

Registered Society Number:19025R

THE MIDCOUNTIES CO-OPERATIVE LIMITED

**ANNUAL REPORT
AND
FINANCIAL STATEMENTS**

**FOR THE PERIOD
26 JANUARY 2025 TO 25 JANUARY 2026**

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Society Information

Directors of the Society during
the reporting period:

Ellie Boyle
Bernadette Connor
Amanda Davis
Callum Dunne
Victoria Green*
Harvey Griffiths
Irene Kirkman
Paul Mather
Nick Milton
Heather Richardson
Fiona Ravenscroft
Barbara Rainford
Helen Wiseman
Vivian Woodell
Janson Woodall

*Resigned 7 October 2025.

Registered office:

Co-operative House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Registered Society number:

19025R

Independent auditor:

BDO LLP
Water Court
116-118 Canal Street
Nottingham
NG1 7HF

Ultimate parent undertaking:*

Central England Co-operative Limited
Central House
Queen Street
Lichfield
Staffordshire
WS13 6QD
Registered Society number: 10143R

**Subsequent to the year end on 26 January 2026 The Midcounties Co-operative Limited completed a total transfer of engagements to Central England Co-operative Limited. The transfer was effected in accordance with the Co-operative and Community Benefit Societies Act 2014 and confirmation of the transfer has been filed with the Financial Conduct Authority (FCA).*

Strategic Report

Business Review

The past year has been challenging for the Society, and this is reflected in the financial results. Trading started positively in the first quarter, with sales and profits both ahead of expectations. In May however, the Co-operative Group, our biggest trading partner, suffered a cyber-attack that severely disrupted the food supply chain for the whole of Q2. While this issue has now been fully resolved, the impact on customer confidence and shopping behaviour continued to impact Food trading throughout the rest of the year.

Our Travel division saw sales grow with 'Co-op Holidays' sales increasing significantly but ultimately performance overall was slightly lower than last year due to the usual seasonal sales 'peak' shifting slightly later year on year from January (FY26) to February (FY27). Early Years posted record sales and profits. This follows greater certainty of government support to families and the sector in general, assisted by the Society's investment and improved Ofsted ratings.

During the year the Members of the Society voted to merge with Central England Co-operative, and this was delivered through a transfer of engagements on 26 January 2026.

Key Financial Highlights

- Revenue declined by 4.6% to £801.7m (2024/25: £840.2m).
- Growth was delivered in Early Years (+18.4%) but Food (-7.8%) Travel (-0.3%) and Utilities (-7.3%) all declined.
- Food was significantly impacted by the cyber-attack on the Co-operative Group, worth £13.8m (-2.3%).
- Underlying Food sales showed a -1.3% like-for-like decline year-on-year with the rest of the sales decline due to the sale of stores deemed as 'non-strategic' due to their format or location.
- Gross profit declined by £4.8m to £226.4m (2024/25: £231.2m) although gross margin improved to 28.2% (2024/25: 27.5%).
- Gross margin declined by 0.1ppt in Food and Travel saw a 0.4ppt reduction but the increased mix of Early Years sales at 97.0% gross margin (2025/25: 96.7%) fully offset this. There are few direct costs of sale in Early Years and as such this division delivers a high gross margin.
- Operating profit before significant items was £3.7m (2024/25: £11.0m). The Society's lower level of trading performance delivered a reduction in gross margin of £4.8m year on year combined with an increase in operating costs before significant items of £7.4m largely as a result of the increase in National Insurance, which saw social security payments increase £3.4m year-on-year.
- There were a number of significant items impacting the year which totalled £26.4m. £12.0m arose from an impairment of acquired goodwill in the Food division, £4.7m was incurred in relation to the merger with Central England Co-op, £3.6m related to re-financing activity including the write off of historic loan fees, £3.0m was the loss in excess of insured limits due to the cyber-attack on The Co-operative Group and property revaluations wrote down a further £3.7m.
- As a result, Operating losses after significant items were £22.6m (2024/25: £10.6m profit) and losses before tax were £37.6m (2024/25: £5.8m loss). After tax, losses were £36.0m (2024/25: £6.5m loss).
- Capital expenditure was £10.7m (2024/25: £17.3m). This funded the opening of a new nursery in Kingsgrove, refurbishment of six further nurseries, a new travel booking system, travel website development and energy investments, including further refrigeration roll-out.
- Net debt at £66.9m increased by £3.9m (2024/25: £63.0m).

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- In the year the Society generated £19.2m from the sale of non-strategic properties and invested £10.7m in capital projects. In addition, working capital saw an outflow of £6.7m due to the timing of supplier payments at the end of the year.
- Total equity reduced to £73.1m (2024/25 £104.8mm) principally due to the net loss after tax for the period of £36m (2024/25 £6.5m) partially offset by property revaluation gains of £4.1m (2024/25 £1.3m).
- Member equity increased to £91.5m at year end (2024/25 £86.8m) with the increase being the result of new members joining and investing as well as targeted campaigns to existing members to fund new capital expenditure. Retained losses increased from £23.9m to £53.6m.
- The Society's defined benefit pension liability has been completely eroded and now records a net surplus of £1.5m (2024/25: £1.9m). The Society made contributions of £4.2m over the course of the year.

Directors' Report

The Directors present the consolidated report and financial statements of the Society.

The following directors all held office for the whole of the reporting period and joined the Board of Central England Co-operative following the transfer of engagements:

Irene Kirkman	P Mather	V Woodell	E Boyle
H Wiseman	B Connor	J Woodall	

The following directors all held office for the whole of the reporting period unless otherwise stated and resigned on 26 January 2026 following the transfer of engagements to Central England Co-operative.

H Griffiths	S Hawksworth	A Davis	C Dunne
H Richardson	N Milton	F Ravenscroft	B Rainford

V Green resigned from the Board 7 October 2025.

None of the directors had any interest in the shares of the Society or any other group companies at any time during the year, other than investments in the non-equity shares of the ultimate parent undertaking.

The Secretary of the Society as at 25 January 2026 was Edward Parker, who held office for the whole of the period. Other secretarial appointments were as follows:

Edward Parker – resigned 26 January 2026

Andrew Seddon – from 26 January 2026 following the transfer of engagements of Midcounties Co-operative to Central England Co-operative, resigned 23 March 2026

Simon Plunkett – appointed 23 March 2026

Principal activities

The Midcounties Co-operative operated as a consumer co-operative during the reporting period, subscribing to co-operative values and principles. The Society operates 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.

Review of the business

The Directors consider the consolidated results of the Society to be reasonable considering challenging trading conditions across some of the sectors in which it operates. Revenue for the period decreased to £796.7m (2024/25: £840.2m) and Operating Profit before significant items decreased to £3.7m (2024/25: £11.0m).

In November 2025 Members of the Society approved a total transfer of engagements to Central England Co-Operative Limited. Subsequent to the year end this transfer completed on 26 January 2026. The transfer was effected in accordance with the Co-operative and Community Benefit Societies Act 2014 and confirmation of the transfer has been filed with the Financial Conduct Authority (FCA).

The merger brings together two co-operatives with shared values operating in similar regions and sectors across the UK. The Directors believe that the merger represents a significant opportunity to

strengthen and grow the Society's financial performance and to further improve the products and services it offers to its members, communities, colleagues and other key stakeholders.

Dividends

Dividends for the Society take the form of share of profit payments. Due to the transfer of engagements that took place on 26 January 2026 the Directors have determined not to pay individual share of profits in relation to the financial year ended January 2026 (2024/25: £nil).

Political donations

Co-operatives often seek to advance co-operation in national, local and international life through political engagement. Recognising this, Midcounties members approved the following statement on political engagement which was applicable throughout the reporting period:

"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."

At the 2025 AGM, members approved a distribution of £45,000 (2024/25: £45,000) paid in grants to The Co-op Party and local regional co-op councils.

Modern slavery

In 2017, our first modern slavery statement was signed off by the Society Board. We developed it with other Co-op societies to make it clear, informative, and most of all, effective. This statement gives our commitment to ensure modern slavery does not take place anywhere within our business or supply chain. The main areas we focussed on during the reporting period are:

Raising awareness: As part of Anti-Slavery International and Euro Co-ops Sustainability Task Force Group, we share information and best practice to help tackle the issue across the world

Supplier engagement: Whenever we engage with a new, direct supplier, they will receive a copy of our modern slavery statement and stick rigidly to employment legislation

Training and employment: We support the Bright Future Programme and are strengthening our partnership with City Hearts, helping to give those rescued from modern slavery a safe environment and the chance of a better future.

For our full modern slavery statement disclosure please visit <https://www.midcounties.coop/our-campaigns/modern-slavery/>

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 days (2024/25: 14.5 days).

Principal risks and uncertainties

Risk Category	Risk Trend	Risk Description	Our Current Mitigations	Latest Developments
Significant Geopolitical Events	Increased	Ongoing conflict in Ukraine and Middle East as well as disruption in other parts of the world cause added cost-price inflation and delays to the business, notably energy, grain, and key product lines. The knock on impact on fuel prices, inflation etc... causes added cost of living pressures and reduced consumer confidence and spending power.	Monthly financial reviews; Rigorous quarterly forecasting; Regular supply chain contingency coordination; Sourcing alternative UK suppliers; continuous review of Travel providers and destinations directly and indirectly impacted	Future of Ukraine conflict uncertain; Iran conflict causing disruption to holidays in the nearby region and indirectly via key airport hubs e.g. Dubai. To date this has caused an increase in cancellations and we expect customer behaviour to remain cautious across the wider travel industry.
Severe Operational Disruption	Stable	A severe issue the Society cannot react to appropriately, causing trading loss or brand damage — e.g., pandemic or flooding	Proven crisis response; Business continuity plan; Crisis management teams; Annual risk reporting	Methodology reviewed and aligned with best practice; Working group formed; Documentation refreshed
Significant Regulatory Intervention	Stable	External intervention could force operational/product changes or increase duty of care	Active regulation monitoring; Engagement with decision makers; Compliance oversight by senior leadership	Civil Aviation Authority (CAA) proposals on protection of consumer monies continues to evolve. CAA and OFSTED licensing renewed / updated as part of transfer of engagements.
Failure to Deliver Business Plans	Stable	Portfolio effect failure across trading groups; Liquidity shortfalls; Risk to banking covenants and debt strategy	Monthly reviews and forecasting; Daily cash flow monitoring; Internal auditor feedback; Rigorous capital allocation.	Pace of national minimum wage growth remains high but has eased year on year. Inflation of other goods and services remains a key watch-out, Stronger Balance Sheet and Liquidity position following transfer of engagements and new 3.5-year financing agreement post year-end.
Business Integration	New	Ability to deliver projected significant cost synergies and savings within target timescales following the transfer of engagements to Central England Co-operative Limited and without disrupting core business operations.	Integration team established under dedicated senior executive control. Close monitoring and use of specialists where appropriate.	Transfer of engagements completed post year end so work is at an early stage but currently on track.
General Data Protection Regulation (GDPR)	Stable	The Society processes a large amount of personal data, including sensitive “special category” data. Mishandling it could lead to significant fines (up to 4% of group annual revenue) and reputational damage.	GDPR framework with Data Protection Champions (DPCs); Weekly Steering Group meetings; Up-to-date policies and guidance; Mandatory e-learning; External and internal legal support; Quarterly Audit Risk Committee updates.	No major legal changes; Ongoing training; Enhanced induction for DPCs; Continued embedding of controls and improvement actions.
Commercial Contracts	Stable	Poor contract oversight or non-compliance could result in financial loss or reputational harm.	Full lifecycle Contract Management Project; Structured contract database; Training for Contract Champions; Legal review of key contracts; Negotiation skills support.	Continued adoption of contract management process; Champions empowered for contracts under £50k; Legal team focused on higher-value cases. Most contracts reviewed / updated as part of transfer of engagements and change in ultimate parent company following transfer of engagements post year-end.

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Data Security	Stable	Loss of personal data could cause serious reputational and operational impact.	Backup/testing strategy; Disaster recovery plans with third parties; Firewall and annual penetration testing; Migration from legacy systems.	Data Loss Protection rollout; Disaster recovery reassessed; Legacy decommissioning continues for critical systems.
IT Development	Increased	Poor IT infrastructure could threaten operational efficiency and strategic objectives.	IT Project Governance Group oversight; Resilient network and manual failover systems; Regular patching.	Existing technology roadmap in place; Increased cyber security investment while upgrading infrastructure. Joint Technology Roadmap being developed alongside integration plans post merger.
Consumer Confidence and Spending Power	Stable	Cost of living crisis and inflation continue to outpace wage growth, reducing discretionary spending.	Monitoring of product sales and margins; Strategic plans and quarterly forecasting; Market share and competitor analysis; Consumer sentiment surveys.	Consumer confidence remains volatile, compounded by recent events in the Middle East.
Cyber Security Breach	Increased	Risk of cyber attacks compromising data or critical systems.	Cyber training; Business impact analysis; Penetration tests; Security incident management protocols.	Attacks are more frequent and sophisticated. Existing cyber insurance fully utilised following cyber attack at key Food supplier during the year. New insurance in place with increased cover. Learnings from Food outage continue to be applied to ensure greater resilience in event of a similar occurrence in the future.
Talent Acquisition and Retention	Stable	People and Resources: Challenges in identifying and hiring necessary capabilities, retaining talent, and enhancing workforce diversity.	Screening and psychometric testing; Career benchmarking; Diversity and inclusion initiatives; Executive expertise in capability mapping.	Tough job market and wage inflation impacting recruitment; Tailored apprenticeships and local strategies.
Safeguarding within Childcare	Stable	Safety and compliance risks in Early Years settings could lead to reputational damage or regulatory intervention.	Safeguarding policies and staff training; Safety checks; Induction programs; CCTV audits; Monthly quality checks; Board-level safeguarding training.	Strengthened safeguarding roles; Specific staff risk assessments; CCTV rollout across sites; Enhanced physical environments.
Travel Customer Duty of Care	Increased	Legal and health safety obligations in travel services could cause cost and reputational issues.	Regular supplier assessment; Indemnity insurance; Crisis management improvements.	Supplier review process embedded; Supplier portfolio expanded; Exploring repackaging insurance options.
Pandemic Event	Stable	Operational and Customer: Disruptions from national pandemics causing operational and financial strain.	Diversification across business sectors; Vigilance and readiness protocols.	Supply chain issues in Asia; Less likely international cooperation during future pandemics.
Brand Positioning	Stable	Operational and Customer: Lack of differentiation from similar co-operatives limiting engagement.	Business insights; Marketing aligned to business units; Approved brand purpose.	Full end to end review of brand positioning taking place following formation of UK's largest independent co-operative post transfer of engagements on 26 January 2026.
Environmental Obligations	Stable	Strategic and Business: Failing sustainability targets can hurt reputation and sales.	Fleet strategy; Steering group oversight.	Solar panels with Big Solar Co-op; Energy program audit by Yourify.

Disclosure of information to auditor

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 auditor is unaware, and each Director has taken all the steps that they ought to have taken as a Director to make them aware of any relevant audit information and to establish that the Society's auditor is aware of that information.

Reappointment of auditor

Due to the transfer of engagements to Central England Co-operative Limited and Midcounties Co-operative Limited ceasing to exist, the Society will not be proposing the reappointment of BDO LLP as its auditor at the Annual Members Meeting on 20 May 2026.

Statement of Directors' Responsibilities

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

Co-operative and Community Benefit law requires the Directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

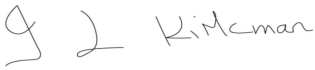

Under Co-operative and Community Benefit Society law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Society and of the profit or loss of the Society for that period. In preparing these financial statements, the Directors are required to:


- select suitable accounting policies and then apply them consistently;
- make judgements and 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; and
- assess the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.

Due to the transfer of engagements of the Midcounties Co-operative Limited to Central England Co-operative Limited on 26 January 2026, the Directors do not consider the Midcounties Co-operative Group to be a going concern and have prepared these consolidated financial statements on a basis other than going concern. For further detail please see the *Basis of Preparation* within the Notes

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Society's transactions and disclose with reasonable accuracy at any time the financial position of the Society and enable them to ensure that the financial statements comply with the Co-operative 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.

On behalf of the Board:

	
Irene Kirkman Vice President	Paul Mather Director


Simon Plunkett, Society Secretary

13 May 2026

Independent Auditor's Report to the Members of The Midcounties Co-operative Limited

Report on the audit of the financial statements

Opinion

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 2026 and of the Group's and the Society's loss 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 2026 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 are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – financial statements prepared on a basis other than going concern

We draw attention to the Basis of preparation note to the financial statements which explains that, following the transfer of the Society's assets, liabilities and engagements to Central England Co-operative Limited on 26th January 2026, the Society ceased to be a legal entity and therefore the Directors do not consider the Group to be a going concern. Accordingly, the financial statements have been prepared on a basis other than that of a going concern as described in the Basis of preparation note. No adjustments were required to the financial statements as a result of preparing them on a basis other than going concern. Our opinion is not modified in respect of this matter.

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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 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's and the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company 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. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Society and management.

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 area most susceptible to fraud to be:

- Manipulation of revenue to show improved results to meet the expectations of the members and external stakeholders by posting manual adjustments through journals to revenue;
- 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;
- Challenging all items classified as significant one-off items and considered whether these are sufficient to require separate disclosure in the financial statements;
- Consideration of management's assessment of related parties and any other unusual transactions and evaluating the process for identifying and monitoring any such transactions; and

- Consideration of the total unadjusted audit differences for indications of bias or deliberate misstatement.

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

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the 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 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:

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Laurie Hannant (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Nottingham, UK

14 May 2026

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

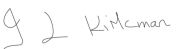


Consolidated Statement of Comprehensive Income

	Note	2025/26 £'000	2024/25 £'000
Revenue	1	801,748	840,241
Cost of sales		(575,326)	(609,064)
Gross profit		226,422	231,177
Other operating income	2.1	5,021	109
Operating expenses		(254,070)	(220,640)
Operating expenses excluding significant Items	2.1	(227,709)	(220,303)
Operating profit before significant items		3,734	10,983
Operating expenses - significant items	2.2	(26,361)	(337)
Operating (loss) / profit		(22,627)	10,646
Finance income	2.3	390	478
Finance expense	2.3	(13,580)	(14,842)
Loss before payments to and on behalf of members		(35,817)	(3,718)
Payments to and on behalf of members	2.4	(1,751)	(2,123)
Loss before tax		(37,568)	(5,841)
Income tax credit/ (charge)	2.5	1,573	(654)
Loss for the year		(35,995)	(6,495)
Other comprehensive income for the period			
Items that will not be reclassified to the income statement in future periods:			
Revaluation gain of property, plant and equipment	3.1	4,085	1,348
Remeasurement of defined benefit liability	4.5	463	928
Income tax on other comprehensive income	2.5	(612)	(268)
Other comprehensive income net of income tax		3,936	2,008
Total comprehensive expense for the period		(32,059)	(4,487)

Consolidated Statement of Financial Position

	Note	2025/26 £'000	2024/25 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	134,719	149,448
Intangible assets	3.2	59,860	71,651
Investment property	3.3	5,005	12,046
Right of use assets	3.4	84,849	91,465
Other investments	3.5	3,312	4,079
Other debtors	3.8	482	600
Pension surplus	4.5	1,535	-
Deferred tax assets	3.6	11,773	10,812
Total non-current assets		301,535	340,101
Current assets			
Stocks	3.7	27,670	28,952
Trade and other receivables	3.8	81,711	71,078
Cash and cash equivalents	3.9	-	5,971
Assets held for sale	3.10	2,927	5,743
Total current assets		112,308	111,744
TOTAL ASSETS		413,843	451,845
LIABILITIES			
Current liabilities			
Overdraft facilities	3.9	8,431	-
Loans and borrowings	4.1	58,437	68,956
Trade and other payables	4.2	168,104	165,728
Lease Liabilities	4.3	15,415	8,456
Liabilities held for sale	3.10	434	610
Total current liabilities		250,821	243,750
Non-current liabilities			
Other payables	4.2	60	89
Lease Liabilities	4.3	86,491	97,868
Provisions	4.4	3,360	3,473
Pension obligations	4.5	-	1,876
Total non current liabilities		89,911	103,306
TOTAL LIABILITIES		340,732	347,056
NET ASSETS		73,111	104,789
EQUITY			
Share capital		91,502	86,838
Other reserves		35,204	41,882
Retained losses		(53,595)	(23,931)
TOTAL EQUITY		73,111	104,789

The notes on pages 17 to 68 form an integral part of the financial statements. These financial statements were approved by the Board of Directors and were signed on its behalf on 13 May 2026 by:

		
Irene Kirkman Vice President	Paul Mather Director	Simon Plunkett, Society Secretary

Consolidated Statement of Changes in Equity

	Share Capital £'000	Revaluation reserve £'000	Retained Earnings £'000	Total Equity £'000
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
Loss for the year	-	-	(35,995)	(35,995)
Realised on disposal of properties	-	(9,231)	9,231	-
Other comprehensive income:				
Revaluation of property, plant and equipment (Note 3.1)	-	4,085	-	4,085
Actuarial gain on defined benefit pension plans (Note 4.5)	-	-	463	463
Prior year reserves movement	-	-	(139)	(139)
Income tax on other comprehensive loss (Note 2.5)	-	(1,533)	921	(612)
Total other comprehensive income	-	2,552	1,245	3,797
Contributions by and distributions to members:				
Shares issued and interest credited less shares withdrawn	4,665	-	-	4,665
Members' share interest	-	-	(4,145)	(4,145)
Total contributions by and distributions to members	4,665	-	(4,145)	520
Balance at 25 January 2026	91,503	35,203	(53,595)	73,111

Consolidated Statement of Cash Flows

	Note	2025/26 £'000	2024/25 £'000
Cash flows from operating activities			
Loss for the period		(35,995)	(6,495)
Adjustments for:			0
Depreciation	3.1	13,211	11,856
Amortisation of intangible assets	3.2	792	886
Impairment of Goodwill and Right of Use Assets	2.2	12,975	2,136
Depreciation IFRS16 right of use assets	3.4	12,654	15,873
Gain on sale of property, plant and equipment	2.2	(2,518)	(4,241)
Change in fair value of trading and investment properties	2.2	3,734	(186)
Change in fair value of investments		-	68
Increase/ (decrease) in provisions		113	(94)
Finance expense	2.3	7,887	8,701
Finance Income	2.3	(390)	(478)
IFRS 16 finance expense	2.3	5,693	6,141
Payments to and on behalf of members	2.4	1,751	2,123
Payments to the pension fund		(4,225)	(7,615)
Income tax (credit) / expense	2.5	(1,573)	654
		<u>14,109</u>	<u>29,329</u>
Change in:			
Stocks		1,282	(828)
Trade and other receivables		(10,515)	(1,003)
Trade, other payables and provisions		2,120	(5,010)
		<u>(7,113)</u>	<u>(6,841)</u>
Cash generated from operating activities		<u>6,996</u>	<u>22,488</u>
Cash flows from investing activities			
Interest received	2.3	390	393
Proceeds from investments	3.5	767	-
Income from investments		-	85
Proceeds from:			
Sale of investment properties, property, plant and equipment, intangible assets and assets held for sale		19,272	24,315
Purchase of:			
Property, plant and equipment	3.1	(10,685)	(17,092)
Intangible assets	3.2	-	(222)
Net cash generated (used in) / from investing activities		<u>9,744</u>	<u>7,479</u>
Cash flows from financing activities			
Proceeds from issue of share capital		14,752	15,200
Repayment of share capital		(10,588)	(11,429)
Proceeds from loans	4.1	185,072	173,804
Repayment of loans	4.1	(195,591)	(174,576)
Interest paid on borrowings		(5,022)	(6,746)
Repayment of lease interest	4.3	(5,693)	(6,141)
Repayment of lease liabilities	4.3	(11,110)	(14,325)
Payments to & on behalf of members & share interest paid		(2,962)	(3,760)
Net cash used in financing activities		<u>(31,142)</u>	<u>(27,973)</u>
Net (decrease)/ increase in cash and cash equivalents		<u>(14,402)</u>	<u>1,994</u>
Cash and cash equivalents at start of period		5,971	3,977
Cash and cash equivalents at end of period	3.9	<u>(8,431)</u>	<u>5,971</u>

Notes to the Financial Statements

Accounting Policies

Statement of compliance

The Midcounties Co-operative Limited ("The Society") is a co-operative Society domiciled in the United Kingdom. The Group financial statements for the period ended 25 January 2026 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.

Financial Year End

As disclosed in Note 6.5, subsequent to the year end on 26 January 2026, the Society completed a full transfer of engagements to Central England Co-operative Limited. The Society ordinarily reports its results for a 52 week financial year, however to facilitate the transfer of engagements, the year end was extended by one day from 24 January to 25 January 2026. The current financial period is therefore 52 weeks and one day compared to 52 weeks in the prior year.

Basis of preparation

The Midcounties Co-operative Limited ceased to exist in legal form following the completion of the transfer of engagements to Central England Co-operative Limited on 26 January 2026. The transfer was effected in accordance with the Co-operative and Community Benefit Societies Act 2014 and confirmation of the transfer has been filed with the Financial Conduct Authority (FCA). The financial statements of the Society are therefore presented on a basis other than going concern.

A transfer of engagements is a mechanism available to Societies under co-operative law. The arrangement provides for the transfer of assets, liabilities and engagements and allows the continuation of ongoing trade without disruption to members, customers, colleagues, suppliers and other stakeholders. Consequently, although the Society no longer exists beyond the 26 January 2026, there is no impact on these financial statements as a result of adopting a basis of preparation other than going concern; accounting policies and estimates continue to be applied consistently year on year and there is no impact at the year end as a result of the transfer.

The transfer of engagements applies specifically to the Midcounties Co-operative Limited. All other subsidiaries as listed in note 6.4 will remain under the control of the new ultimate parent entity, Central England Co-operative Limited, after the merger.

Although the transfer of engagements was highly probable at the year end date due to the formal member approval obtained on 2 December 2025, there were certain conditions precedent that were required to be met on 26 January before the transfer could be legally and formally completed. Critical conditions precedent included regulator approvals across the Travel and Early Years business, which were outside of the Company's control. Due to these conditions the transfer of engagements is not treated as an adjusting post-balance sheet event in these financial statements.

The income statement for the period ended 25 January 2026 includes certain expenditure incurred in relation to the merger, for example associated legal and professional fees. These are reported through significant items and disclosed in Note 2.2.

Although the Society is not adopting the going concern basis for the reasons stated above, it has continued to assess the appropriateness of applying its accounting policies and estimates on the assumption that the associated trade and assets continue to be operated beyond the next 12 months under the control of the new ultimate parent company, Central England Co-operative Limited.

Accounting Policies (continued)

Basis of preparation (continued)

The Society will now meet its ongoing day-to-day cash flow requirements from management of working capital and a new banking facility. Subsequent to the year end, on 26 January 2026, the newly merged Society entered into a new syndicated revolving credit facility ("RCF") expiring in July 2029 with a potential one year extension.

The bank facilities comprise a £162.5m RCF, including a £30.0m overdraft and £6.4m of ancillary products for certain guarantees. The new Society has jointly reviewed the covenants and key terms of the new arrangement over the next 12 months against a joint Strategic Plan that was developed to support the refinancing exercise. The strategic plan was presented to and approved by the Directors of both Midcounties Co-operative Limited and Central England Co-operative Limited.

The joint strategic plan is prepared through to January 2031 and demonstrates that the newly merged Society created by the transfer of engagements on 26 January 2026 has adequate resources to comply with its covenant requirements and to continue in operational existence for the five year duration of the plan. The joint plan was also subject to plausible stress-test scenarios in order to assess the impact of a downside scenario.

Following review of the strategic plans and downside scenarios the Directors have concluded that there is no impact on the financial statements as a result of adopting a basis other than going concern. As disclosed in Note 3.2 the Society has recorded an impairment of Goodwill in relation to its Food CGU (Cash Generating Unit); this is the result of the annual impairment review and is driven by a decline in Food profitability and a reduction in our portfolio of Food stores following recent divestments and is not linked to the transfer of engagements or the adoption of a basis of preparation other than going concern.

As disclosed within Principal Risks and Uncertainties, the Directors also note the impact of the conflict in the Middle East. Any ongoing conflict in this area will have a direct impact on holidays in the region and an indirect impact on any holidays travelling via the region. As expected there has been an increase in cancellations as a result of the conflict and a reduction in consumer confidence but the Directors believe that the experience of the Society is not dissimilar to other providers in the industry. There is no indication of impairment to the carrying value of the Travel cash generating unit or its assets as a result of the conflict.

As the Society ceased to exist in legal form following the completion of the transfer of engagements to Central England Co-operative Limited on 26 January 2026, the Directors do not consider it appropriate to adopt the going concern basis of accounting in preparing these financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

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:

Accounting Policies (continued)

Basis of consolidation (continued)

Estimates and judgements used in valuations of properties

For the current financial year the Society appointed Colliers to value certain of its properties. The table below indicates where information is disclosed regarding the revaluation of properties and other areas of key judgement.

	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

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 Society-only financial statements of The Midcounties Co-operative Limited are prepared and filed separately.

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.

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.

As disclosed in the basis of preparation, the Midcounties Co-operative Limited ceases to exist following a transfer of engagements on 26 January 2026. As this is a mechanism available to co-operative societies to move their ongoing operations to another co-operative society, all results are presented as continuing operations.

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.

New standards and interpretations

Changes in accounting policies

New standards, interpretations and amendments adopted from 1 January 2025

The following amendments are effective for periods beginning on or after 1 January 2025:

Accounting Policies (continued)

New standards and interpretations (continued)

Lack of exchangeability (Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates)

On 15 August 2023, the IASB issued Lack of Exchangeability which amended IAS 21 The Effects of Changes in Foreign Exchange Rates (the Amendments). The Amendments introduce requirements to assess when a currency is exchangeable into another currency and when it is not. The Amendments require an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency.

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

The following illustrative examples have been issued during 2025 with no effective date:

Illustrative examples on reporting uncertainties in financial statements.

On 28 November 2025, the IASB issued Disclosures about Uncertainties in the Financial Statements – Illustrative examples, which amended multiple IFRS Accounting Standards to include illustrative examples demonstrating how companies can apply IFRS Accounting Standards when reporting the effects of uncertainties in their financial statements. The illustrative examples are accompanying materials to IFRS Accounting Standards and do not have an effective date. The IASB had issued a near-final staff draft of the illustrative examples in July 2025.

The Society has considered these illustrative examples in its preparation of the consolidated financial statements and no additional disclosures or changes in presentation were considered necessary.

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 annual reporting periods beginning on or after 1 January 2026:

Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures)

The Society has early-adopted IFRS 9 with the impact that card receipts transmitted by banking partners ahead of the year end are now classified as an Other Debtor rather than as cash and cash equivalents.

Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)

The following standards and amendments are effective for annual reporting periods beginning on or after 1 January 2027. Following the transfer of engagements on 26 January 2026 it is not anticipated that the Midcounties Co-operative Limited will be preparing further financial statements and it is therefore unlikely that these standards will need to be applied.

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.

Accounting Policies (continued)

New standards and interpretations (continued)

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

Section 1 – Revenue

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 as performance obligations are 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	Category	Recognition criteria
Food	Food	Point of sale
Post Office commissions	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	Upon provision of childcare services at our nurseries.
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	Straight line over the term of the lease

Travel agency fees and commission revenue arises where the society acts as a travel agent to book passenger holidays. The Society has varying routes to market include consortium partners, retail stores and personal travel assistants. Revenue represents the commission for the sale of holidays excluding value added tax and less a provision for cancellations. Revenue is recognised at the point of holiday booking and the amounts reserved for expected cancellations is based on the Society's historical cancellation experience and amounts it therefore expects to result in future refunds.

Revenue recognised for holidays where cash is yet to be collected are recorded in Trade receivables less appropriate expected credit loss provisions. The Society typically receives part payments from customers split across initial deposits, payments on account and final balances up until the date of departure. Payments received in excess of revenue earned and payments collected on behalf of the principal organiser of the holiday are presented as payments on account within trade and other payables.

Section 1 – Revenue (continued)

Accounting Policy (continued)

Travel principal revenue arises where the Society acts as the principal tour operator. The Society is a principal where it has control over all elements of the holiday booking 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 sales of principal holidays is comprised of one performance obligation and the transaction price is recognised at the point of departure. Under this arrangement the Society also typically receives part payments from customers split across initial deposits, payments on account and final balances up until the date of departure.

Trade receivables connected to Travel principal revenue 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; these are presented within Prepayments & deposits within Trade and Other receivables until due. Trade payables connected to Travel principal bookings typically 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.

	2025/26	2025/26	2024/25	2024/25
1. Revenue	Gross sales ¹	Revenue	Gross sales ¹	Revenue
	£'000	£'000	£'000	£'000
Food	605,665	544,782	659,146	590,762
Early Years	56,402	55,786	47,937	47,106
Travel	793,510	186,566	786,435	187,160
Utilities	10,577	8,333	12,063	8,994
Post Offices	3,349	3,349	3,083	3,083
Misc	215	215	18	18
Property rentals	2,717	2,717	3,118	3,118
Total revenue	1,472,435	801,748	1,511,800	840,241

¹Gross 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.

	2025/26	2024/25
	£'000	£'000
Gross Sales	1,472,435	1,511,801
Principal vs Agent Adjustment	(606,944)	(599,275)
Flexible Benefit Commissions	(2,244)	(3,069)
Colleague Discounts	(4,769)	(5,003)
VAT	(56,730)	(64,213)
Total revenue	801,748	840,241

Section 1 – Revenue (continued)

Members share of profits

Member share of profit points are earned as part of the membership offer and are recognised as a discount to revenue at the point they are earned with a corresponding liability being held on the balance sheet. The liability is reduced and the sale recognised when the rewards are redeemed.

Cost of sales

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 services. Cost of sales for principal travel sales are deferred until the specified departure date.

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 – Other Operating Income and Expenses

2.1 Other operating income

	2025/26	2024/25
	£'000	£'000
Insurance recovery	5,000	-
Other	21	109
	5,021	109

Insurance recovery represents funds received from insurers relating to the loss income, disruption and additional costs borne by the Society as a result of the cyber-attack at its key food supplier.

2.1 Operating expenses before significant items

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.

		2025/26	2024/25
		£'000	£'000
Operating costs	2.1.1	86,773	84,884
Personnel costs	2.1.2	140,711	135,199
Transactions with directors	2.1.3	225	220
		227,709	220,303

Section 2 – Other Operating Income and Expenses (continued)

2.1.1 Operating costs

		2025/26 £'000	2024/25 £'000
Depreciation of owned assets - property, plant and equipment	3.1	13,667	11,856
Amortisation of owned assets - intangibles	3.2	792	886
Depreciation of right of use assets	3.4	12,656	15,873
Fees paid to auditors:			
Audit		402	422
Other		23	27
Occupancy Costs		25,516	26,430
Other expenses		33,717	29,390
		86,773	84,884

2.1.2 Personnel costs

		2025/26 £'000	2024/25 £'000
Wages and salaries		126,170	124,190
Social security payments		12,042	8,612
Expenses re. defined contribution pension scheme	4.5	2,499	2,397
		140,711	135,199

Key management personnel

Remuneration of Key Management Personnel for the year amounted to £2.646m (2024/25 £2.333m) including National Insurance contributions.

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

	2025/26	2024/25
Full time	2,039	2,157
Part time	4,036	4,219
	6,075	6,376

Section 2 – Other Operating Income and Expenses (continued)

2.1 Operating expenses before significant items (continued)

2.1.3 Transactions with directors

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

	2025/26	2024/25
	£'000	£'000
Directors' fees and expenses	225	220

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

2.2 Significant items

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

		2025/26	2024/25
		£'000	£'000
Items included within operating expenses:			
Net gain on disposal of property, plant, equipment and other investments	a	2,518	4,240
Change in fair value of trading and investment property	a	(3,734)	186
Expense of business acquisitions and disposals	b	-	(965)
Reorganisation and other costs	c	(951)	(850)
Right of use asset impairment	d	(1,008)	(2,682)
Refinancing	e	(3,565)	(266)
Impact of cyber event	g	(2,974)	-
Impact of merger with Central England Co-operative Limited	h	(4,680)	-
Goodwill Impairment	i	(11,967)	-
Significant items		(26,361)	(337)
<hr/>			
Tax on significant items continuing operations	f	3,409	(282)
<hr/>			
Significant items after tax		(22,952)	(619)
<hr/> <hr/>			

Section 2 – Other Operating Income and Expenses (continued)

2.2 Significant items (continued)

- 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 regularly assess the structure of all trading groups. This resulted in a one-off cost relating to a functional restructure in the prior year.
- c) The Society continues to review the most appropriate organisational structures to support its trading groups. In both years this included the reorganisation of its support functions.
- d) Impairment of right of use assets in accordance with annual review under IAS 36
- e) Costs relating to the refinancing of banking facilities
- f) The tax charge relating to tax on significant items.
- g) During the year the Society's main food supplier, The Co-op Group, was the victim of a cyber-attack which had a severe impact on its logistics and supply chains. Proactive action and subsequent recovery has impacted financial results in the period. Incremental, non-recurring costs relating to these actions amounting to £2.9m has been incurred and recognised in Significant Items. The additional costs comprised higher delivery costs, marketing and member communications, stock loss, food wastage, guarding, and higher labour costs.
- h) Expenses incurred by the Society in relation to the merger with Central England Co-operative that took place subsequent to the year end on 26 January 2026
- i) Impairment of goodwill (note 3.2)

2.3 Finance costs

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 expenses in respect of pension obligations represent the interest paid from the investment of the pension scheme assets.

	Note	2025/26 £'000	2024/25 £'000
Finance income	2.3.1	390	478
Finance expenses	2.3.2	(13,580)	(14,842)
Total finance costs		<u>(13,190)</u>	<u>(14,364)</u>

Section 2 – Other Operating Income and Expenses (continued)

2.3.1 Finance income

	2025/26 £'000	2024/25 £'000
Other Interest income	96	85
Interest income on bank deposits	294	393
Total finance income	<u>390</u>	<u>478</u>

2.3.1 Finance expense

		2025/26 £'000	2024/25 £'000
Net interest on defined benefit liability	4.5	1,274	1,182
Interest expense on bank loans		4,907	6,468
Interest expense in respect of lease liabilities	4.3	5,693	6,141
Loan arrangement fees expensed		1,706	1,051
Total finance expense		<u>13,580</u>	<u>14,842</u>

2.4 Payments to and on behalf of members

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'.

	2025/26 £'000	2024/25 £'000
Grants and other member benefits	1,751	1,673
Employee member benefits	-	450
	<u>1,751</u>	<u>2,123</u>

2.5 Income tax

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 3.55 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.

Section 2 – Other Operating Income and Expenses (continued)

2.5 Income tax (continued)

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.

	2025/26 Pre significant items £'000	2025/26 Significant items £'000	2025/26 Total £'000	2024/25 Pre significant items £'000	2024/25 Significant items £'000	2024/25 Total £'000
Current tax expense:						
Current period	159	(159)	-	(1,719)	1,719	-
Adjustment for prior periods	-	-	-	-	-	-
	159	(159)	-	(1,719)	1,719	-
Deferred tax (credit)/charge:						
Origination & reversal of temporary differences	3,453	(3,250)	203	2,953	(1,437)	1,516
Adjustment for prior periods	(1,776)	-	(1,776)	(862)	0	(862)
	1,677	(3,250)	(1,573)	2,091	(1,437)	654
Total income tax	1,836	(3,409)	(1,573)	372	282	654

In order to understand how, in the income tax statement, a tax credit on continuing operations of £1.573m (2024/25: charge of £0.654m) arises on a loss before tax of £37.568m (2024/25: £5.841m), the taxation charge that would arise at the standard rate of UK corporation tax is reconciled to the actual charge as follows:

Section 2 – Other Operating Income and Expenses (continued)

2.5 Income tax (continued)

	2025/26 Pre significant items £'000	2025/26 Significant items £'000	2025/26 Total £'000	2024/25 Pre significant items £'000	2024/25 Significant items £'000	2024/25 Total £'000
Total Loss before taxation	(11,207)	(26,361)	(37,568)	(5,504)	(337)	(5,841)
Income tax at 25%	(2,802)	(6,591)	(9,393)	(1,376)	(84)	(1,460)
Expenses not deductible for tax purposes	710	3,608	4,318	(117)	(813)	(930)
Property fair value movements and disposal gains	-	(427)	(427)	-	1,179	1,179
Adjustment for prior periods (current plus deferred tax expense)	(1,776)	-	(1,776)	(862)	-	(862)
Movement in unrecognised deferred tax assets	5,705	-	5,705	2,727	-	2,727
Total income tax (credit)/expense	1,837	(3,410)	(1,573)	372	282	654

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

	2025/26 £'000	2024/25 £'000
Total recognised directly in equity:		
Members' share interest	(1,036)	(1,070)
Total recognised in other comprehensive income:	-	
Revaluation of property, plant and equipment	1,533	295
Actuarial gains on defined benefit pension plans	115	(27)
	1,648	268
Deferred tax:		
Net asset at start of period	10,814	10,666
Deferred tax charge/ (credit) in revenue account for the period	1,573	(654)
Deferred tax recognised directly in equity	1,034	1,070
Movement on pension liability deferred tax	(116)	27
Other deferred tax recognised in other comprehensive income	(1,532)	(295)
Net asset at end of period	11,773	10,814

Deferred tax balances and movements have been recognised at 25%.

Section 2 – Other Operating Income and Expenses (continued)

2.5 Income tax (continued)

		2025/26 Pre significant items £'000	2025/26 Significant items £'000	2025/26 Total £'000	2024/25 Pre significant items £'000	2024/25 Significant items £'000	2024/25 Total £'000
Loss before taxation		(11,207)	(26,361)	(37,568)	(5,504)	(337)	(5,841)
Tax on profit on ordinary activities at standard UK corporation tax rate of 25%		(2,802)	(6,590)	(9,392)	(1,375)	(84)	(1,459)
Depreciation in excess of capital allowances	a	2,980	-	2,980	(284)	-	(284)
Pension movements	b	(737)	-	(737)	(1,608)	-	(1,608)
Expenses not deductible for tax purposes	c	710	3,608	4,318	1,549	-	1,549
Expense of business acquisitions and disposals	c	(1,892)	-	(1,892)	-	-	-
Change in fair value of trading properties	c	-	742	742	-	805	805
Change in fair value of investment properties	c	-	191	191	-	(181)	(181)
Profit on sale of properties subject to indexation and rollover relief	c	-	1,890	1,890	-	1,178	1,178
Corporate interest restriction disallowance	e	1,900	-	1,900			
Reported current tax charge		159	(159)	-	(1,718)	1,718	-
Depreciation in excess of capital allowances	a	(2,425)	-	(2,425)	771	-	771
Pension movements	b	737	-	737	1,608	-	1,608
Other Timing Differences	d	1,336	(3,250)	(1,914)	574	(1,436)	(863)
Adjustments to tax charge in respect of previous periods		(1,776)	-	(1,776)	(862)	-	(862)
Reassessment of deferred tax assets	e	3,805	-	3,805	0	-	0
Reported deferred tax (credit)/ charge		1,836	(3,409)	(1,573)	2,091	(1,436)	654
Reported total tax (credit)/charge		1,836	(3,409)	(1,573)	373	282	654

- 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.

Section 2 – Expenses (continued)

2.5 Income tax (continued)

- 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 larger amounts included within this category for the year comprise of a goodwill impairment of £2.99m and merger-related costs of £0.616m incurred in connection with the merger with Central England Co-operative. £0.93m Fair Value movement on properties and £1.89m Profit on property disposal
- d) Other timing differences include tax timing differences such as deferred capital gains rolled into new acquisitions and movements in other provisions.
- 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. This category includes £3.805m losses derecognised, and interest not allowed to be offset against taxable income by way of the Corporate Interest Restriction of £1.90m.

On 26 January 2026, the transfer of engagement between Central England Co-operative Limited and The Midcounties Co-operative was completed, with The Midcounties Co-operative's engagement transferring to Central England Co-operative Limited. This transaction occurred after the reporting date and is treated as a non-adjusting event under IAS 10.

In assessing the recoverability of the group's deferred tax assets at the reporting date, we considered the group's forecasts as a standalone group together with the expected impact of the merger with Central England Co-operative Limited as a non-adjusting post-balance sheet event. The Directors expect that the merger will create synergies which will enhance the availability of future taxable profits. As the merger is a non-adjusting event, the potential tax impact of these has not been quantified.

Section 3 – Assets

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

3.1 Property, plant and equipment

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

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

Depreciation rates used are as follows:

Freehold buildings	50 years
Plant, fixtures and fittings	3 to 20 years
Vehicles	3 to 8 years

Fair value measurement:

Properties are valued on a "Fair Value" basis as defined in the RICS Valuation - Global Standards January 2017 incorporating the IVSC International Valuation Standards as:

The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date (IFRS 13). The market value of items, of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

Property disposals

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

Impairment

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

An impairment loss in respect of an asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Significant assets are tested for impairment at the lowest identifiable CGU or individual basis. Discount rates applied range between 6.9% to 11.9% 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.

Section 3 – Assets (continued)

3.1 Property, plant and equipment (continued)

	Land & Buildings £'000	Plant, fixtures & fittings £'000	Assets under construction £'000	Total £'000
Cost or valuation:				
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)	0	(27,340)
Transfer from assets under construction	-	15,346	(15,346)	-
Net transfer from assets held for sale	936	-	0	936
At 25 January 2025	112,218	140,870	6,866	259,953
Additions	-	-	9,960	9,960
Revaluation	1,157	-	-	1,157
Disposals	(8,954)	(3,143)	-	(12,097)
Transfers inc assets held for sale	(2,026)	9,967	(11,235)	(3,294)
At 25 January 2026	102,395	147,694	5,591	255,679
Accumulated depreciation:				
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
Provided this year	388	12,824	-	13,212
Disposals	(139)	(2,318)	-	(2,457)
Transfers	-	(300)	-	(300)
At 25 January 2026	8,237	112,723	-	120,960
Carrying amount				
At 25 January 2025	104,230	38,353	6,866	149,448
At 25 January 2026	94,158	34,971	5,591	134,719

Section 3 – Assets (continued)

3.1 Property, plant and equipment (continued)

Security

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

Valuations

The property valuations undertaken in January 2026 were valued on a “Fair Value” basis as defined in the RICS Valuation - Global Standards January 2017 incorporating the IVSC International Valuation Standards as:

The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date (IFRS 13). The valuations were carried out by Chartered Surveyors CBRE. Properties have been valued on a vacant possession basis.

The properties are valued individually, and yields are therefore varying on a property by property basis. Yields range from 7.3% to 14.3% (2024/25: 5.8% to 10.6%)

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

Had the revalued land and buildings been measured on a historical cost basis, their net book value would have been £46.464m (2024/25: £58.451m).

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.

	2025/26	2024/25
	£'000	£'000
Valuation changes recognised in other comprehensive income are:		
Revaluation gains and losses on Property Plant and Equipment	4,085	1,348

Section 3 – Assets (continued)

3.2 Intangible assets

Goodwill

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

Other intangibles

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

Fair value measurement

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

Impairment

For goodwill and intangible assets that have an indefinite useful life, the recoverable amount is estimated at each balance sheet date.

The recoverable amount of tangible assets and intangible assets with a finite life are reviewed should there be an indication of impairment at the balance sheet date. The recoverable amount is the greater of 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 6.9% to 11.9% 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.

Section 3 – Assets (continued)

3.2 Intangible assets (continued)

	Purchased goodwill	Licences, brand and computer software	Total
	£'000	£'000	£'000
Cost:			
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
Transfer from Fixtures & Fittings	-	1,268	1,268
Disposals	(237)	-	(237)
At 25 January 2026	75,051	7,010	82,061
Accumulated amortisation:			
At 27 January 2024	5,756	2,763	8,519
Charge for the year	-	885	885
Disposals	(12)	(13)	(25)
At 25 January 2025	5,744	3,635	9,379
Charge for the year	-	795	795
Impairment	11,967	-	11,967
Transfers	-	300	300
Disposals	(240)	-	(240)
At 25 January 2026	17,471	4,730	22,201
Carrying Amount			
At 25 January 2025	69,544	2,107	71,651
At 25 January 2026	57,580	2,280	59,860

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

Components of Goodwill:

	2025/26	2024/25
	£'000	£'000
Cash Generating Unit (CGU)		
Food and Post Office	44,591	56,558
Travel	1,088	1,088
Early Years	11,898	11,898
Carrying Amount	57,577	69,544

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)).

Section 3 – Assets (continued)

3.2 Intangible assets (continued)

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 6.9% to 11.9% (2024/25: 8.7% to 16.0%).

The key sensitivities in the impairment assessment are the discount and terminal growth rates. The breakpoints at which headroom in Travel and Early Years is reduced to £nil by varying these assumptions are shown in the following table. The breakpoints are not considered for Utilities as this division is asset light with £nil goodwill so it would take an impractical discount rate (>100%) and reduction in growth rates (>-100%) to generate an impairment.

Varying each sensitivity individually, for the Food CGU a 1ppt increase in the discount rate would result in a further impairment charge of £8.1m and a 1ppt reduction in the terminal growth rate would result in a further £6.7m charge.

Impairment losses relating to Goodwill are not reversed so any future upside in the impairment assessment will only result in additional headroom rather than any reversal through the consolidated statement of comprehensive income.

Section 3 – Assets (continued)

3.2 Intangible assets (continued)

Impairment Sensitivity Analysis:

For an impairment to be recognised the cost of capital and growth rates would need to move from their current rates and reach the breakpoint indicated as follows:

	2025/26			
	Cost of Capital		Growth Rates	
	Current	Breakpoint	Current	Breakpoint
Food	10.2%	N/A	2.0%	N/A
Travel	11.9%	17.3%	2.0%	-5.8%
Early Years	10.2%	14.7%	2.0%	-3.8%
Utilities	6.9%	n/a	2.0%	n/a

	2024/25			
	Cost of Capital		Growth Rates	
	Current	Breakpoint	Current	Breakpoint
Food	10.7%	11.1%	2.0%	1.5%
Travel	16.0%	85.0%	2.0%	-100.0%
Early Years	13.1%	14.1%	2.0%	0.6%
Utilities	8.7%	n/a	2.0%	n/a

3.3 Investment property

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.

Section 3 – Assets (continued)

3.3 Investment property (continued)

	2025/26	2024/25
	£'000	£'000
Cost or valuation:		
At start of year	12,046	11,343
Additions	624	-
Revaluation	(237)	725
Disposals	(7,428)	(22)
At end of year	5,005	12,046

Investment properties are not depreciated.

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

Valuations

The property valuations undertaken in January 2026 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, Colliers (2024/25: CBRE).

The properties are valued individually and yields are therefore varying on a property-by-property basis. Yields range from 7.3% to 14.3% (2024/25 : 5.8% to 10.6%), with a mean yield of 9.0% (2024/25 : 7.7%) before costs.

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

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

During the year £3.071m (2024/25: £3.118m) 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 £0.102m (2024/25: £0.446m).

3.4 Right of use 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.

Section 3 – Assets (continued)

3.4 Right of use assets (continued)

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. The Society has used a range of discount rates in between 8.3% to 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.

Right-of-use assets are subject to an annual impairment review.

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 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
Additions	8,978	1,083	298	10,359
Effects of modification of lease term	-	-	-	-
Movement on Onerous Lease Provision	876	-	-	876
Disposals	(4,079)	-	(110)	(4,189)
At 25 January 2026	151,686	13,208	8,019	172,913
Accumulated depreciation:				
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)	(920)
At 25 January 2025	60,401	9,757	4,244	74,402
Provided this year	10,284	991	1,379	12,654
Impairment	1,008	-	-	1,008
Disposals	-	-	-	-
At 25 January 2026	71,693	10,748	5,623	88,064
Carrying amount				
At 25 January 2025	85,510	2,368	3,587	91,465
At 25 January 2026	79,993	2,460	2,396	84,849

Section 3 – Assets (continued)

3.4 Right of use assets (continued)

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

	Land & Buildings	Plant, Fixture & Fittings	Vehicles & other	Total
Number of leases 25 January 2025	278	5	133	416
Number of leases 25 January 2026	296	4	133	433
Number of material Subleased Leases at 25 January 2025	12	-	-	12
Number of material Subleased Leases at 25 January 2026	16	-	-	16
Term of leases (years)	2 to 1,000	1 to 5	1 to 8	1 to 1,000

Income from material 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 sublease is for substantially the remaining term of the head lease. The following table sets out a maturity analysis of material sublease receivables, showing the present value lease payments to be received after the reporting date.

	2025/26	2024/25
	£'000	£000's
6 months or less	58	58
6-12 months	59	59
1-2 years	84	134
2-5 years	85	93
More than 5 years	-	-
Total Present value of minimum lease payments receivable	286	344
Of which are:		
Current Lease receivables	117	117
Non Current Lease receivables	169	227
	286	344

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 and note 6.1 for details on rental income.

Section 3 – Assets (continued)

3.5 Other investments

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.

	2025/26	2024/25
	£'000	£'000
Non current investments:		
Other Financial Assets	<u>3,312</u>	<u>4,079</u>
Are held as follows:	£'000	£'000
expectedperative Group shares	1,571	1,588
Other I&P Societies shares	621	1,371
Other investments	920	920
Younity (Co-op Community Energy)	200	200
Total Other Financial Assets	<u>3,312</u>	<u>4,079</u>

The results of the joint venture are trivial to the Society and therefore are recognised within operating expenses. The profit for the year was £0.3m (2024/25 - £0.626m).

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

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.

Section 3 – Assets (continued)

3.6 Deferred tax assets and liabilities (continued)

	Note	2025/26 £'000	2024/25 £'000
Deferred tax liability in respect of property, plant and equipment		-	(6,292)
Deferred tax liability in respect of pension obligations		(125)	-
Deferred tax liability		(125)	(6,292)
Intangible assets		300	449
Deferred tax asset in respect of property, plant and equipment		3,801	-
Deferred tax asset in respect of pension obligations		-	728
Short term temporary differences		266	266
Tax losses		7,533	15,663
Deferred tax asset		11,900	17,106
Net deferred tax asset	2.5	11,775	10,814

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

		Assets		Liabilities	
		2025/26 £'000	2024/25 £'000	2025/26 £'000	2024/25 £'000
Property, plant and equipment	a	3,801	-	-	(6,292)
Intangible assets	b	300	449	-	-
Pension obligations	c	-	728	(125)	-
Other items	d	266	266	-	-
Tax losses	e	7,533	15,663	-	-
Tax assets / (liabilities)		11,900	17,106	(125)	(6,292)

a - This amount is made of two components:

i) a deferred tax asset of £12.2m (2024/25; £3.8m) on capital allowances arising from the tax value of assets being higher than the accounts value of the same fixed assets. This has arisen due to the Society not making claim to its maximum entitlement to capital allowances since 2019 due to reduced levels of taxable trading profits in the intervening years. Impairment, disposals and depreciation have continued to reduce the accounts value of our assets. The Society expects to use these capital allowances incrementally to reduce future taxable trading profits.

ii) a deferred tax liability of £8.3m (2024/25: £10.0m) 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 and rollover gains on goodwill. Investment and trade properties are measured at fair value in the accounts, which is different to their cost or value for tax purposes.

Section 3 – Assets (continued)

3.6 Deferred tax assets and liabilities (continued)

b - The amount relates historic acquisitions of intangibles 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 £0.852m. This is due to the movement in the schemes deficit in the year.

d - The amount relates principally 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, has been taken into consideration for recognised and unrecognised tax losses and 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 £25.8m (2024/25: £18.6m) of corporate interest restriction ('CIR') balances, £26.2m trading losses (2024/25: £10.9m) and £6.2m (2024/25: £5.2m) 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 £3.804m (2025/25: £2.726m) within the income tax charge. This reflects the Group's prudent approach to asset recognition criteria.

Section 3 – Assets (continued)

3.6 Deferred tax assets and liabilities (continued)

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

	At 27 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	266
Tax losses	15,029	633	-	15,662
	<hr/>	<hr/>	<hr/>	<hr/>
Tax assets	10,664	(653)	802	10,814

	At 25 January 2025	Recognised in Income statement	Recognised in equity/ other comprehensive income	At 25 January 2026
	£'000	£'000	£'000	£'000
Property, plant and equipment	(6,291)	11,625	(1,533)	3,801
Intangible assets	449	(150)	-	299
Pension obligations	728	(737)	(116)	(125)
Other items	266	(1,036)	1,036	266
Tax losses	15,662	(8,130)	-	7,532
	<hr/>	<hr/>	<hr/>	<hr/>
Tax assets	10,814	1,572	(613)	11,773

3.7 Stocks

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.

	2025/26 £'000	2024/25 £'000
Goods for resale	27,670	28,952

All stock is expected to be realised within 12 months. Goods bought for resale recognised as a cost of sale amounted to £372.916m (2024/25: £407.531m). The year-end stock provision is £3.152m (2024/25: £3.485m). Stock write-downs in the year amounted to £nil (2024/25: £nil).

Section 3 – Assets (continued)

3.8 Trade and other receivables

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	2025/26 £'000	2024/25 £'000
Current Assets - Trade & Other Receivables			
Trade receivables		14,609	16,863
Prepayments		5,391	6,597
Accrued Income		2,370	591
Rental Income receivable	6.1	117	117
Other receivables		52,600	41,721
Deposits		6,624	5,189
		<u>81,711</u>	<u>71,078</u>
Non-Current Assets Other Receivables			
Rental Income receivable	6.1	169	227
Other Debtors		313	373
		<u>482</u>	<u>600</u>

Deposits represents amounts due on holiday bookings.

Rental income receivable relates to subleased 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

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.

	2025/26 £'000	2024/25 £'000
Cash and cash equivalents	-	5,971
Cash and cash equivalents in the statement of financial position	<u>0</u>	<u>5,971</u>
Bank overdraft	(8,431)	-
Cash and cash equivalents in the statement of cash flows	<u>(8,431)</u>	<u>5,971</u>

The Society's exposure to interest rate risk is disclosed in Note 4.6.

Section 3 – Assets (continued)

3.10 Assets and liabilities held for 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.

	2025/26 £'000	2024/25 £'000
Assets classified as held for sale:		
Land and buildings	2,927	5,743
	<hr/> 2,927	<hr/> 5,743
Liabilities classified as held for sale		
Bonds	434	610
	<hr/> 434	<hr/> 610

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 (2024/25 - £nil) was recognised on Assets held for sale during the year.

The property valuations undertaken in January 2026 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, Colliers. 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

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

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.

	2025/26	2024/25
	£'000	£'000
Current liabilities:		
Current portion of secured bank loans (see notes 3.1 & 3.3)	58,437	68,956
	58,437	68,956

Terms and conditions of outstanding loans were as follows:

	Rate	Nominal interest rate	Year of maturity	Utilised	Total Facility	Utilised	Total Facility
				2025/26 £'000	2025/26 £'000	2024/25 £'000	2024/25 £'000
Four Bank Revolving Credit Facility	Variable	SONIA + 3.75% ¹	2026 ²	69,662	85,444	68,956	93,238
Total interest bearing liabilities				69,662	85,444	68,956	93,238

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 26 January 2026 as a result of the transfer of engagements to Central England Co-operative Limited all outstanding balances at the year end were repaid and the financing arrangements with the Society's syndicate of lenders were terminated. Consequently the above facility has been disclosed as a current liability. Future financing requirements will be met by a new facility entered into by the newly merged entity on 26 January 2026 (see below).

The loans are shown net of an unamortised arrangement fee of £nil (2024/25: £1.421 million).

The total facilities available to the Society as at 25 January 2025 were £85.4m (2024/25: £93.2m).

The utilised facilities above include the bank overdraft of £8.4m (2024/25 - £4.5m). The overdraft value is recognised as current liability as it is repayable on demand.

Section 4 – Liabilities (continued)

4.1 Loans and borrowings (continued)

Post balance sheet event

On 26 January 2026, the Society entered into a transfer of engagements with Central England Co-operative Limited and together created a new Society, built on shared values, purpose and co-operative principles. On 26 January 2026, the newly created Society entered into a new syndicated revolving credit facility ("RCF") that will mature on 31 July 2029. The bank facilities comprise a £162.5m RCF, including a £30.0m overdraft and £6.4m of carve-outs for certain guarantees.

Notes supporting the Consolidated Statement of Cash Flows

	Loans and borrowings (excluding bank overdrafts)
	£'000
At 27 January 2024	69,728
Loan proceeds	173,804
Loan repayments	(174,576)
At 25 January 2025	<u>68,956</u>
Loan proceeds	185,072
Loan repayments	(195,591)
At 25 January 2026	<u><u>58,437</u></u>

4.2 Trade and other payables

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.

Section 4 – Liabilities (continued)

4.2 Trade and other payables (continued)

	2025/26 £'000	2024/25 £'000
Current liabilities:		
Trade payables	103,508	98,584
Other payables	17,968	18,739
Travel payments on account	32,153	33,963
Deferred income - Other	2,517	2,234
Accrued charges	11,958	12,208
	168,104	165,728
	£'000	£'000
Non current liabilities:		
Deferred income - Other	60	90
	60	90

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 £42.9m (2024/25: £38.9m) worth of monies received in advance from Travel customers, that the Society will pay over to tour operators in due course.

The Society's exposure to liquidity risk related to its trade and other payables is disclosed in note 4.6.

4.3 Lease Liabilities

At the commencement date of a lease, the Society recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Society and payments of penalties for terminating a lease, if the lease term reflects the Society exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Society has used a range of discount rates in between 8.3% to 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 lease commencement date if the interest rate implicit in the lease is not readily determinable.

Section 4 – Liabilities (continued)

4.3 Lease Liabilities (continued)

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.

	Note	Land & Buildings £'000	Plant, Fixture & Fittings £000's	Vehicles and other £'000	Total £'000
At 27 January 2024		101,927	2,249	2,965	107,141
Additions		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
Additions	3.4	9,331	1,252	298	10,881
Interest Expense		5,042	232	419	5,693
Lease Payments		(13,971)	(1,199)	(1,633)	(16,803)
Disposal		(4,079)	-	(110)	(4,189)
At 25 January 2026		96,251	2,690	2,965	101,906
At 25 January 2026					
Of which are:					
Current Lease Liabilities		12,869	913	1,633	15,415
Non Current Lease Liabilities		83,382	1,777	1,332	86,491
		96,251	2,690	2,965	101,906

Please refer to note 3.4 for details on the right of use assets in relation to these lease liabilities.

Section 4 – Liabilities (continued)

4.4 Provisions

	Leasehold dilapidations £'000
At 27 January 2024	3,379
Increase in dilapidations provision	94
At 25 January 2025	3,473
Decrease in dilapidations provision	(113)
At 25 January 2026	3,360
25 January 2026	
Due within one year or less	750
Due after more than one year	2,610
	3,360
25 January 2025	
Due within one year or less	604
Due after more than one year	2,869
	3,473

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

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 £4.225m (2024/25: £7.615m).

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.

Section 4 – Liabilities (continued)

4.5 Pension obligations (continued)

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 2024 and were updated to 25 January 2025 by a qualified independent actuary.

	2025/26	2024/25
	£'000	£'000
Plan Assets comprise:		
Equities:		
Developed equities	9,852	8,932
Senior Secured Loans		
High quality bonds	68,513	51,915
Property	22,435	28,210
Diversifying strategies	-	4,587
Diversifying growth	61,156	50,632
Cash and cash equivalents	2,415	17,239
Other:		
Other	-	526
Annuity policy	747	796
	165,118	162,836

The Annuity policy consists of additional voluntary contributions held with Royal London Group.

	2025/26	2024/25
	£'000	£'000
Actual return on plan assets	7,442	(587)

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.

	2025/26	2024/25
	£'000	£'000
Change in defined benefit obligation		
Defined benefit obligation at beginning of year	164,712	172,764
Interest cost	8,873	8,404
Experience adjustments	1,799	1,546
Actuarial gain	(3,671)	(10,135)
Benefits paid	(8,080)	(7,962)
Annuity policy	0	95
Defined benefit obligation on plans that are wholly or partly funded	163,633	164,712

Section 4 – Liabilities (continued)

4.5 Pension obligations (continued)

	2025/26 £'000	2024/25 £'000
Change in plan assets		
Fair value of plan assets at beginning of year	162,836	163,527
Interest income	8,851	8,110
Actuarial losses	(1,408)	(7,661)
Administration expenses	(1,256)	(888)
Employer contribution	4,225	7,615
Benefits paid	(8,080)	(7,962)
Annuity policy	0	95
Fair value of plan assets at end of year	<u>165,167</u>	<u>162,836</u>
Net pension obligation		
Funded status	<u>1,535</u>	<u>(1,876)</u>
Net amount recognised	<u>1,535</u>	<u>(1,876)</u>
Components of pension cost		
	£'000	£'000
Interest cost	8,873	8,404
Expected return on plan assets	(8,851)	(8,110)
Administrative expenses and taxes	1,256	888
Total pension cost recognised in the Income statement	<u>1,278</u>	<u>1,182</u>
Actuarial losses/(gains) immediately recognised in other comprehensive income:		
	£'000	£'000
Effect of changes in demographic assumptions	592	(326)
Effect of changes in financial assumptions	(4,263)	(9,809)
Effect of experience adjustments	1,799	1,546
Return on plan assets (excluding interest income)	1,409	8,697
Total pension income recognised in other comprehensive income	<u>(463)</u>	<u>108</u>
Cumulative cost of actuarial losses immediately recognised	<u>70,069</u>	<u>70,532</u>
Weighted average assumptions used to determine defined benefit obligations:		
	2025/26	2024/25
Discount rate	5.60%	5.55%
Price inflation rate (RPI)	2.80%	3.00%
Price inflation rate (CPI)	2.40%	2.55%
Weighted average assumptions used to determine net pension cost:		
	2025/26	2024/25
Discount rate	5.55%	5.00%
Future salary increases	N/A	N/A
Price inflation rate (RPI)	3.00%	2.85%
Price inflation rate (CPI)	2.55%	2.35%

Section 4 – Liabilities (continued)

4.5 Pension obligations (continued)

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

	Males		Females	
	2025/26	2024/25	2025/26	2024/25
Average life expectancy of an individual retiring at age 65	21.4	21.1	23.7	23.1
Average life expectancy of an individual aged 40 retiring at age 65	22.7	22.5	25.4	24.6

Two year history	2025/26	2024/25
	£'000	£'000
Benefit obligation at end of year	(163,633)	(164,712)
Fair value of plan assets at end of year	165,168	162,836
Surplus / (Deficit)	1,535	(1,876)

Difference between expected and actual return on scheme assets:

Amount (£'000)	(1,409)	(8,697)
Percentage of scheme assets	(1)%	(5)%

Experience gains and losses on scheme liabilities:

Amount (£'000)	1,799	1,546
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	(9,115)	(10,649)
Plus 0.5% discount rate	11,153	9,619
Minus 0.5% inflation rate	8,282	6,748
Plus 0.5% inflation rate	(5,766)	(7,300)
Mortality rate -1 year	(2,823)	(4,357)
Mortality rate +1 year	5,539	4,005

Management of the 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.

Section 4 – Liabilities (continued)

4.5 Pension obligations (continued)

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 2024 valuation of the Scheme was signed off in October 2025 and as a result the Society is currently contributing £1.5m 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

A liability is generated when the Society has carried out an activity which results in expense that will be paid in the future. This includes loans from the banks and amounts owed to suppliers for goods or services it has received. There is an uncertainty as to how much the Society may have to eventually have to pay and the following risk calculations for credit, liquidity, interest rate, commodity price, foreign currency, capital management and guarantees are taken into account when estimating this value.

Credit risk:

Credit risk arises from the possibility of customers failing to meet their obligations to the Society. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount. The Society does not require collateral in respect of financial assets. The Society considers that it is prudent in its impairment provisioning and it has no significant customer credit risk.

Section 4 – Liabilities (continued)

4.6 Financial instruments and derivatives (continued)

The carrying amount of financial assets represents the maximum exposure to credit risk at the reporting date was:

	Note	2025/26 £'000	2024/25 £'000
Cash & Cash equivalents	3.9	-	5,971
Trade receivables	3.8	14,609	16,863
Other receivables	3.8	67,102	48,218
		81,711	71,052

	Gross 2025/26 £'000	Impairment 2025/26 £'000	Gross 2024/25 £'000	Impairment 2024/25 £'000
The ageing of trade receivables at the reporting date was:				
Not overdue	14,927	(1,373)	14,987	(316)
Overdue 0-30 days	28	(40)	1,975	(13)
Overdue 31-120 days	475	(15)	209	(10)
121 days to one year	171	(13)	1,029	(398)
More than one year overdue	1,302	(853)	244	(843)
	16,903	(2,294)	18,443	(1,580)

Movement in Trade receivables impairment for the year

	£'000
Impairment balance as at 25 January 2025	(1,580)
Released in the year	(123)
Increase in provision for the year	(751)
In year charges	160
Impairment balance as at 25 January 2026	(2,294)

Liquidity risk:

The Society's annual planning process reviews projected net debt and liquidity requirements for the next 5 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. 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. Subsequent to the year end, on 26 January 2026, the newly merged Society entered into a new syndicated revolving credit facility ("RCF") for the next three and a half years. The bank facilities comprise a £162.5m RCF, including a £30.0m overdraft and £6.4m of carve-outs for certain guarantees.

Section 4 – Liabilities (continued)

4.6 Financial instruments and derivatives (continued)

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
25 January 2026	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Secured bank loans & Overdraft	69,662	69,662	69,662	-	-	-	-
Lease liabilities	101,907	123,976	7,707	7,707	13,991	36,893	57,678
Trade and other payables	158,235	158,235	158,235	-	-	-	-
	329,804	351,873	235,604	7,707	13,991	36,893	57,678

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
25 January 2025	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Secured bank loans & Overdraft	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

Interest rate risk:

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

	Carrying Amount	
	2025/26	2024/25
	£'000	£'000
Variable rate instruments:		
Financial assets	-	5,971
Financial liabilities	(66,868)	(68,956)

For details surrounding the Society's interest rates attached loans see note 4.1

Note the amount above represents the balance sheet position of the Society's bank loans and overdrafts at 25 January 2026 and differs to the bank position disclosed in note 4.6 principally due to the value of physical cash held at Food and Travel branches.

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.

Section 4 – Liabilities (continued)

Capital management:

In addition to short-term funding e.g. working capital management, the Society is funded via a mix of debt and equity. The Society's approach is to regularly review its capital base and ongoing funding requirements to sustain business performance and future development. Capital consists of total equity, loans and borrowings and at 25 January 2026 amounted to £131.548m (2024/25: £176.242m)

4.6 Financial instruments and derivatives (continued)

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 £3.630m (2024/25: £3.579m).

Fair values:

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

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

	Note	2025/26		2024/25	
		Carrying amount	Fair value	Carrying amount	Fair value
		£'000	£'000	£'000	£'000
Other Financial assets	3.5	3,312	3,312	4,079	4,079
Trade and other receivables	3.8	76,802	76,802	65,081	65,081
Cash and cash equivalents	3.9	-	-	5,971	5,971
Secured bank loans & overdraft	4.1	66,868	66,868	68,956	68,956
Lease liabilities	4.3	101,907	101,907	106,324	106,324
Trade and other payables	4.2	158,235	158,235	156,880	156,880

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% (2024/25: 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

5.1 Capital and Reserves

The Society's share capital is raised via contributions from members, comprising money paid into member share accounts and fixed-term equity investments. Interest is paid to members either at the end of January (share accounts) or upon maturity (fixed-term equity). Additionally, members are credited with points based on the value of qualifying spend across the Society's businesses. Any value apportioned per point is agreed by the members of the Society and if agreed at the AGM, distributions are awarded. No distributions were awarded to members in the year.

The revaluation reserve holds unrecognised gains on properties. This reserve is not distributable to members until the gain is realised upon the sale of the property it relates to.

Included within retained earnings there are reserves related to the recognition of the changes in the fair value of investment properties. This is not distributable to members until it has been realised through a sale.

Share capital is comprised entirely of equity shares of £1 each (as defined by IFRIC 2 Members' Shares in Co-operative Entities and Similar Instruments).

Shares currently attract interest at rates between 0% and 7.00%.

Shares are withdrawable on periods of notice from one week and longer dependent on the amount involved. The right to withdraw may, by resolution of the Board, be suspended either wholly or partially and either indefinitely or for a fixed period.

Each member is entitled to one vote irrespective of the number of shares held. In the event of a solvent winding up of the Society, the Society's rules state that a surplus remaining after all liabilities, including paid up share capital, had been settled would not be distributed to the members of the Society but would be:

- transferred to one or more societies in membership of Co-operatives UK Limited having the same or similar rule provisions as regards surplus distribution; or
- if not so transferred shall be paid or transferred to Co-operatives UK Limited.

Distributions, if agreed, are paid to members, either directly into their share account, or in vouchers which can be spent or exchanged for cash in trading outlets. Distributions 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 shareholding 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.

Section 6 - Other Notes

6.1 Rental income

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	Present Value	6 months or less	6-12 months	1-2 years	2-5 years	> 5 years
25 January 2026	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Operating leases	-	505	-	24	279	202	-
Finance Leases	286	286	59	59	84	84	-
	286	791	59	83	363	286	-

	Carrying amount	Present Value	6 months or less	6-12 months	1-2 years	2-5 years	> 5 years
25 January 2025	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Operating leases	-	726	-	59	377	290	-
Finance Leases	344	420	67	67	160	126	-
	344	1,146	67	126	537	416	-

6.2 Capital commitments

	2025/26 £'000	2024/25 £'000
Expenditure committed but not provided for	524	3,252

Capital commitments represent the value the Society has approved to spend on assets after the year end. These are typically on new site developments for food stores and nurseries.

6.3 Related party transactions

Vivian Woodell is a Director of Student Co-operative Homes, The Co-operative Loan Fund Limited, Westmill Windfarm Co-operative Limited, and The Phone Co-op Foundation for Co-operative Innovation Limited which all have share capital in the Society.

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.

Section 6 - Other Notes (continued)

6.3 Related party transactions

	2025/26	2024/25
	£'000	£'000
Products or services supplied to Midcounties by:		
Co-operative Futures Limited*	25	49
Revolver Co-operative Ltd	35	58
Co-operative Press Limited	15	20
Co-operatives UK	389	306

The Society was reimbursed £1.250m (2024/25 £1.021m) by Isio Pensions in relation to pension scheme costs paid for by the Society.

£10k of advisory services was provided by the Association of Convenience Stores Limited (ACS). ACS is considered a related party as a member of key management personnel; P Ponsonby, CEO of the Midcounties Co-operative Limited, is a director of ACS.

6.4 Wholly owned subsidiaries

As at 25 January 2025, the Group consisted of The Midcounties Co-operative Limited and the wholly owned subsidiaries and companies listed below, registered in England except where stated below.

Company / Society Name	Principal Activity
Co-operative Payroll Giving Limited	Charitable donations
Co-operative Energy Limited	Utilities
Flow Energy Limited	Utilities
Co-operative Holidays Limited	Travel
Co-op Travel Services Limited	Travel
The Midcounties Co-operative Investments Limited	Property Management
The Midcounties Co-operative Properties Limited	Property Management
The Midcounties Co-operative Trading Limited	Retail
Kenmare Estates Limited	Property Management
Companies Not Traded	
Avoco UK Limited	Oakshower Services Limited
BCOMP 527 Limited	Phone Co-op Numbering Limited
Buffer Bear Limited	Places for Children (PFF) Limited
Buffer Bear Nurseries Limited	Reeves & Pain Limited
Co-op Energy Limited	Rusts Limited
Co-op Travel Direct Limited	Tavistock House Day Nursery Limited
Co-op Travel Limited	The Co-operative Childcare Limited
Countrystore (Maidenhead) Limited	The Green Energy Co-op Limited
Early Birds Nursery School Limited	The Midcounties Co-operative Developments Limited
Ecobilling Limited	The Midcounties Co-operative Estates Limited
Energy Coop Limited	The Midcounties Co-operative Pension Trustee Limited
First Steps Children's Nursery (Group) LTD	The Midcounties Co-op Travel Ltd
First Steps Childrens Nursery Limited	The Midcounties Co-operative Willow Limited
First Steps Childrens Nursery (Rathvilly) Limited	The Midcounties WR1 Limited
First Steps Children's Nursery (St Edwards) LTD	The Midcounties WR2 Limited
First Steps (Stonehouse Farm) Limited	Thomas Ely Limited
Floridian Homes Ltd	Tuffin (Investments) Limited
Harry Tuffin Limited	Volt Energy Supply Limited

6.4 Wholly owned subsidiaries (continued)

Companies Not Traded (continued)

Hubcentre Limited	Warners Retail (Bidford) Limited
Kwik Travel Limited	Warners Retail (Moreton) Limited
Needham Hall Limited	West Midlands Co-operative Chemists Limited

Section 6 - Other Notes (continued)

6.4 Wholly owned subsidiaries (continued)

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.

6.5 Post Balance Sheet Events

On 26 January 2026 The Midcounties Co-operative Limited completed a total transfer of engagements to Central England Co-operative Limited.

All subsidiaries previously owned and controlled by The Midcounties Co-operative Limited transferred to the ownership and control of Central England Co-operative Limited. The trade and assets of the Early Years and Utilities divisions which were operated within The Midcounties Co-operative Limited also transferred directly into Central England.

In order to effect the successful transfer and ensure continuation of regulatory licences, the trade and assets of the Travel business were firstly hived down into Co-op Travel Services Limited on 25 January before transferring with other subsidiaries on the 26 January 2026.

The transfer was effected in accordance with the Co-operative and Community Benefit Societies Act 2014 and confirmation of the transfer has been filed with the Financial Conduct Authority (FCA).

Also on 26 January 2026, the newly created Society entered into a new syndicated revolving credit facility ("RCF") for the next three and a half years. The bank facilities comprise a £162.5m RCF, including a £30.0m overdraft and £6.4m of carve-outs for certain guarantees. As part of this arrangement all existing RCF facilities that the Midcounties held at the year-end were settled and closed.

Copies of the financial statements of the society Central England Co-operative Limited may be obtained from; The Society Secretary, Central House, Queen Street, Lichfield, England, WS13 6QD.