss before taxation

Income tax using the Society's domestic tax rate of 25% (2023/24: 23.99%)

Expenses not deductible for tax purposes

Profit on sale of properties subject to indexation and rollover relief

Adjustment for prior periods (current plus deferred tax expense)

Movement in unrecognised deferred taxes

Total income tax expense / (credit)

2024/25 Before significant items £'000	2024/25 Significant items £'000	2024/25 £'000	2023/24 Before significant items £'000	2023/24 Significant items £'000	2023/24 £'000
(5,504)	(337)	(5,841)	(5,100)	(9,244)	(14,344)
(5,504)	(337)	(5,841)	(5,100)	(9,244)	(14,344)
(1,376)	(84)	(1,460)	(1,223)	(2,218)	(3,441)
(117)	(813)	(930)	1,555	1,828	3,383
-	1,179	1,179	-	(190)	(190)
(862)	-	(862)	(2,232)	-	(2,232)
2,727	-	2,727	-	-	-
372	282	654	(1,900)	(580)	(2,480)

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

Total recognised directly in equity:

Members' share interest

Total recognised in other comprehensive income:

Revaluation of property, plant and equipment

Actuarial (losses) /gains on defined benefit pension plans

Deferred tax:

Net asset at start of period

Deferred tax (charge)/ credit in revenue account for the period

Deferred tax recognised directly in equity

Movement on pension liability deferred tax

Other deferred tax recognised in other comprehensive income

Net asset at end of period

2024/25 £'000	2023/24 £'000
(1,070)	(688)
£'000	£'000
295	944
(27)	655
268	1,599
£'000	£'000
10,666	9,095
(654)	2,480
1,070	688
27	(655)
(295)	(944)
10,814	10,664

The March 2021 Budget announced an increase in the UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The deferred tax balances and movements have been recognised at 25%.

		2024/25 Before Significant Items £'000	2024/25 Significant Items £'000	2024/25 Total £'000	2023/24 Before Significant Items £'000	2023/24 Significant Items £'000	2023/24 Total £'000
(Loss) before tax on continuing operations		(5,504)	(337)	(5,841)	(5,100)	(9,244)	(14,344)
Loss before taxation		(5,504)	(337)	(5,841)	(5,100)	(9,244)	(14,344)
Tax on loss on ordinary activities at standard UK corporation tax rate of 25.00% (2023/24: 23.99%)		(1,375)	(84)	(1,459)	(1,223)	(2,218)	(3,441)
Depreciation in excess of capital allowances		(284)	-	(284)	(367)	-	(367)
Pension movements	a	(1,608)	-	(1,608)	(1,219)	-	(1,219)
Expenses not deductible for tax purposes	b	1,549	-	1,549	3,862	-	3,862
Change in fair value of trading properties	c	-	805	805	-	1,031	1,031
Change in fair value of investment properties	c	-	(181)	(181)	-	312	312
Expense of business acquisitions and disposals	c	-	-	-	-	12	12
Profit on sale of properties subject to indexation and rollover relief	c	-	1,178	1,179	-	(190)	(190)
	c						
Reported current tax charge and effective rate		(1,718)	1,718	-	1,053	(1,053)	-
Reported current tax charge		(1,718)	1,718	-	1,053	(1,053)	-
Depreciation in excess of capital allowances		771	-	771	837	-	837
Pension movements	a	1,608	-	1,608	1,270	-	1,270
Other Timing Differences	b	574	(1,437)	(863)	(2,828)	473	(2,355)
Adjustments to tax charge in respect of previous periods	d	(863)	-	(863)	(2,232)	-	(2,232)
Reported deferred tax charge / (credit)		2,091	(1,437)	654	(2,953)	473	(2,480)
Reported total tax charge / (credit)		373	282	654	(1,900)	(580)	(2,480)

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 (-£2.727m - see footnote e for explanation below) and interest not allowed to be offset against taxable income by way of the Corporate Interest Restriction of £1.280m.

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.

Section 3 - Assets

In this section

This section 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 are 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:	
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 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.

Any assets subject to a sale and leaseback arrangement are transferred to Right of Use assets and treated as disclosed in note 3.4.

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. Assets are tested for impairment at the lowest identifiable CGU at store level. Discount rates applied range between 10.8% to 15.2% and are applied by division. 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	Assets under construction £'000	Total £'000
Cost or valuation:				
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	(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
Additions	-	-	17,092	17,092
Transfer from other debtors	-	-	1,012	1,012
Revaluation to reserves	809	-	-	809
Revaluation release upon disposal	2,010	-	-	2,010
Disposals	(22,899)	(4,441)	-	(27,340)
Transfer from assets under construction	-	15,346	(15,346)	-
Net transfer from assets held for sale	936	-	-	936
At 25 January 2025	112,218	140,870	6,866	259,953
Accumulated depreciation:				
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
Provided this year	413	11,444	-	11,857
Disposals	(573)	(3,893)	-	(4,466)
At 25 January 2025	7,988	102,517	-	110,505
Carrying amount				
At 27 January 2024	123,214	34,998	4,108	162,320
At 25 January 2025	104,230	38,353	6,866	149,448

Security

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

Valuations

The property valuations undertaken in January 2025 were valued on a 'Fair Value' basis as defined in the RICS Valuation - Global Standards 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 5.4% to 12.6% (2023/24: 5.2% to 15.0%).

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 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 £58.451m (2023/24: £77.061m).

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.

Valuation changes recognised in other comprehensive income are:

Revaluation gains and losses on Property Plant and Equipment¹

2024/25 £'000	2023/24 £'000
1,348	2,105
1,348	2,105

¹ Includes £0.186m (2023/24 - £4.302m) 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 computer software developed for internal use.

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.

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 its fair value less costs to sell and their value in use. In assessing value in use, the estimated future cash flows are discounted to its 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 8.2% to 15.0% 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	Licences, brand and computer software	Total
	£'000	£'000	£'000
Cost:			
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
Additions	-	222	222
Disposals	(43)	(14)	(57)
At 25 January 2025	75,288	5,742	81,030
Accumulated amortisation:			
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
Charge for the year	-	885	886
Disposals	(12)	(13)	(25)
At 25 January 2025	5,744	3,632	9,380
Carrying Amount			
At 27 January 2024	69,575	2,771	72,346
At 25 January 2025	69,544	2,107	71,651

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

Components of Goodwill:

Cash Generating Unit (CGU)	At 25 January 2025 £'000	At 27 January 2024 £'000
Food and Post Office	56,558	56,559
Travel	1,088	1,088
Early Years	11,898	11,898
Other	-	30
Carrying Amount	69,544	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 annually for impairment by assessing the recoverable amount of each cash-generating unit to which the goodwill relates. The impairment review completed compares the recoverable amount of goodwill with the book value of the CGU's Goodwill and its identifiable assets. The recoverable amount is principally calculated by discounting future cash flows of the divisional trading groups.

The key assumptions and judgements feeding into the assessment include; future growth rates, allocation of central costs, capital investment, tax rates and discount rates.

The growth rates and future cash flows are based upon the latest Board-approved 5 Year Plans which are updated on an annual basis with an additional assumption to derive a terminal value beyond the fifth year. The terminal growth rate has been held at 2% for each cash generating unit, largely reflecting the Bank of England's long term inflation target and ensuring estimates reflect a prudent view of expected growth rates across all sectors in which the Society trades.

Although central costs are not directly incurred at a CGU level, judgement is applied in determining the allocation that is received by each CGU. Costs typically include Head Office support costs for functions such as Technology, Finance, HR and certain Property costs. Central costs are either allocated to a CGU in part, in full or not at all. The allocation considers the nature of each cost and its relevance to a CGU. A shift in allocation between CGUs could have a material impact on the outcome of the goodwill assessment.

Capital expenditure is largely restricted to the 'maintenance capex' that is required to run and sustain the existing asset base. 'Change capex' (incremental new systems, new store openings etc...) is restricted or removed from the assessment as it relates to new assets not subject to the year-end impairment test.

Tax rates used in the calculation are maintained at the prevailing rate of 25%.

Discount rates are based on a market participant's post-tax cost of capital for each CGU and range from 8.7% to 16.0% (2023/24: 10.9% to 20.6%).

As indicated in the table below a one percentage point (1ppt) reduction in the terminal growth rate would result in an erosion of headroom across all CGUs. For the Food CGU where headroom turns negative, this would imply a c. £3.9m impairment charge. Similarly a one percentage point (1ppt) increase in the discount rate also turns headroom negative in Food which would imply a c. £5.7m charge. Although other CGUs would see headroom reduced, the baseline sensitivities would not result in any impairment. Impairment losses relating to Goodwill are not reversed so any current or future upside sensitivities only result in additional headroom rather than any reversal through the consolidated statement of comprehensive income.

	As at the year ended 25 January 2025			
	Revised Headroom			
	Food	Travel	Early Years	Other
Increase allocation of central costs by 5%	30%	98%	39%	81%
Decrease allocation of central costs by 5%	170%	102%	102%	119%
Increase terminal growth rate by 1ppt	363%	106%	144%	120%
Decrease terminal growth rate by 1ppt	-109%	95%	63%	85%
Increase capital investment by 5%	25%	99%	100%	97%
Decrease capital investment by 5%	175%	101%	100%	103%
Increase Discount Rate by +1ppt	-156%	92%	51%	82%
Decrease Discount Rate by +1ppt	423%	109%	158%	124%

Table indicates % of original headroom remaining if the sensitivities above occur.

Impairment Sensitivity Analysis:

The breakpoint, at which an impairment would be recognised, should the discount and growth rates move unfavourably is shown in the table below:

	2024/25				2023/24			
	Discount Rate		Growth Rates		Discount Rate		Growth Rates	
	Current	Breakpoint	Current	Breakpoint	Current	Breakpoint	Current	Breakpoint
Food	10.7%	11.1%	2.0%	1.5%	11.6%	4.6%	2.0%	-6.6%
Travel	16.0%	85.0%	2.0%	-100.0%	20.6%	56.2%	3.0%	-100.0%
Early Years	13.1%	14.1%	2.0%	0.6%	10.9%	16.7%	3.0%	-34.9%
Utilities	8.7%	34.0%	2.0%	-42.0%	13.9%	5.4%	2.0%	-7.3%

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.

	2024/25 £'000	2023/24 £'000
Cost or valuation:		
At start of year	11,343	12,643
Additions	-	-
Revaluation	725	(1,300)
Disposals	(22)	-
Transfer from to assets held for sale	-	-
Transfers from trade properties	-	-
At end of year	12,046	11,343

Investment properties are not depreciated.

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

Valuations

The property valuations undertaken in January 2025 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 (2023/24: CBRE).

The properties are valued individually and yields are therefore varying on a property-by-property basis. Yields range from 5.8% to 10.6% (2023/24: 6.2% to 15.0%), with a mean yield of 7.7% (2023/24: 10.6%) 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 while 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. Gains arising after an asset is designated as an investment property are not added to the revaluation surplus.

During the year £3.118m (2023/24: £3.133m) was recognised in the consolidated statement of comprehensive income in relation to rental income from investment properties. Direct costs relating to investment properties during the year amounted to £0.446m (2023/24: £0.561m).

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 uses a range of discount rates in between 2.0% and 8.9% 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 and other £'000	Total £'000
Cost or valuation:				
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
Additions	13,852	1,607	2,422	17,881
Effects of modification of lease term	(3,271)	-	-	(3,271)
Impairment	(2,136)	-	-	(2,136)
Disposals	(2,544)	-	-	(2,544)
At 25 January 2025	145,911	12,125	7,831	165,867
Accumulated depreciation:				
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
Provided this year	12,440	1,372	2,061	15,873
Disposals	(506)	-	(414)	(921)
At 25 January 2025	60,401	9,757	4,244	74,402
Carrying amount				
At 27 January 2024	91,543	2,133	2,812	96,488
At 25 January 2025	85,510	2,368	3,587	91,465

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 and other	Total
Number of leases 27 January 2024	348	7	36	391
Number of leases 25 January 2025	278	5	133	416
Material number of Subleased Leases at 27 January 2024	7	-	-	7
Material number of Subleased Leases at 25 January 2025	12	-	-	12
Term of leases	2 to 1000 Years	1 to 5 Years	1 to 8 Years	

Income from subleased finance leases

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

	2024/25 £'000	2023/24 £000's
6 months or less	58	60
6-12 months	59	60
1-2 years	134	217
2-5 years	93	97
More than 5 years	-	30
Total Present value of minimum lease payments receivable	344	464
Of which are:		
Current Lease receivables	117	120
Non Current Lease receivables	227	344
	344	464

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 brought into equity through other comprehensive income as they arise, except for changes in value arising from impairment, which are recognised in the income statement. On disposal, gains and losses recognised previously in equity are transferred to the income statement.

	2024/25	2023/24
	£'000	£'000
Non current investments:		
Other Financial Assets	4,079	4,147
	4,079	4,147
Are held as follows:	£'000	£'000
Co-operative Group shares	1,588	1,588
Other I&P Societies shares	1,371	1,431
Other investments	920	928
Younity (Co-op Community Energy)	200	200
Total Other Financial Assets	4,079	4,147

The results of the Younity joint venture are trivial to the Society and therefore are recognised within operating expenses. The profit for the year was £0.626m (2023/24: £0.338m).

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 tax losses brought forward and offset with gains relating to our Property portfolio which can be utilised against future property disposals.

	2024/25	2023/24
	£'000	£'000
	(6,292)	(6,160)
	-	(1,111)
Deferred tax liability	(6,292)	(7,271)
Intangible assets	449	597
Deferred tax asset in respect of pension obligations	728	2,309
Short term temporary differences	266	-
Tax losses	15,663	15,029
Deferred tax asset	17,106	17,935
Net deferred tax asset	10,814	10,664

Note

2.5

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

		Assets		Liabilities	
		2024/25 £'000	2023/24 £'000	2024/25 £'000	2023/24 £'000
Property, plant and equipment	a	-	-	(6,292)	(6,160)
Intangible assets	b	449	597	-	-
Pension obligations	c	728	2,309	-	-
Other items	d	266	-	-	(1,111)
Tax losses	e	15,663	15,029	-	-
Tax assets / (liabilities)		17,106	17,935	(6,292)	(7,271)

a - This amount is made of two components:

- a deferred tax asset of £3.8m (2023/24: £5.0m) 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.
- a deferred tax liability of £10.0m (2023/24: £11.1m) 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 to historic acquisitions of goodwill 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 intangible 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 2025 was £1.992m. This is due to the movement in the scheme's deficit in the year.

d - The amount relates to historic acquisitions of intangibles 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 intangibles 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 unrecognised deferred tax assets in relation to gross £18.55m (2023/24: £8.9m) of corporate interest restriction ('CIR') balances, £10.9m trading losses (2023/24: £52.6m) and £5.2m (2023/24: £5.3m) uncrystallised capital losses on fair value properties.

Deferred tax assets are recognised where recovery through future taxable profits is expected. During the period, certain deferred tax assets were reassessed in light of updated business forecasts, resulting in a non-cash adjustment of £2.727m within the income tax charge. This reflects the Group's prudent approach to asset recognition criteria.

Prior year unrecognised losses of £52m have been removed due to the cessation of trade from the Co-operative Energy and Flow subsidiaries.

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

	At 28 January 2023	Recognised in Income statement	Recognised in equity/ other comprehensive income	At 27 January 2024
	£'000	£'000	£'000	£'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
	At 28 January 2024	Recognised in Income statement	Recognised in equity/ other comprehensive income	At 25 January 2025
	£'000	£'000	£'000	£'000
Property, plant and equipment	(6,160)	164	(295)	(6,291)
Intangible assets	597	(149)	-	448
Pension obligations	2,309	(1,608)	27	728
Other items	(1,111)	307	1,070	267
Tax losses	15,030	633	-	15,662
Tax assets	10,664	(653)	802	10,812

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.

Determination of fair values

The fair value of stocks acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, plus a reasonable profit margin based on the effort required to complete and sell those stocks.

	2024/25 £'000	2023/24 £'000
Goods for resale	28,952	28,124
	28,952	28,124

All stock is expected to be realised within 12 months.

Goods bought for resale recognised as a cost of sale amounted to £407.531m (2023/24: £416.508m).

The year-end stock provision is £3.375 million (2023/24: £3.485m).

Stock write-downs in the year were £nil (2023/24: £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	2024/25 £'000	2023/24 £'000
Current Assets - Trade & Other Receivables			
Trade receivables		16,863	20,754
Prepayments		6,597	4,429
Accrued Income		591	1,465
Rental Income receivable		117	120
Deposits		41,721	39,736
Other receivables		5,189	3,463
		71,078	69,967
Non-Current Assets Other Receivables			
Rental Income receivable		227	344
Other receivables		373	364
		600	708

Deposits include amounts received in respect of holiday bookings held in Trust until holidays depart.

Rental income receivable relates to sub-leased properties.

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.

	2024/25 £'000	2023/24 £'000
Cash and cash equivalents	5,971	3,977
Cash and cash equivalents in the statement of financial position	5,971	3,977
Bank overdraft	-	-
Cash and cash equivalents in the statement of cash flows	5,971	3,977

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.

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.

	2024/25 £'000	2023/24 £'000
Assets classified as held for sale:		
Land and buildings	5,743	7,342
	5,743	7,342
Liabilities classified as held for sale		
Bonds	610	711
	610	711

Amounts included in assets held for sale relate to non-strategic properties 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 (2023/24: £nil) was recognised on Assets held for sale during the year.

The property valuations undertaken in January 2025 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 section 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.

	2024/25 £'000	2023/24 £'000
Current liabilities:		
Current portion of secured bank loans (see notes 3.1 & 3.3)	68,956	-
	68,956	-
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 2024/25 £'000	Total facility 2024/25 £'000	Utilised 2023/24 £'000	Total facility 2023/24 £'000
Four Bank Revolving Credit Facility	Variable	SONIA + 3.75% ¹	2026 ²	68,956	93,238	69,728	112,341
Total interest bearing liabilities				68,956	93,238	69,728	112,341

¹ Additional rate above SONIA is linked to performance versus leverage covenants and ranges between +2.75% and +3.75%.

² Subsequent to the year end, on 15 May 2025, the Society executed an extension of the current facility ("the facility extension") with its existing lenders until 31 July 2026, for a total of £89.9m. Consequently the above facility with a maturity of February 2026 has been disclosed as a current liability.

The loans are shown net of an unamortised arrangement fee of £1.421m (2023/24: £1.421m).

The total facilities available to the Society as at 25 January 2025 were £93.2m (2023/24: £112.3m).

Notes supporting statement of Cashflows

	Loans and borrowings (excluding bank overdrafts) £'000
At 28 January 2023	52,326
Loan proceeds	249,663
Loan repayments	(230,840)
Loan arrangement fees	(1,421)
At 27 January 2024	69,728
Loan proceeds	173,804
Loan repayments	(174,576)
Loan arrangement fees	-
At 25 January 2025	68,956

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.

	2024/25 £'000	2023/24 £'000
Current liabilities:		
Trade payables	98,584	106,834
Other payables	18,739	16,897
Travel payments on account	33,963	31,761
Deferred income	2,234	1,094
Accrued operating expenses	12,208	14,131
	165,728	170,717
Non current liabilities:		
Deferred income	90	126
	90	126

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 cancellation of bookings.

Held within trade payables is £38.870m (2023/24: £42.991m) 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. In certain instances we continue to trade from properties beyond the initial lease expiry date as negotiations with landlords continue or where we are in a 'holdover' arrangement. These leases are accounted for with an estimated lease term consistent with the previously signed lease. 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 uses a range of discount rates in between 2.0% and 8.9% 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 Society's 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 28 January 2023		103,702	4,625	252	108,579
Additions		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
Additions	3.4	13,852	1,608	2,422	17,881
Interest Expense		5,817	110	519	6,446
Lease Payments		(16,617)	(1,562)	(2,288)	(20,466)
Effect of modification of lease terms		(5,052)	-	374	(4,678)
At 25 January 2025		99,928	2,405	3,991	106,324
At 25 January 2025					
Of which are:					
Current Lease Liabilities		5,455	721	2,280	8,456
Non Current Lease Liabilities		94,473	1,684	1,710	97,868
		99,928	2,405	3,991	106,324

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 28 January 2023	3,034
Increase in dilapidations provision	345
At 27 January 2024	3,379
Increase in dilapidations provision	94
At 25 January 2025	3,473
25 January 2025	
Due within one year or less	604
Due after more than one year	3,217
	3,821
27 January 2024	
Due within one year or less	-
Due after more than one year	3,379
	3,379

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 original 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 £2.397m (2023/24: £2.204m) 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 2018. Subsequent valuation updates have been provided by a qualified independent actuary up to 25 January 2025.

Plan Assets comprise:

Equities:

Developed equities

Senior Secured Loans

High quality bonds

Property

Diversifying strategies

Diversifying growth

Cash and cash equivalents

Other:

Other

Annuity policy

	2024/25 £'000	2023/24 £'000
	8,932	5,926
	51,915	58,011
	28,210	27,598
	4,587	6,521
	50,632	43,576
	17,239	19,684
	526	1,510
	796	701
	162,836	163,527

Annuity policy is additional voluntary contributions held with Royal London Group.

Actual return on plan assets

	2024/25 £'000	2023/24 £'000
	(587)	(10,163)

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.

Change in defined benefit obligation

Defined benefit obligation at beginning of year

Interest cost

Experience adjustments

Actuarial gain

Benefits paid

Annuity policy

Defined benefit obligation on plans that are wholly or partly funded

	2024/25 £'000	2023/24 £'000
	172,764	190,988
	8,404	8,573
	1,546	906
	(10,135)	(19,970)
	(7,962)	(7,647)
	95	(86)
	164,712	172,764

Change in plan assets

Fair value of plan assets at beginning of year

Interest income

Actuarial losses

Administration expenses

Employer contribution

Benefits paid

Annuity policy

Fair value of plan assets at end of year

	163,527	174,051
	8,110	7,926
	(7,661)	(16,445)
	(888)	(1,030)
	7,615	6,758
	(7,962)	(7,647)
	95	(86)
	162,836	163,527

Net pension obligation

Funded status

Net amount recognised

	(1,876)	(9,237)
	(1,876)	(9,237)

	2024/25	2023/24
Components of pension cost	£'000	£'000
Interest cost	8,404	8,573
Expected return on plan assets	(8,110)	(7,926)
Administrative expenses and taxes	888	1,030
Total pension cost recognised in the Income Statement	1,182	1,677
Actuarial losses/(gains) immediately recognised in other comprehensive income:	£'000	£'000
Effect of changes in demographic assumptions	(326)	(6,638)
Effect of changes in financial assumptions	(9,809)	(13,332)
Effect of experience adjustments	1,546	906
Return on plan assets (excluding interest income)	8,697	18,089
Total pension cost/(income) recognised in other comprehensive income	108	(975)
Cumulative cost of actuarial losses immediately recognised	70,532	70,424
Weighted average assumptions used to determine defined benefit obligations:	2024/25	2023/24
Discount rate	5.55%	5.00%
Price inflation rate (RPI)	3.00%	2.85%
Price inflation rate (CPI)	2.55%	2.35%
Weighted average assumptions used to determine net pension cost:	2024/25	2023/24
Discount rate	5.00%	4.60%
Future salary increases	N/A	N/A
Price inflation rate (RPI)	2.85%	3.00%
Price inflation rate (CPI)	2.35%	2.50%

Assumptions regarding future mortality are based on published statistics and mortality tables. These assumptions are detailed in the table below:

	Males		Females	
	2024/25	2023/24	2024/25	2023/24
The average life expectancy of an individual retiring at age 65	21.1	21.1	23.1	23.1
The average life expectancy of an individual aged 40 retiring at age 65	22.5	22.5	24.6	24.6

	2024/25	2023/24
Two year history	£'000	£'000
Benefit obligation at end of year	(164,712)	(172,764)
Fair value of plan assets at end of year	162,836	163,527
Deficit	(1,876)	(9,237)
Difference between expected and actual return on scheme assets:		
Amount (£'000)	(8,697)	(16,445)
Percentage of scheme assets	(5)%	(10)%
Experience gains and losses on scheme liabilities:		
Amount (£'000)	1,546	906
Percentage of scheme assets	1%	1%

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	14,345	(11,433)
Plus 0.5% discount rate	(7,365)	10,277
Minus 0.5% inflation rate	(4,617)	7,529
Plus 0.5% inflation rate	10,304	(7,392)
Mortality rate -1 year	7,109	(4,197)
Mortality rate +1 year	(1,300)	4,212

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 25 January 2025 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 circa £7.5m (including fees) per annum 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 25 January 2025, the weighted average duration of the defined benefit obligation was approximately 13 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%.

The Virgin Media Ltd v NTL Pension Trustee decision, handed down by the High Court on 16 June 2023, considered the implications of section 37 of the Pension Schemes Act 1993. Section 37 of the Pension Schemes Act 1993 only allowed the rules of contracted-out schemes in respect to benefits, to be altered where certain requirements were met. The court decision was upheld on appeal on 25 July 2024. There is potential for legislative intervention following industry lobbying efforts that may retrospectively validate certain rule amendments. The Trustees together with their legal advisor are monitoring developments and will determine any impact on the financial statements once the legislative intervention position is known.

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 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	2024/25 £'000	2023/24 £'000
Cash & Cash equivalents	3.9	5,971	3,977
Trade receivables	3.8	16,863	20,754
Other receivables	3.8	48,218	45,492
		71,052	70,223

The ageing of trade receivables at the reporting date was:

	Gross 2024/25 £'000	Impairment 2024/25 £'000	Gross 2023/24 £'000	Impairment 2023/24 £'000
Not overdue	14,987	(316)	21,291	-
Overdue 0-30 days	1,975	(13)	639	(17)
Overdue 31-120 days	209	(10)	333	(8)
121 days to one year	1,029	(398)	139	(85)
More than one year overdue	244	(843)	1,487	(982)
	18,443	(1,580)	23,889	(1,092)

Movement in Trade receivables Impairment for the year

Impairment balance as at 27 January 2024
Utilised for continuing operations
Increase in provision for the year
Impairment balance as at 25 January 2025

£'000
(1,092)
(214)
(274)
(1,580)

Liquidity risk:

The Society's annual planning process reviews projected net debt and liquidity requirements for the next five years. These projections are reviewed against the Society's financing arrangements and debt maturity profile. Between planning cycles, the Society prepares quarterly reforecasts and a detailed 13-week treasury forecast which further analyses near term borrowing requirements. Further details of the Society's facilities and its likely mitigations to potential trading downside scenarios are presented within the going concern section of the Basis of Preparation (Note 1b). The following are the contractual maturities of financial liabilities including estimated interest payments and excluding the impact of netting arrangements. These maturities applied to arrangements as they existed at the balance sheet date. 3. Subsequent to the year end, on 15 May 2025, the Society executed an extension of the current facility ("the facility extension") with its existing lenders until 31 July 2026, for a total of £89.9m.

25 January 2025	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	68,956	68,956	-	68,956	-	-	-
Lease liabilities	106,324	133,550	4,228	4,228	20,767	56,397	47,930
Trade and other payables	156,880	156,880	156,880	-	-	-	-
	332,160	359,386	161,108	73,184	20,767	56,397	47,930
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 & Overdraft	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

Interest rate risk:

At the reporting date the interest rate profile of the Society's interest-bearing financial instruments was:

	Carrying amount 2024/25 £'000	2023/24 £'000
Variable rate instruments:		
Financial assets	5,971	3,977
Financial liabilities	(68,956)	(69,728)

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 25 January 2025 amounted to £176.242m (2023/24: £176.115m)

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 £3.579m (2023/24: £3.877m)

Fair values:

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	Note	2024/25		2023/24	
		Carrying amount	Fair value	Carrying amount	Fair value
		£'000	£'000	£'000	£'000
Other Financial assets	3.5	4,079	4,079	4,147	4,147
Trade and other receivables	3.8	65,081	65,081	66,246	66,246
Cash and cash equivalents	3.9	5,971	5,971	3,977	3,977
Secured bank loans & overdraft	4.1	68,956	68,956	69,728	69,728
Lease liabilities	4.3	106,324	106,324	107,141	107,141
Trade and other payables	4.2	156,880	156,880	164,989	164,989

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% (2023/24: 3.75%) 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 6.00%.

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:

The Final Dividend for 2023/24 was declared and approved (May 2024) by the Society:

£'000

450

The Dividend was paid in September 2024.

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 transferred 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.

	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
25 January 2025							
Operating leases	-	726	-	59	377	290	-
Finance Leases	344	420	67	67	160	126	-
	344	1,146	67	126	537	416	-
27 January 2024							
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

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.

Expenditure committed but not provided for

2024/25 £'000	2023/24 £'000
3,252	3,366

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 is Director of Student Co-operative Homes Limited, 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.

Matthew Lane was Director of Woo Cooking Oils Limited*

Paul Mather is Trustee & Treasurer of ICOF Community Capital Ltd, Trustee & Treasurer of ICOF Ltd.

Paul Mather and Barbara Rainford were Directors of Co-operative Futures Limited.

Products or services supplied to Midcounties by

Co-operative Futures Limited*
 Revolver Co-operative Ltd
 Co-operative Press Limited
 Co-operatives UK Limited

2024/25 £'000	2023/24 £'000
49	42
58	61
20	20
306	227

The Society was reimbursed £1.021m (2023/24 £0.872m) by Isio Pensions in relation to pension scheme costs paid for by the Society.

* The above are related parties with directors who ceased to be on the Society board during the year

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 25 January 2025, 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
West Midlands Co-operative Chemists Limited	Pharmacy
Tavistock House Day Nursery Limited	Early Years
Kenmare Estates Limited	Property Management

The following were not trading throughout the year:

Avoco UK Limited	Oakshower Services Limited
BCOMP 527 Limited	Phone Co-op Numbering Limited
Buffer Bear Limited	Places for Children (PFP) Limited
Buffer Bear Nurseries Limited	Reeves & Pain Limited
Co-op Energy Limited	Rusts Limited
Co-op Travel Direct Limited	The Co-operative Childcare Limited
Co-op Travel Limited	The Green Energy Co-op Limited
Countrystore (Maidenhead) Limited	The Midcounties Co-operative Developments Limited
Early Birds Nursery School Limited	The Midcounties Co-operative Estates Limited
Ecobilling Limited	The Midcounties Co-operative Pension Trustee Limited
Energy Coop Limited	The Midcounties Co-op Travel Ltd
First Steps Children's Nursery (Group) LTD	The Midcounties Co-operative Willow Limited
First Steps Childrens Nursery Limited	The Midcounties WR1 Limited
First Steps Childrens Nursery (Rathvilly) Limited	The Midcounties WR2 Limited
First Steps Children's Nursery (St Edwards) LTD	Thomas Ely Limited
First Steps (Stonehouse Farm) Limited	Tuffin (Investments) Limited
Floridian Homes Ltd	Volt Energy Supply Limited
Harry Tuffin Limited	Warners Retail (Bidford) Limited
Hubcentre Limited	Warners Retail (Moreton) Limited
Kwik Travel Limited	
Needham Hall Limited	

The Society also owns 50% of Co-op Community Energy Limited, 33% of The Co-operative Renewables Limited and 20% of Co-operative Web Limited.

6.8 Post balance sheet event

Subsequent to the year end, on 15 May 2025, the Society executed an extension of the current facility ("the facility extension") with its existing lenders until 31 July 2026, for a total of £89.9m.



The Midcounties
Co-operative

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