



Central coöp

Annual Report

52 weeks ended 25th January 2025



Elaine Dean, President



We're committed to being a successful co-operative business that serves in the best interests of you, our Members.

Elaine Dean, Society President



Read more in the [Presidents Overview](#) on page 12

Quick reads

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

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About us, our Values and Purpose

A Thriving, Community-based, Co-operative Business

Central Co-op is one of the largest independent Retail Co-ops in the UK, with a heritage stretching back over 180 years and businesses in food, funeral, floral, masonry and property investment.

Owned by hundreds of thousands of Members, Central Co-op serves customers across more than 450 trading sites in 22 counties, including Bedfordshire, Cheshire, East and West Midlands, Gloucestershire, Greater Manchester, Hertfordshire, Lancashire, Merseyside, Northamptonshire, Oxfordshire, Rutland, Yorkshire and Wiltshire.

The Society takes a long-term approach to doing business and we believe that we can maximise our performance and create value for our Members and local communities by behaving differently to our competitors.

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

We are fully committed to addressing the impacts of climate change by reducing carbon and food waste, increasing recycling and investing in sustainable communities. Central Co-op is working to build on its carbon Neutral 2030 commitment, and aims to be 100% green energy self-sufficient and working towards achieving Net Zero.

In 2022, we launched Our Malawi Partnership to support farmers and producers in the country through co-operative development, selling a product range from Malawian co-operatives in Central Co-op stores. We are pleased to see other Co-operative Societies now stocking products from the Partnership.

We continue to actively campaign on Tackling Retail Crime and violence directed towards store colleagues, engaging directly with MPs to visit targeted stores, working with law enforcement to tackle the root causes of crime by addressing addiction and social vulnerability, and advocating for systematic change, including most recently supporting the Retail Workers amendment to the Criminal Justice Bill.

In 2023 launched a debt free degree apprenticeship.



Read more about us at:
www.centralcoop.co.uk



WE TRADE IN OVER
21
COUNTIES



WE EMPLOY OVER
6,500
PEOPLE



OUR PROUD
HERITAGE DATES
BACK OVER
180
YEARS



Our Purpose

Our Purpose, **'Creating a sustainable Society for all'**.

Our purpose drives the long term strategic direction and shape of our business.

Our Purpose is underpinned by the internationally recognised co-operative values, together with our mission to provide a co-operative difference and Member benefit, with fully engaged and inspired colleagues who are intent on **making a difference** in our communities and in the operation of our business activities.



Our Values

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

Self-help

Members helping each other whilst helping themselves by working together for mutual benefit

Self-responsibility

Members playing their part to make the Society a success

Democracy

All Members are equal, one Member one vote

Equality

Each Member has equal rights and benefits

Equity

Members are treated justly and fairly

Solidarity

Members support each other and other co-operatives





What we do

Food

- Our food business continues to serve customers and members with new store openings, sustainability initiatives and Member benefits.
- Investments in electronic shelf-edge labels improve efficiency, whilst partnerships such as Our Malawi Partnership support Fairtrade. Community engagement, food waste reduction and innovative programmes further strengthen our commitment to ethical retailing.



FOOD STORES

257



PETROL STATIONS

18



Property Investment



521

INVESTMENT
PROPERTIES

- Our investment property portfolio comprises more than 521 properties across multiple sectors and represents an important part of the Society's asset base,
- Including 125 residential units, it represents an important part of the Society's asset base.



Find out more about our
Property business on pages 26 to 27



INSOMNIA
COFFEE SHOPS

9

- Central Co-op's partnership with Insomnia Coffee enables us to provide modern, welcoming café spaces within our communities. With two further cafes opening this year, these outlets serve as vibrant hubs for customers to relax and connect. They also support local groups by offering meeting spaces, reinforcing our commitment to community engagement and hospitality.



Find out more about our
Food business on pages 22 to 23

- Central Co-op operates 13 standalone and 5 kiosk petrol filling stations, which are an essential part of our food store estate. These stations provide convenience to our Members and enable them to earn Membership points with every fuel purchase.
- As we evolve our offer, our petrol stations remain integral to delivering value and service across our communities.

Funeral

- The Society operates 164 Funeral homes and 2 vehicle logistics centres and supported 17,943 families with meaningful funerals and 674 rainbow funerals for children under the age of 18, during 2024.
- We invested in our funeral estate to provide modern, warm and inclusive funeral homes.
- We upgraded further homes increasing their mortuary space and created a state-of-the-art mortuary facility in Great Brook Street.



FLORISTS

9



Masonry and Coffin Manufacture

- Terry Smiths coffins produced 36,008 coffins for the business and other users.
- Our Masonry business fixed or renovated 1,295 memorials.
- Our floral business made over 8,500 tributes.
- Our expert florists support our funeral business and host pop up events in our Food stores.

Central Co-op Funeral Plans

- Authorised and regulated by the Financial Conduct Authority, we supported nearly 8,000 customers with either buying a new funeral plan or redeeming an existing funeral plan, offering a range of different types of set funeral plans and bespoke options.

➤ Find out more about our **Funeral business** on pages 24 to 25



Crematorium

- Bretby crematorium looked after and cremated 3,213 people who had died.

Financial and Membership Highlights



2025:
£8.3m

TRADING PROFIT
FROM CONTINUING
OPERATIONS

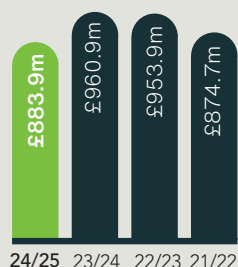
2024:
£8.8m

TRADING PROFIT
FROM CONTINUING
OPERATIONS

Turnover

£883.9m

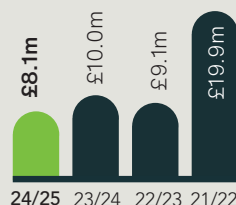
(2024: £960.9m)



Trading Profit

£8.1m

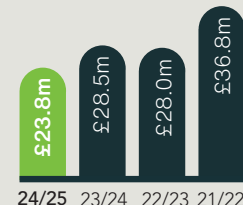
(2024: £10.0m)



Net cash from operating activities (before pension deficit funding)

£23.8m

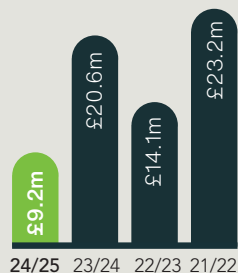
(2024: £28.5m)



Operating Profit

£9.2m

(2024: £20.6m)



Net Debt

£30.8m

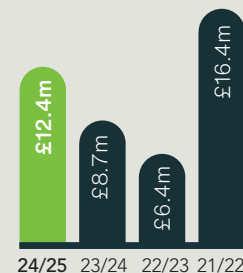
(2024: £25.1m)



Profit before tax and payments to and on behalf of stakeholders

£12.4m

(2024: £8.7m)





Debbie Robinson, CEO



£715.6m

2024: £725.0M
FOOD TURNOVER
(EXCLUDING VAT)



£2.0m

PAYMENTS TO AND ON
BEHALF OF
STAKEHOLDERS
(2024: £2.9M)



Our journey in 2024 has been a testament to the resilience and adaptability of our Society.



£31.0m

CAPITAL EXPENDITURE
(2024: £35.1M)



£292.2m

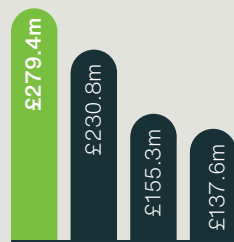
NET ASSETS
(2024: £273.5M)

Member participation

Member sales in our food stores including fuel

£279.4m

(2024: £230.8m)

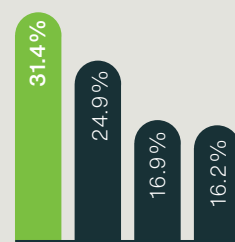


24/25 23/24 22/23 21/22

Member sales as a % of total food and fuel sales

31.4%

(2024: 24.9%)

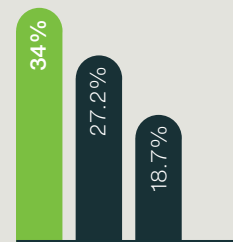


24/25 23/24 22/23 21/22

Member sales as a % for food sales only

34%

(2024: 27.2%)

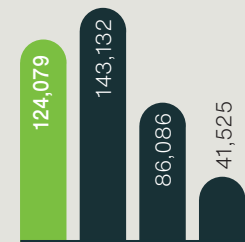


24/25 23/24 22/23 21/22

New Members joining the Society

124,079

(2024: 143,132)



24/25 23/24 22/23 21/22

Society Highlights



Our Businesses

New shop openings

We opened new food stores in Scunthorpe and Hethersett. Each store showcases new brand signage and a range of sustainability-driven innovations, including solar installations, EV chargers and electronic shelf-edge labels.

Food regenerations

We reinvested in 25 stores, including the Wildwood store in Stafford and Ibstock store in Leicestershire.

Funeral home regenerations

We reinvested in 10 funeral homes over the course of this year, and will accelerate the regeneration programme into 2025, giving all families access to a warm, comfortable and modern space.

Ways to remember

In December, the Society launched a new memorialisation gifting website, making Central Co-op the first funeral business to offer a fully transactional online platform for such products.

Membership

- A total of £444,400 was distributed to Members.
- Members were able to benefit from Member offers on more than 300 products in Society stores, saving Members £11m in total.
- More than 200,000 downloads of the Membership App in 2024, which will be relaunched to support the new membership proposition later in 2025.
- Introduction of Member Voice, a new annual survey that gives Members the opportunity to share their feedback and ideas. More than 15,000 Members shared their views, which will help to shape Society strategy.
- Partnered with Your Co-op Energy to offer additional Member rewards by switching to this gas and electricity provider. Your Co-op Energy, powered by Octopus Energy, comes from renewable projects invested in by local people committed to sustainable communities.
- This year also saw the introduction of a Member benefit within Co-op Funerals. Members now receive a credit of £125 on their Membership card when they arrange a funeral, as well as an additional Member-exclusive benefit to help make the funeral right for every individual.



Board of Directors



Elaine Dean
President



Maria Lee
Vice President
(elected to Board 4th May 2024, elected as Vice President 23rd May 2024)



Suzanne Bennett



Rebecca Britland
(elected 4th May 2024)



Bob Burlton



Marc Bicknell *



Maryann Denfhy



Danny Douglas



Amanda Gallie
(elected 4th May 2024)



John Howells



Sue Rushton
(elected 4th May 2024)



Bradley Tuckfield



Valerie Watson
(elected 4th May 2024)

* Independent Non-Executive Director

Jane Avery
(resigned 3rd May 2024)

John Chillcott
(resigned 3rd May 2024)

Richard Bickle
(resigned 3rd May 2024)

Tanya Noon
(resigned 3rd May 2024)

➤ See page 53 for a full list of **Sub Committees** and **Director attendance** details.

Executive Team and Professional Advisers



Debbie Robinson
Chief Executive



Selina Butterfield-Mashoofi
Chief Finance and
Technology Officer



Sarah Dickins
Chief Operating Officer –
Food, Marketing and Brand



Andy Peake
Chief Operating Officer
– People, Funeral and
Property



Andrew Seddon
Society Secretary

Auditor:

MHA
Rutland House
148 Edmund Street
Birmingham
B3 2FD

Registered Office:

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

Telephone: 01543 414140

Web: www.centralcoop.co.uk

Facebook: @centralcoop

Twitter: @mycoopfood

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

Registered No. 10143R

President's Overview



Elaine Dean, Society President

It has been my **pleasure and privilege** to serve as your Society President since I was re-elected to the Board.

As President, I'm responsible for the leadership of your Board, making sure that the Society carries out its commitment to be a **successful co-operative business** that serves in the best interests of you, our Members.

Store Visits

I have continued to go out and visit stores and meet colleagues whenever possible. I managed to visit our stores in Cambridgeshire and East Anglia with Society Secretary Andy Seddon and stores in Hertfordshire and Bedfordshire with Chief Operating Officer Andy Peake.

It is important to me to get out and about and meet our colleagues and see our stores because it enables me to be more knowledgeable about them when they are discussed in the Boardroom.

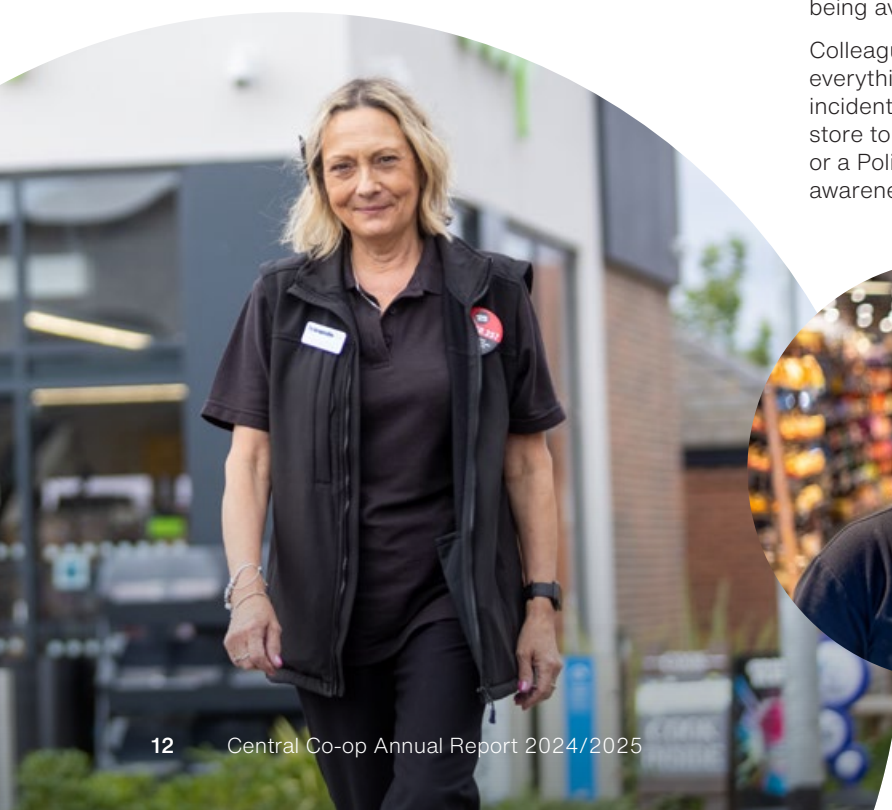
I am planning more visits during the coming months, possibly to our stores in Staffordshire and Northamptonshire. I also try and visit our newest stores and was delighted to visit our Congleton store, which opened in February, where we welcomed the star of the film and play "Marvellous", Neil 'Nello' Baldwin as our guest.

Safer Colleagues, Safer Communities

Sadly, despite all our best efforts, the level of Retail crime has remained high, and more worrying has been the increase in those offenders who are carrying knives. The Board receives a monthly report on all incidents and what the follow up actions have been to support the colleagues impacted and bring offenders to justice.

Our efforts with MPs and Police and Crime Commissioners has seen a slight improvement in police response time and at least an acknowledgment that we have been in touch. It is still not good enough, but the response time is undeniably linked to a need for more officers being available.

Colleagues, please be assured that we are doing everything we can and where you've experienced an incident, I, or another Board member, will try to visit your store to hear your story. Hopefully, we will also bring an MP or a Police and Crime Commissioner (PCC) with us to raise awareness of the issue.



Almost all of the politicians who visited our stores in 2024 were elected in July and we intend to continue to build up our relationship with them, especially those who are Labour and Co-operative MPs. For a full list of MPs and PCCs who visited Society stores last year, please see page 23.

Closing Society stores

It is always upsetting when stores have to close and, sadly, stores that continue to be high loss-makers may be sold after we've explored other ways to return the stores to profit. In November, we sold 16 convenience stores as going concerns to SAMY Ltd., and leased 3 of the Society's larger stores to B&M, with all colleagues transferring employment to SAMY and B&M.

We are always devastated to lose colleagues in this way, especially those with long service to the Society and it is something that keeps me awake at night. It is always a last resort, and with the escalating costs of wages, heating, National Insurance and losses caused by theft, which amounted to nearly £4m in 2024, it is unsustainable to keep a heavy loss-making store open when all efforts to improve sales have failed.

Your Board of Directors

The Board meets monthly, except in August, and holds strategy days with the Executive team in July and December. In addition, Board members attend committee meetings, including Audit and Risk, Remuneration, Member and Community, Rules and Practices and Search.

There is always full discussion on all subjects and challenge on matters that may be controversial or difficult. Times are very difficult for trading right now and decisions have had to be made, which have been very hard, but which are needed to sustain our Society in a healthy balance sheet position. We always try to operate co-operatively and adhere to co-operative values and principles.

Board Campaign and Policy Group

Because we now have 43 Labour and Co-operative MPs we believe that our work with the Subscribing Societies to the Co-operative Party can be much more influential and we want to discuss our campaigns and plan ahead as part of the government's commitment to double the size of the Co-operative economy.

We have, therefore, formed a Campaign and Policy Working Group comprising myself and the Vice President Maria Lee, Chief Executive Debbie Robinson, Directors Maryann Denfhy and Danny Douglas, Society Secretary Andy Seddon and Senior Co-operative Affairs Manager Simon Plunkett. In order to get a wider input, we have invited Co-op Party General Secretary Joe Fortune to join us along with Dame Pauline Green, former President of the International Co-operative Alliance and former CEO of Co-ops UK. I'm honoured to say that both have accepted. Two priority areas for the new group will be colleague safety and Tackling Retail Crime, along with regulation of the funeral industry.

“

2024 has been another very busy year for our Society, and I am pleased to share the following activities and achievements with Members.

Elaine Dean, Society President

Society Interim Meetings

Our broadcast meeting to members in October took place this time in Huntingdon – this was a first and we were delighted to welcome 70 members and colleagues who joined us in person.

We also held meetings in Yorkshire, Market Harborough, Derby and Lichfield.

This year, we also held 'mini meetings' afterwards in areas that we hadn't covered, in Doncaster, Eastham on the Wirral, Rugby and Sawbridgeworth.

These were organised by the Member and Community Relations teams and Members and were chaired by Board members from that area.

Society Toy Appeal

Following on from last year's successful Christmas Toy Appeal, we decided to be more ambitious for Christmas 2024. We were able to use a large van, which was 'wrapped' in our branding to visit 50 Society stores. The whole project was immensely successful, and we were astonished how many Board Directors, colleagues and Member and Community Council members were only too willing to dress up in the most amazing fancy dress costumes and support the Appeal in their area. The whole project's success was, in many ways, due to our driver Adrian Dunn, who was to be found dressed as Santa Claus on many occasions.

We collected nearly 4,000 brand new toys and they stayed local to their shop this year, being distributed by foodbanks and local church groups etc.

I would like to thank Andy Peake and Lesley Nolan for working with me on this project and believing that we could actually manage to visit 50 stores – and we did! Along with Adrian, we had to live the appeal 24/7 for a month!

We are already planning for next year, and we have all agreed that every store and every funeral home will have a dedicated donation bin on the premises and we are hoping that all our volunteers will, next year, be able to collect the toys from the outlying stores and homes and take them to the nearest place the van is visiting.

President's Overview

Men's Voices

We held our annual Men's Voices event again in November on International Men's Day. It has become a regular and eagerly anticipated day in the calendar now and we moved to our Support Centre in Lichfield this time. It happened on a very snowy day, but we still had an excellent turn out from colleagues and members to join in workshops and discuss matters of concern to men, especially around mental health.

Our guest speakers were Malcolm Clarke and Neil 'Nello' Baldwin. If you haven't seen the film or the play or even read the book 'Marvellous' you won't understand what an inspiring story this is of a determination to live a best life. Neil and Malcolm are friends of Central Co-op and, as said previously, Neil opened the Congleton store and has offered to come and open our Cleveleys store, where we hope Malcolm can join him.

Principle 6 – Co-operation between Co-operatives

We like to maintain good relations with our co-operative neighbours and, as Boards, every few years we like to meet up as the independent society. The Chief Executives all work together, as do the secretaries, so it is important that the Boards understand each other's priorities.

To this end, in October, we met with Lincolnshire Co-op and we raffled a hamper raising £300 for the Dogs Trust in memory of my good friend and Lincolnshire director Margaret Tranter, who died the previous year.

In November, we travelled down to Woodbridge near Ipswich, visiting a number of stores in the Eastern region before holding our Board meeting and a networking dinner with Directors and colleagues from East of England Co-op.

Hopefully, we will meet up with Board colleagues from Midcounties, Heart of England, Tamworth in the near future and a few of us will be meeting with a Scotmid delegation as a late retirement tribute to their CEO John Brodie.

Support for Retired Colleagues

We continue to be actively involved and encouraging of our Retired Employee Associations and have 3 which are thriving in Derby, Coalville and North East Midlands area. Board members and management make every effort to attend their Christmas events and we were delighted that we held another successful Anglia REA event thanks to their former CEO John Chillcott and MCRO Tami Evans.

Sadly, both the Leicester REA and Greater Midlands REA have closed down and no longer meet. We are hoping that some more recently retired colleagues will step forward and help to revive both of these and take over the Anglia one too. If you feel you could do this, please get in touch.

Thank you to all our REA Members for your service to our Society and building it up to be the successful business it is today.

Society Party Councils

Last year, Member nominations were opened for our Society Party Councils. We held elections and made appointments in October for all of our Councils, except Anglia, which we are working with other Societies to progress.

Celebrating the achievements of Emmanuel Merchant

In January 2024, we refurbished and rededicated the grave of former Derby Society General Manager, the philanthropist Emmanuel Merchant.

I am pleased to say that the largest meeting room at our Support Centre has now been renamed in his honour. It is now the Emmanuel Merchant room and contains a plaque with his image.

I'm also pleased to report that the large and very heavy plaque that the Derby Society had made after his death on 17th January 1924 has been fully restored and is now located in the Support Centre atrium.

In conclusion, I would like to thank all of our colleagues and Members for their hard work and dedication to the Society and thank our former Chief Operations Officer Paul Dennis for his contribution to our Society and wish him well for the future. We recognise that all of our colleagues are often operating in testing times and your Board thank you all for your contributions to the continuing success of the Society.

Keep on co-operating!



Elaine Dean
Society President



Hot food to go



Chief Executive's Overview



Debbie Robinson, CEO

2025 promises to be a year of **action, commitment and reflection** on the values and principles that have guided us for over 180 years.

Hello there everyone. I hope you and your families are keeping well.

As we reflect on the year that has passed and look towards the future, we find ourselves in a pivotal moment for Central Co-op and the co-operative sector at large. This year marks a truly special milestone, as the United Nations has officially declared 2025 as the International Year of Co-operatives. The theme for the year, 'Co-operatives Build a Better World', is a reminder of the transformative impact that co-operatives have on economies, communities and individuals. This global recognition not only celebrates the rich history and enduring principles of our movement but also highlights the critical role co-ops play in building a better world.

For Central Co-op, 2025 is a year of action, commitment and reflection of the values and principles that have guided us for over 180 years. Our journey in 2024, and the first months of 2025, have been a testament to the resilience and adaptability of our Society, and we remain focused on a future that places our Members, colleagues and communities at the heart of everything we do.

The world around us

The past year has been marked by significant global and local challenges. From the devastating effects of ongoing conflict and tensions in Ukraine, Gaza and Israel, to the escalating climate crisis – the world continues to face hardships that test the strength of every community. Whilst the world faces political, economic and social challenges, we remain firm in our belief that co-operatives are part of the solution.

In these challenging times, we are proud to share that Central Co-op, alongside our Members, customers and colleagues, has stepped up in remarkable ways to support those in need. Our contributions to the Disasters Emergency Committee's Middle East Humanitarian Appeal, totalling over £20,000 through Pennies donations, are just one example of how our Society continues to support vulnerable communities. Whilst we continue to face challenging trading conditions, we are inspired by the collaborative spirit of co-operatives around the world. The UK government's pledge to double the size of the co-operative economy further reinforces our belief that co-operatives are vital to creating a more resilient and sustainable economy.



International Year of Co-operatives: Building a better world

The UN has declared 2025 as the International Year of Co-operatives, providing us with a unique opportunity to celebrate the global co-operative movement and its positive impact on the world. This year-long celebration will allow us to shine a spotlight on the ways in which co-operatives like ours are helping to tackle some of the world's most pressing challenges, from reducing poverty to combating climate change and promoting social justice. Throughout the year, we'll be sharing how our activity in this space supports the UN's sustainable development goals – used by Co-ops worldwide to report on how they're working towards building a better world.

At Central Co-op, we are particularly excited to highlight our work through initiatives like the Fund for International Co-operative Development (FICD), which will help support co-operatives globally in rebuilding after crises and fostering peace. Our Malawi Partnership, which supports Malawian farmers and producers, exemplifies how co-operatives can drive sustainable development and improve lives in some of the world's most disadvantaged communities. Through these efforts, we are not only building stronger economies but also contributing to a more equitable global society by strengthening our future food security.

Business performance in a challenging climate

In 2024, the business environment remained tough, with several of our competitors investing heavily in price and loyalty programmes, whilst operating at a lower cost to serve. Despite these challenges, we have made meaningful progress, particularly through streamlining operations and enhancing our supply chain systems, with more to come in 2025. We take a long-term view of business operations and have achieved a solid set of results in the context of the market.

Our Food business faced the results of unseasonably low temperatures and record rain fall in spring and early summer, significantly impacting our sales and contribution during what is typically a strong trading period.

Our Funeral business also faced challenges, including the impact of lower death rates and the increasing trend towards online direct-to-crematorium services. In response, we are focused on expanding our market share, advocating for greater regulation in the industry, and enhancing our online presence to meet changing customer preferences.

Our strategic priority remains the same: to create value for our Members whilst making a positive impact on the communities we serve. We continue to explore new ways to grow sustainably, whether through the development of our property portfolio, efforts to reach Net Zero by 2040, or engaging with local communities to ensure that our growth reflects their needs.

Financial overview

Total turnover fell by 8.0% year on year (2024: £960.9m, 2025: £883.9m), or 2.7% when taking into account the closure of our distribution centre in January 2024, which contributed £54.2m of sales to other Societies in the prior year. Trading profit fell 18.4% (2024: £10.0m, 2025: £8.1m) primarily driven by a £(1.2)m impact from the distribution centre closure as well as the volume of funeral arrangements due to the decline in death rate. This was then part offset by absolute savings in our cost base. Trading profit from continuing operations was £8.3m (2024: £8.8m). Operating profit was £9.2m (2024: £20.6m) and includes profit on disposal of fixed assets, exceptional items, impairment charges and revaluation of investment properties.

Cash generation from operating activities (before pension deficit funding) remained strong at £23.8m, down 16.6% on last year (2024: £28.5m).

Capital expenditure of £31.0m (2024: £35.1m) allowed us to open 2 new stores, regenerate 25 stores, continue the roll-out of self-checkout tills, invest in digital shelf edge labels, move forward our digital funeral investment, and advance the roll-out of solar panels across our estate, reflecting our short- to medium-term ambition of being energy self-sufficient.

Net debt of £30.8m increased compared to last year (2024: £25.1m) as we continued to invest in the Society, but remained well within our debt facility of £50m. The Society's net assets reflect investment growth and a reduction in long-term liabilities at £292.2m, +£18.7m compared to last year (2024: £273.5m).



Our strategic priority remains the same: **to create value for our Members** and make a positive impact on the communities we serve.

Debbie Robinson, Chief Executive Officer

Chief Executive's Overview

continued

Retail crime

Retail crime is not just an operational challenge; it has a direct and lasting impact on our colleagues, Members and the communities we serve. Central Co-op has long been at the forefront of the fight against retail crime, advocating for stronger protections, investing in cutting-edge security measures and working closely with law enforcement and industry partners to drive meaningful change.

We know that retail crime is more than just theft. It is often accompanied by threats, violence and anti-social behaviour, which create an unsafe environment for our colleagues and customers. Behind every statistic is a real person – a shopworker who has been threatened, assaulted or left fearing for their safety, simply for doing their job. Everyone has the right to go to work and return home safely.

We will continue to make significant investments in enhancing security across our stores, from equipment such as body-worn cameras, secure kiosks and product protection, to initiatives like Watch Me Now and NBCS crime reporting. Beyond our in-store measures, we continue to engage in national conversations to push for legislative change. We have been a leading voice in industry-wide efforts to make assaulting a retail worker a criminal offence, and will continue to collaborate with law enforcement, local authorities and other retail partners to drive forward policies that prioritise safety and accountability.

Strategy: Our vision for the future

As we move forward into 2025, Central Co-op remains committed to the key strategic priorities that will shape our future: meaningful Membership, supporting young people and achieving green energy self-sufficiency. These priorities are deeply rooted in our co-operative values and principles and reflect our unwavering commitment to creating a sustainable Society for all.

In July and December, we held dedicated strategy sessions with our Board of Directors to reflect on the long-term direction of the Society. These sessions helped us refine our strategy and ensure it aligns with the rapidly changing external environment, supporting our Members, colleagues and purpose.

In addition to our long-standing strategic priorities, two other important themes emerged from these discussions. Firstly, we are committed to working more closely with other Independent Co-op partners. This collaboration has already yielded results in areas such as utility spend, in-store security technology and the use of electric vehicles. We are now exploring further opportunities, particularly related to overheads and technology. We have partnered with Lincoln Co-op, Midcounties Co-op, Southern Co-op and Scotmid Co-op to develop 'Symphony', a shared IT system to manage stock availability, and we are working with East of England Co-op to integrate its 'Watch Me Now' security technology into our stores. It's really showing the benefit of putting Principle 6 – Co-operation amongst Co-operations into action, and I'm confident that there will be further opportunities to work collaboratively.

Second, we agreed to establish a Policies and Campaigns Group to help navigate the opportunities presented by the new government and contribute to the broader movement aiming to double the size of the co-op economy, and we look forward to scoping out a range of new campaigns with this group, which will really demonstrate our co-operative difference.

Simplifying our ways of working

We introduced a new Executive and leadership structure at the 2024 half year, based on colleague feedback about the speed of decision making in our Society. This new structure provides greater clarity to colleagues on responsibility, providing the focus needed to deliver our strategy in each of our businesses and unlock the potential of all our difference-maker colleagues. I am delighted with the response to the changes, and the brilliant job that Sarah, Andy and Selina are doing to get to grips with their new responsibilities. I'd also like to thank our former Chief Operations Officer, Paul Dennis, for his contribution to our Society and wish him the best for the future.

In line with our purpose of creating a sustainable Society for all, we periodically assess our trading estate to identify areas that no longer align with our values or are financially unsustainable. In November 2024, we made the very tough decision to sell 16 of our loss-making Food stores to Samy Ltd. and lease a further 3 of our stores to B&M Retail Ltd and worked hard to ensure that our impacted colleagues received the necessary support during this transition.

Any decision to sell or close our stores is not taken lightly by myself, the Executive team or our Board of Directors. This decision was taken following an extensive period of careful appraisal of each store and supports the Society's strategy redirecting resources into future growth and further improvements across the business for our Members, customers and colleagues.

Our strategic pillars are foundational to our future success. We remain committed to fostering a Society that creates lasting value for our Members, supports the next generation and leads the way in sustainability.

Meaningful Membership

At the heart of our strategy is the commitment to delivering real value to our Members. As a co-operative, we are owned by our Members so it is important that we ensure that they receive tangible benefits from their involvement in our Society. Over the last year, we have focused on expanding Membership engagement and participation, implementing a more compelling Membership offer and promoting democratic participation.

Through FRTS, which sources goods for the UK co-operative movement, we've enhanced Member prices, helping Members to save every time they shop. We also continue to seek new ways to increase participation in both the economic and democratic aspects of Membership, including relaunching our Membership offer in collaboration with Lobbyco, part of Co-op Denmark.

Investing in Technology

We're committed to advancing our technology within our Society to stay competitive, seize new opportunities and keep things simple for our Members and colleagues. This includes upgrades for tools like electronic shelf edge labels and shelf-checkouts, network upgrades, migration for all colleagues to a new Windows system and improving how we protect and utilise our member and customer data. Our goal is to reduce complexity and improve efficiency, especially for customer-facing teams.

Young People

Central to our mission is fostering opportunities for young people to learn, grow and thrive. In 2024, we expanded our youth-focused initiatives, from work experience placements to community engagement programmes that inspire a younger generation. We pledged to offer 300 work experience placements and 1,500 employability support opportunities through our Adopt a School programme. In the meantime, our regional Member and Community Relations Officers hosted workshops right across our trading area, inspiring young people with guidance on career development, employability skills and healthy eating.

We launched our NextGen (under 25s) colleague inclusion network to ensure our young colleagues are aware of the opportunities available within the Society for career progression, to remove stereotypes that create barriers and inequality for young people, and to raise awareness around important life events for younger colleagues, supporting this through policies and procedures.

Green energy self-sufficiency

We're committed to building a sustainable Society through our ambitious green energy self-sufficiency goals. This year, we made significant progress toward achieving carbon neutrality and green energy independence, setting us on track to meet our long-term environmental objectives: to be carbon neutral by 2030, green energy self-sufficiency by 2030, and, ultimately, reaching carbon net zero by 2040. You can read more about our green energy initiatives in the Environmental section of this report.

Our colleagues: The heart of our Society

None of these achievements would be possible without the dedication of our colleagues, and we are committed to recognising this commitment by increasing reward. Last year, we invested £10.4m in pay for our colleagues, which included an increase to base rates of pay to a minimum of £12.00 per hour, as well as introducing the first stage in performance-related pay to reward our highest-performing colleagues.

As we look toward the future, Central Co-op is focused on its vision to be a leading force in the co-operative movement, one that delivers value for its Members, supports sustainable growth and contributes to building a better world. The International Year of Co-operatives 2025 is a time for us to reflect on the profound impact that co-operatives have made throughout history and to celebrate the positive change they continue to drive today. Together, with our Members, customers, colleagues and partners, we are creating a more sustainable Society for all.

Thank you for your continued support, and here's to a year of growth and co-operation.



Debbie Robinson
Chief Executive Officer



Our Purpose – creating a sustainable Society for all

Our Purpose, **creating a sustainable Society for all**, flows through our strategy and informs our decision making.

We know that being a co-op means we're part of something bigger. We're in it together to make a meaningful difference to those around us and to demonstrate that a co-operative way of doing things is as relevant today as it was in 1844.

For us at Central Co-op, everything we do every day goes back to our Purpose, to create a sustainable Society for all.

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

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

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

We're better every day and working together with purpose

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

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

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

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

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







Our Food Business

With a strong emphasis on **sustainability, innovation** and **ethical trading**, our food business continues to **grow and evolve**.

We strive to enhance the shopping experience for our Members and customers by investing in modern store designs, pioneering new technologies and strengthening partnerships that benefit both local and global communities. We remain dedicated to delivering great value, supporting Fairtrade initiatives and reducing our environmental impact.



2

NEW FOOD STORES

25

FOOD STORE
REGENERATION
PROJECTS AND
ONE STORE
RELOCATION

4,955

COLLEAGUES

Investing in our stores: new openings and regenerations

In our mission to create a sustainable Society for all, we constantly review our trading estate to identify areas that no longer provide profitability or an essential purpose within the communities they serve. After careful consideration, the Society announced in November that we were selling 19 of our food stores, which had been financially unsustainable for some time. The 19 selected Central Co-op stores were transferred to their new owners, with 16 stores being sold to SAMY Ltd. and 3 stores being leased to B&M Retail Ltd, between November 2024 and March 2025. Whilst these decisions were difficult, they will allow us to reinvest in the future of our store estate, ensuring that we could continue to provide high-quality, sustainable and modern shopping experiences for our Members and customers.

In 2024, we continued our investment into our shops, enhancing customer experience with a modern, fresh feel. We opened two new food stores in Scunthorpe and Hethersett, both showcasing our latest brand signage and sustainability-driven innovations, such as solar installations, electric vehicle (EV) chargers and electronic shelf-edge labels (ESELs).

Additionally, we regenerated 25 stores, including our Wildwood supermarket in Stafford and Ibstock community store in Leicestershire, ensuring that our Members and customers benefit from improved shopping environments.

Our commitment to innovation has led to the rollout of ESELs across 260 stores, making shopping easier and more efficient, whilst improving sustainability and enhancing our customer service. This technology has resulted in thousands of hours saved for colleagues each week, allowing them to focus more on serving customers. With an impressive total of 1,117,862 labels now in use, the ESELs provide seamless price updates and support our environmental responsibility efforts by reducing paper waste.

Member deals: saving more together

We continuously strive to add value for our Members. In January 2024, we introduced over 100 additional Member-exclusive prices, increasing our total Member offers to over 300 products. This initiative has saved our Members more than £11 million throughout 2024, proving that Members really do save more.

Our Membership App saw over 200,000 downloads in 2024, making it easier than ever for Members to access deals, stay informed about community events and scan their digital Membership cards. Exciting updates to the Membership App as part of a re-launch of our Membership scheme are in the pipeline for 2025, offering even more benefits and a seamless user experience.

Our Malawi Partnership: strengthening trade and community support

Since its launch in 2022, Our Malawi Partnership has supported Malawian farmers and producers, with a proportion of sales of these products supporting the initiative and strengthening trading capacity in Malawi. Sales from the partnership have now surpassed £500,000, and we continue to build momentum by expanding our product range and encouraging other Co-op Societies to participate.

In a landmark achievement, Central Co-op became the first retailer to stock the UK's first 100% Fairtrade-certified macadamia nut products – salt-roasted and cinnamon caramelised macadamia snack boxes from Nutcellars. This milestone highlights our commitment to the Fairtrade movement and our support for the Highlands Macadamia Cooperative Union Limited (HIMACUL).

As part of Fairtrade Fortnight 2024, we had the privilege of hosting Malawian rice farmer, Howard Msukwa, who supplies rice for True Origin, part of Our Malawi Partnership. Howard shared insights about sustainable farming and fair trade at our Support Centre, Society stores, a local school and a community cooking class. His visit reminded us of the significant impact that Fairtrade has on global farming communities.

Engaging the next generation: Co-op Generation and community initiatives

In May 2024, we trialled the Co-op Generation card for under-16s, giving young shoppers access to exclusive Member deals on nutritious meal deals and snacks. This initiative fosters a sense of community participation among younger generations and encourages responsible shopping habits.

For 2025, Central Co-op remains committed to delivering exceptional value to our Members, investing in our stores and supporting global and local communities. Our focus on innovation, sustainability and community engagement will drive our continued success, ensuring we remain a trusted and forward-thinking co-operative for years to come.

FOOD TURNOVER
(EXCLUDING VAT)

£715.6m

2024: £725.0M

FUEL TURNOVER
(EXCLUDING VAT)

£91.3m

2024: £105.1M

MPs and Police and Crime Commissioners who visited Society stores during the last 12 months to understand the impact of Retail Crime on colleagues.

- ✓ **Rt. Hon. Yvette Cooper**, Home Secretary and MP for Pontefract, Castleford and Knottingley.
- ✓ **Alex Norris**, Former shadow Police Minister now Communities Minister and MP for Nottingham North
- ✓ **Nicolle Ndiweni-Roberts**, Derbyshire Police and Crime Commissioner
- ✓ **Gary Godden**, Nottinghamshire Police and Crime Commissioner
- ✓ **Rupert Matthews**, Leicestershire Police & Crime Commissioner
- ✓ **Sarah Parker**, Norfolk Police and Crime Commissioner
- ✓ **Claire Ward**, newly elected East Midlands Regional Mayor
- ✓ **Richard Parker**, newly elected West Midlands Regional Mayor
- ✓ **Baggy Shanker**, Labour & Co-operative MP for Derby South
- ✓ **Catherine Atkinson**, MP for Derby North
- ✓ **Toby Perkins**, MP for Chesterfield
- ✓ **Andrew Pakes**, MP for Peterborough
- ✓ **Sarah Edwards**, MP for Tamworth
- ✓ **Jacob Collier**, MP for Burton and Uttoxeter
- ✓ **Lucy Rigby**, MP for Northampton North
- ✓ **Mike Reader**, MP for Northampton South
- ✓ **Samantha Niblett**, MP for South Derbyshire
- ✓ **Alice Macdonald**, MP for Norwich North
- ✓ **Jess Asato**, MP for Lowestoft
- ✓ **Sam Carling**, MP for North West Cambridgeshire
- ✓ **Sonia Kumar**, newly elected MP for Dudley
- ✓ **Tom McNeil**, former West Midlands Assistant Police and Crime Commissioner
- ✓ **Alex Ballinger**, newly elected MP for Halesowen
- ✓ **Leigh Ingham**, newly elected MP for Stafford
- ✓ **Tom Pursglove**, former MP for Corby
- ✓ **Charlotte Cane**, MP for Ely and East Cambridgeshire
- ✓ **Jonathan Davies**, MP for Mid Derbyshire
- ✓ **John Whitby**, MP for Derbyshire Dales
- ✓ **Danielle Stone**, Northamptonshire Police and Crime Commissioner



Our Funeral Business

Whether offering traditional funerals, sustainable options or innovative ways to remember loved ones, **our mission is to support families through life's most difficult moments** with care and integrity.

With a network of funeral homes, skilled colleagues and a dedication to reinvesting in our facilities and services, we ensure that every farewell is as meaningful as it should be.



UNDERLYING
TURNOVER
(excluding VAT) in funeral
£66.4m
(2024 £67.8M)

18,617
ARRANGEMENTS
(2023: 19,237)

968
COLLEAGUES

Reintroducing Funeral Plans

Listening to our Members, customers and communities has always been an important part of how we shape our services. This year, following feedback, we introduced our funeral plan offering with two key new options: the Flexible Plan and the Natural Plan.

The Flexible Plan was developed in response to Members expressing a preference for structured plans with the ability to personalise key elements such as coffin choices and vehicles. This plan ensures families can create a service that truly reflects their loved ones whilst maintaining a clear financial structure.

Understanding our Members' increasing desire for sustainable choices, we also launched the Natural Plan, which allows users to leave a positive impact on the planet. This plan includes eco-friendly options such as biodegradable coffins and electric hearses, reinforcing our commitment to responsible, sustainable funeral care.

Exclusive member benefits

At Central Co-op, we recognise the importance of supporting our Members at every stage of life, including when saying goodbye to loved ones. In 2024, we introduced exclusive Member benefits to ease the burden of funeral arrangements.

For every funeral arranged with us, a £125 reward is added to the Member's Central Co-op Membership card, which can be used across our stores. Additionally, Members receive a choice of one exclusive complimentary benefit, including:

- A floral sheaf or floral heart
- An ashes casket
- Coffin engraving
- Masonry lettering

These enhancements reflect our dedication to ensuring that every funeral is as meaningful and personal as possible, whilst showing appreciation for our loyal Members.

Regenerating our funeral homes: a commitment to modern, welcoming spaces

A significant milestone in 2024 was the £500,000 refurbishment of our flagship funeral home in Lichfield. With a proud and long history serving the community, this extensive modernisation ensures we continue to provide compassionate, high-quality services in a welcoming environment.

Key upgrades included:

- Energy-efficient enhancements, such as double-glazed sash windows and a modern air conditioning system
- Accessibility improvements, including widened access doors and dedicated wheelchair parking
- Structural repairs and facility upgrades, such as roof repairs, damp-proofing and improved security

The reopening ceremony, attended by the Sheriff of Lichfield and local charities and partners, showcased our commitment to both tradition and progress. A community room has also been introduced, providing a free dedicated space for local groups and organisations.

Beyond Lichfield, we have reinvested in over 16 funeral homes, replacing the roof at Bretby Crematorium over the course of 2024 and, in January 2025, relocated our Masonry business to a new premises in Shepshed. As a result, for the first time, the production and administration teams will all be working on the same site. We also introduced privacy and dignity measures into all our large and local care centres.

As part of our ongoing regeneration programme, this initiative ensures that our funeral homes provide warm, comfortable and modern spaces for families. We will continue this programme into 2025 with a plan to deliver over 30 regenerations, reinforcing our commitment to offering respectful and welcoming environments for those we serve.

Honouring loved ones: memorialisation and innovative remembrance options

In 2024, Central Co-op became the first funeral provider to launch an online memorialisation gift store. Partnering with The Lovely Gift Group, we introduced a carefully curated selection of personalised keepsakes, helping families remember their loved ones in unique and meaningful ways.

The range includes:

- Seasonal memorials, such as baubles and graveside tributes
- Personalised condolence gifts
- Memorial items for children and pets
- Customisation options allowing names and photos to be added so families can create truly bespoke tributes

At Central Co-op, we know that saying goodbye is deeply personal. That's why we offer both traditional and new memorial options to help families keep their loved ones' memories alive. Our masonry team continues to craft bespoke headstones and plaques, including brand new options such as QR codes that tell a loved one's life story in an interactive, modern way.

By providing a range of memorial options, we ensure that each family finds the perfect way to honour and celebrate their loved one.

Planting Promise Meets Our Malawi Partnership: A Sustainable Future

Building on our longstanding Planting Promise, we have now integrated this successful environmental programme into Our Malawi Partnership (OMP). Since 2022, we have

planted a tree for every funeral we conduct, resulting in nearly 20,000 trees planted annually and offsetting up to 6,000 tonnes of CO₂.

Now, we are focusing our tree planting efforts in Malawi, where deforestation poses environmental and economic challenges. By combining Planting Promise with OMP, we are supporting reforestation whilst also strengthening Malawi's trading capacity. This initiative provides significant benefits, including:

- mitigating severe flooding risks;
- improving food security through diverse tree planting; and
- creating sustainable employment opportunities for local communities.

We are proud to collaborate with the Wildlife and Environmental Society of Malawi to ensure trees are planted in carefully selected areas and nurtured for long-term success.

Continuing our legacy of compassionate care

As we move forward into 2025, we remain committed to delivering innovative, compassionate and community-driven funeral services. With continued investment in sustainability, accessibility and Member benefits, we will ensure that our services reflect the needs of our communities whilst maintaining the dignity and care that define us.

Further Activity

As part of our ongoing commitment to our colleagues' wellbeing, we are working in partnership with Grounded as part of our 'We've got you' campaign, which is exclusive for our funeral colleagues to ensure they get the right support when they need it most.

We introduced our new funeral system, Our Care Hub, working in partnership with Firehawk Funerals UK, which replaced the former funeral management system in both the at-need and pre-need funeral businesses. This will simplify our operation, give us greater visibility of data and enable the funeral business to become more efficient with capabilities to drive future growth, especially in our digital proposition.

In 2025, the government's Independent Inquiry into the issues raised by the David Fuller case will provide their final report for those businesses operating mortuary facilities in non-hospital settings. In preparation for the Inquiry's outputs, this year, our funeral teams have been reviewing all aspects of the care they provide to people who have died. Further work will continue this year in response to the inquiry outputs, restricting and monitoring access to our mortuary areas, and improving CCTV coverage to our 'back of house' areas. Providing outstanding levels of care to all people who have died is the bedrock to everything our funeral teams do every day.

Thank you to our Members, colleagues and partners for their ongoing support in making Central Co-op a trusted name in funeral care. Together, we continue to honour lives with dignity, respect and remembrance.



Property

Property remains an important asset for our Society, both in terms of the sites we trade from and the properties that are leased to other occupiers generating rental income and forming part of our investment estate.

RENTAL INCOME

£8.9m

SAME AS PREVIOUS
YEAR (2024:
£8.9m)

VALUATION

£130.4m

UP £3.2m
(2024:£127.0m)



Property continues to be an important asset for our Society, generating rental income and providing space for businesses to trade, providing goods and services to serve local communities as well as places for people to live.

Whilst the UK commercial property market showed signs of continued growth in 2024, it was still behind pre-pandemic levels and struggled to find momentum amid an increasingly difficult macro-economic backdrop. As an example of this, the total value of commercial property investment transactions in the UK in 2024 was worth £50bn, which is ahead of the 2023 figure of £41bn but well below the five-year pre-pandemic annual average of £66bn. Overall occupier and investor demand trends have also been largely flat, partly influenced by factors such as the autumn budget which did not improve business confidence and together with expectations of increasing business costs, has held back businesses from making decisions and investing.

Against this backdrop, our investment portfolio has performed well, with an increase in value overall to £130.4m, with like-for-like values also increasing by 0.6%. The property team has continued to work hard to ensure properties are let and leases renewed in line with market conditions and has secured over £500,000 of new rental income during the year, as well as maintaining an occupancy level within the commercial investment portfolio of over 87%. This activity has supported the improved overall value. Total income during the year was £8.9m (the same as prior year).

New Additions

We completed the development of a new mixed-use development during the year at Hambleton, which has created four residential apartments and one supporting retail unit in addition to a new local community food store which opened in March 2025. Also redeveloped two of our supermarkets (at Oakham, Leicestershire and Wildwood, Staffordshire) to “right size” the retail operation as well as create additional units which have been let to a local gym and dance studio as well as create an enlarged pharmacy. Six trading properties have also been closed during the year and transferred to the investment estate, three of which have been let to B&M Retail Ltd (at Cromer, Norfolk, Shepshed, Leicestershire and Erdington, Birmingham).

We have also during the year purchased the freehold of five funeral homes leased from Midcounties Cooperative, which also included four additional residential apartments added to the investment estate as well as strengthening our freehold ownership of our trading portfolio (approximately 60% of our trading sites are held freehold or long leasehold).



521

INVESTMENT
PROPERTIES

309

COMMERCIAL
TENANTS AND 125
RESIDENTIAL
TENANTS

Disposal Activity

Disposal of property assets has also continued to be an important part of our property activity over 2024, raising capital to invest in growth activities such as refurbishments and new stores. During the year, the property team has completed the disposal of 21 properties which has generated over £19m of cash and also a profit on disposal of £6m. These disposals include the sale of the former Anglia Regional Cooperative headquarters in Peterborough, the former ambient distribution centre in Leicester to a property developer following the move in 2023 into the co-operative owned distribution network and the former department store in Stafford to Stafford Borough Council as part of their proposals for a major transformation of the area. It has also included the sale of a package of 8 trading food stores to Samy Ltd, an independent convenience retailer, on a going concern basis, including the transfer of colleagues. This formed part of a larger transaction, with 8 further stores due to transfer in 2025. These transactions have allowed us to exit sites which do not fit our strategic direction but also raise capital to invest in the business as well as preserve jobs.

Development Activity

Development activity remains an important focus for our property team, encompassing both our role as a developer and working in partnership with other developers. Acting as the developer, we completed the development of a new local community store and cafe at Shelton Lock, Derby which opened in January 2025 and working in partnership with Henry Davidson Developments, a new local centre in Hethersett, Norfolk, anchored by a new local community store and two supporting commercial units which have been let to Esquires Coffee and Rumbles fish bar.

Planning permission has also been sought to enable the development of other sites acquired by the Society in prior years for new community stores, successfully securing planning permission in five locations, including new trading areas such as Rainhill, Merseyside, and Boroughbridge, North Yorkshire, as well as locations that will allow the relocation of existing local community stores to improved locations, for example three stores in Leicestershire in the villages of Great Glen, Desford and Asfordby. All of these will be developed and opened in future years.

Meaningful membership

2024 was a phenomenal year for Membership in our Society. Over 122,000 new Members joined, and our active Members grew from 356,000 to 442,000.

Members accounted for 34% of the sales in our food stores, up by 6.6% from last year. We shared over £1m with Members through our share of the profits.



In funeral, Membership participation grew from 6.6% to 11.2%, as we launched new Member offers grounded in Member feedback, to help families remember their loved ones in a way that's right for them.

Membership is key to our long-term commercial success, and we've been working hard to develop a new Member proposition that is meaningful, relevant to a new generation of co-operators and makes sure our Members are at the heart of how we do business.

We look forward to launching it fully later this year, following the three clear pillars you told us were important in our 2023 research; empowering people, sustainable society and connected communities.

Empowering People

Instant rewards are really important. Members shared with us the desire to be empowered and in control of the rewards available to earn. Members told us that our current Member benefits were confusing and that it took too long to earn rewards.

We've partnered with Lobyco, part of Co-op Denmark, to launch new and exciting features to our Membership App, which will help us bring to life the things our Members told us were the most important to them. This is a great example of Principle 6 – Co-operation amongst co-operatives in action, and demonstrates our commitment to working with Co-ops, both locally and internationally, in the 2025 International Year of Co-operatives.

We're trialling the new offers and updated App in early 2025, with an aim to launch a revitalised Membership later in 2025.

We're focusing on how we can provide greater awareness of the broader co-operative movement, looking at ways we can work co-operatively with other Societies and Co-ops to give you access to even more goods and services. In 2024, we launched a partnership with Mid-Counties Co-op, offering a Member benefit for switching to a Your Co-op Energy product, energy tariffs that are powered by community-run renewable energy projects. We look forward to continuing and growing our co-operative partnerships in 2025.

Helping young people thrive in our Society is key to our future, with so much activity underway to support early careers and learning through apprenticeships, our Adopt a School programme, and access to debt-free degrees. Building on this, we know young people under 16 have been missing out on Member benefits, especially relevant on lunchtime meal deals and food-to-go items in our stores. In 2024, we trialled 'Co-op Generation', a card for under 16s that's linked to an adult Membership card. This gave under-16s access to Member prices as well as earning points for their linked adult account. In our trial, we had 228 under-16s join. We'll continue to work on ways for younger Members to participate throughout 2025.

A Sustainable Society

We heard in the research that you'd like the opportunity to pay your earned rewards forward. That may be to a charity, local good cause, or even to a fellow Member you know who's in need. We'll be exploring how we could make this happen.

Similarly, we'll be looking at how we can provide options for you to financially contribute towards big strategic initiatives through Member bonds.

Our Members will play a big part in us achieving our green energy self-sufficiency goals. Understanding the way that products chosen by Members can impact their carbon footprints or contribute to more sustainable projects is key to this.

We're working towards launching missions on our new app, which will reward Members for choosing sustainable/ethical products in 2025 and have the ability to track their individual carbon footprint on the roadmap for 2026.

Connected Communities

Being an active member of our communities is at the heart of our business. Supporting and giving back is how we bring co-operative Principle 7 to life.

Our Members have been actively shaping the future of Membership, sharing their ideas and feedback through our surveys. Over 15,000 Members gave feedback in our first ever engagement survey. They told us that they'd like to have more say in how we support our communities and know more about how to get involved.

They also told us that mental health was their priority.

We listened, and asked our Members to help us choose our new charity partner. More than 17,000 Members participated, and chose Samaritans, and we successfully launched our partnership on 10th October 2024, as part of World Mental Health Day.

Members told us that the ability to access funding for local community good causes is very important to them, but they'd like to get more involved in how that works and where funding goes.

We've been working on how we do that and look forward to relaunching our 'Community Support Fund', our refreshed Community Dividend in mid-2025. We'll be focusing on supporting causes that our Members told us were most important: young people, environment, and mental health and wellbeing. We're also giving more power back to our communities with local Member and Community councils responsible for allocating funds in their area. We'll keep developing this to work towards Members being actively engaged in choosing local causes.

Our Member and Community Councils continue to provide a whole range of activities, classes and events to engage Members and local communities across our trading area. You can read more about their activity during 2024 on pages 36 to 37 of the Report.



Our Colleagues

In 2024, we heard from over 5,200 colleagues in our Let's Listen FY24 survey, which represented a participation rate of 81% (75% FY23). The engagement score for our Society was 4.04 (out of 5), a 0.05 increase on FY23.

We formed our partnership with Youth Employment UK, and we were delighted to achieve a 'Committed' status from our first benchmarking activity with them, which recognised the work that we have achieved within our Early Careers programme.

We invested circa £10.4m in pay for our colleagues, including an increase to base rates of pay to a minimum of £12.00 per hour. We also introduced the first stage in performance-related pay for the first time.

Wagestream (iTrent Financial Wellbeing) launched in July giving colleagues access to financial resources, including accessing up to 50% of earned pay, 5% interest on savings, access to a financial coach and a benefits eligibility checking tool. Since launch, 33% of eligible colleagues have enrolled, over 30,000 pay streams have been made and 891 savings accounts have been opened with 81% of registered colleagues reporting they feel more in control of their finances.

In 2025, we plan to have committed to level 1 (committed) status of the government's Disability Confident Scheme and, through our partnership with The Shaw Trust, plan to progress to level 2 (employer) status during 2025. This focus will help us to understand how we can better support all colleagues to fulfil their potential and flourish whilst also contributing to the Society's success.

We will continue our work with young people through our partnership with Youth Employment UK, a non-profit national specialist offering a benchmarking accreditation, and will offer valuable knowledge and a broader platform to grow our Early Careers programme.

We will focus on launching new wellbeing and inclusion policies to support our colleagues' experiences and make a difference to them, including career breaks, women's health and supporting working parents.

Our Grounded trial under the 'We've got you' wellbeing campaign is due to be reviewed to be made permanent; we also plan to review the possibility of expanding this into retail to support our colleagues.



Our Culture 'We are the Difference Makers'

We have focused on listening to our colleagues and have created our 5 inclusion networks, enabling everyone a platform to be heard and to continue to shape our culture. Our engagement increased to 4.04 (from 3.99 LY).

- We shared our five-year plan and strategic priorities with colleagues at our Society conference 2024. Our conference was rated 4.6 (out of 5) overall, compared to 3.8 in 2023.
- We've continued to celebrate our Difference Makers with our annual difference-maker awards 'Difference Makers of the month' and 'Colleagues who've been making a difference for 30+ years'.
- We heard from over 5,200 colleagues in our Let's Listen FY24 survey with 81% participation (75% FY23). The engagement score for our Society was 4.04 (out of 5), a 0.05 increase on FY23. Our score is greater than 45% of those in the overall Gallup database (41% FY23) – a great result according to Gallup, as a lot of companies have been using the Gallup survey for 10+ years.
- Our partnership with Diversity in Retail is developing with the improvement of our overall maturity curve score from 56 to 66, resulting in our being shortlisted for the 'most progress in Equity, Diversity and Inclusion (EDI) Maturity Curve 2023–24' award. We were also shortlisted for three other categories and Sarah Dickens won the award for 'Most inclusive Chief People Officer in Retail'.
- We've continued to involve colleagues in our inclusion plans with the launch of our five colleague-led inclusion networks. Colleagues chose our network names through a vote; 'NextGen' (under 25s), 'We are one' (ethnicity and culture), 'Pride' (LGBTQIA+), 'EmpowHER' (women's network) and 'Ability' (disability). Each network has Executive-level sponsorship and has made three key commitments to support our journey to creating a welcoming and inclusive place to work.

- With the delivery of our Inclusive Leadership programme, we tailored Diversity, Equity and Inclusion (DE&I) training to our Executive team and leadership team followed by a further cascade session to all leaders. We also rolled out mandatory e-learning on DE&I for all colleagues. The collective impact has helped all colleagues and leaders to understand the benefits of demonstrating an inclusive and diverse culture.

Our focus for 2025 is about continuing our cultural journey and embedding the initiatives we launched last year with our colleagues.

- The key theme for our Society conference will be driving performance and maximising our Co-op potential in 2025. Quarterly business updates will ensure we continue to share our progress.
- Our Difference Maker Awards will recognise 62 individual colleagues or teams across 16 award categories. We'll also celebrate colleagues who've been making a difference for 30+ years.
- With support from our five colleague inclusion networks, we've committed and shared our 2025 inclusion calendar. We'll celebrate across six key inclusion events, with each network supporting an event aligned to their area. For the first time, inclusion calendars are displayed in prominent colleague areas across all sites as a demonstration of our commitment to DE&I.
- We have committed to level 1 (committed) status of the government's Disability Confident Scheme and through our partnership with The Shaw Trust, plan to progress to level 2 (employer) status during 2025. This focus will help us to understand how we can better support all colleagues to fulfil their potential and flourish whilst also contributing to the Society's success.
- Colleagues will have the opportunity to take part in our Let's Listen survey in May (pulse) and October. We'll continue to focus on our Let's Listen action plans in 2025 together with our colleague voice forums on what matters most to our colleagues.

Our Colleagues

continued

Talent and Careers – ‘The best place to grow your career in our communities’

Our focus for 2024 has been to embed our young people agenda, providing teams with tools and activity. Our colleague turnover was reduced to 24.7% (28.6% LY).

- We set an ambitious target for 300 placements for work experience and, despite fewer schools supporting, we still achieved 250. The Adopt a School programme saw 2,700 young people receive employability support, led by colleagues and the MCRO work in communities.
- As part of our ‘Join’ framework we have developed new entry Level 2 apprenticeship programmes for our Funeral and Food teams and offered external candidates placements on our Level 4 Retail Leader programme and our Level 6 Business Management Degree.
- We celebrated National Work Experience Week with tools for managers to share with schools and colleges, advertising our full suite of Adopt a School activities and Work Experience activities. We also submitted a case study to the Retail Sector Council Report (being published by the ACS) focusing on recruitment of under-represented groups.
- We formed our partnership with Youth Employment UK, and we were delighted to achieve a ‘Committed’ status from our first benchmarking activity with them, which recognised the work that we have achieved within our Early Careers programme.
- To strengthen and develop leadership capability, we took 169 leaders through our ‘Leading a Difference’ programme. Modules included leading self, leading change and leading others, with all colleagues completing the Insights Discovery personality assessment. 22 Funeral leaders attended the first of a 3-module leadership course.
- Within our ‘Grow’ framework, we changed the approach to delivering skills-based training for our Retail and Funeral teams through creating role-based training academies. Retail Academy managers were appointed to champion colleague development and support academy training within their region. So far, Team Leader Academies and a new Duty Manager training programme have been launched.
- Our focus for 2025 will be to develop and embed all tools to create high-performing teams through recruitment, training and performance leadership.
- We are expanding our leadership development with all leaders during 2025, by taking our Store Managers, Funeral Cluster Managers and all Support Centre colleagues through key parts of our Leading the Difference programme to continue to invest in leading high-performing teams.
- Our Difference Maker Academies will develop to include additional retail and new funeral programmes as we continue to strengthen the skills of our colleagues. Skills-based training for funeral colleagues will also move to a digital format.
- We aim to continue our commitment to apprenticeships, this year focusing on utilising more of our apprenticeship levy to give our colleagues and the Society the skills required to strengthen talent and drive performance.
- We will continue our work with young people through our partnership with Youth Employment UK a non-profit national specialist offering a benchmarking accreditation, and will offer valuable knowledge and a broader platform to grow our Early Careers programme.
- By joining up activities with our MCROs and building closer school and community links, we will have focus weeks on our work experience and create enrichment activities through the year for our Join apprentices.
- We will improve our education and focus on our Co-operative values and principles through redesigning our recruitment tools and induction programme in partnership with Co-op college.

Reward, Wellbeing and Payroll – ‘A fair deal for all with the flexibility and choice to suit lifestyles’

In 2024, we've continued to invest in the reward package for our colleagues and introduced new benefits to support colleague wellbeing.

- We invested circa £10.4m in pay for our colleagues, including an increase to base rates of pay to a minimum of £12.00 per hour; we also introduced the first stage in performance-related pay.
- We launched our new Difference Maker hub app, our new inclusion centre and updated our careers and wellbeing centres. Colleagues can now send gift vouchers to friends and family from the hub whilst still using their discounts. Our e-cards have also been expanded to include key celebration events in retail.
- Colleagues on our management agreement are now eligible for a new Company Funded Private Medical Insurance benefit, which replaced a legacy benefit. These colleagues can add their families to their cover at an additional cost to them.
- We launched our new 'We've got you' wellbeing campaign, which is focused on helping our colleagues to easily access the right wellbeing support when they need it. Retail, Funeral and our Support Centre each have different flow charts to help direct colleagues to the right resources depending on their role.
- Wagestream (iTrent Financial Wellbeing) launched in July, giving colleagues access to financial resources including up to 50% of earned pay, 5% interest on savings, access to a financial coach and a benefits eligibility checking tool. Since launch, 33% of eligible colleagues have enrolled, over 30,000 pay streams have been made, and 891 savings accounts have been opened with 81% of registered colleagues reporting they feel more in control of their finances.
- We launched a trial of a new mental health support benefit, Grounded, for funeral colleagues. Offering a self-service booking method for therapy sessions. Since launching in November, 36 colleagues have downloaded the App with 32 therapy sessions booked. This is a 3.36% usage versus our Colleague Assistance Programme (CAP) rate of 5.7% in 12 months.
- Our colleagues were able to participate in Electric Vehicles (EV) Salary Sacrifice from February 2024. 24 of our colleagues have

ordered an EV, helping our Society to reduce its carbon footprint when travelling for business.

- We've continued to offer our Holiday Buy Scheme benefit to support our colleagues achieve a positive work and life balance. 548 of our colleagues participated in 2024, which was a 28% increase versus 2023.
- Our Cycle to Work scheme opened for applications during 2 windows in 2024. 14 of our colleagues opted to purchase a bicycle through the scheme to support their travel to work.
- We held our Difference Maker awards evening to celebrate our amazing colleagues and the difference they make to our members, customers and each other.
- Our payroll system was moved into the cloud to improve the efficiency and processing time of our system.

We plan to continue to invest in reward, benefits and wellbeing for our colleagues to take us to a leading position in 2025.

- We are now into our second year of local pay bargaining, which continues to enable us to negotiate the best pay award for our colleagues and our society.
- We will invest in base pay to £12.00 per hour, with a focus on applying % increases based on personal performance.
- We plan to complete our job levelling work this year by adding our Funeral roles into the framework. This will mean that our reward framework will align fully with our career pathways.
- Our Difference Maker hub is undergoing a redesign to make it easier to navigate and access resources quickly. Our total reward statements will be available in Q1, and further enhancements are planned for colleague recognition.
- We will focus on launching new wellbeing and inclusion policies to support our colleagues' experiences, including career breaks, women's health and supporting working parents.
- Our Grounded trial is due to be reviewed to be made permanent; we also plan to review the possibility of expanding this into retail to support our colleagues.
- We plan to look at repurposing some of our current policies into a new inclusive benefit called 'Moments that Matter'.

Our Colleagues

continued

Our People Insight

Headcount

| | FY23 | FY24 | Var (+/-) |
|----------------|-------|-------|-----------|
| Support Centre | 337 | 341 | +1.2% |
| Distribution | 362 | 0 | -100.0% |
| Funeral | 1,035 | 972 | -6.1% |
| Retail | 5,582 | 4,955 | -11.2% |
| Society | 7,316 | 6,268 | -14.3% |

From the end of FY23 to the end of FY24, headcount decreased by 14.3% (1,048 colleagues). Outside of distribution, which was fully removed, retail had the largest decrease in headcount. The only area to increase its headcount was the support centre +1.2% (4 colleagues).

New starters

| | FY24 | Var (+/-) |
|----------------|------|-----------|
| Support Centre | 36 | 3.6% |
| Funeral | 124 | 12.5% |
| Retail | 831 | 83.9% |
| Society | 991 | |

In FY24, we recruited 991 new colleagues to the Society. Most of those colleagues (83.9%) were recruited into our retail business area.

College turnover*

| | FY23 | FY24 | Var (+/-) |
|----------------|-------|-------|-----------|
| Support Centre | 20.3% | 12.1% | -8.2% |
| Funeral | 22.3% | 18.4% | -3.9% |
| Retail | 32.1% | 27.5% | -4.6% |
| Society | 28.6% | 24.7% | -3.9% |

*Colleague Turnover only includes voluntary leavers. A voluntary leaver is a colleague who has chosen to leave the society of their own accord, and does not include leavers due to TUPE, Redundancy, End of FTC, or Death in Service.

In FY24, colleague turnover decreased by 3.9% to 24.7%. All business areas improved their colleague turnover.

Gender

| | FY23 Female | FY23 Male | FY24 Female | FY24 Male |
|----------------|----------------|--------------|----------------|--------------|
| Support Centre | 55.8% | 44.2% | 55.1% | 44.6% |
| Distribution | 13.5% | 86.5% | 0.0% | 0.0% |
| Funeral | 59.1% | 40.9% | 59.0% | 41.0% |
| Retail | 70.5% | 29.5% | 70.0% | 30.0% |
| Society | 65.4% | 34.6% | 67.5% | 32.5% |

The gender composition for FY24 remained broadly consistent with FY23, but the overall female % increased by 2.1ppts to 67.5%, largely due to the removal of distribution.

Age

| | 16-24 | 25-34 | 35-44 | 45-54 | 55-64 | 65+ |
|----------------|-------|-------|-------|-------|-------|------|
| Support Centre | 5.0% | 24.6% | 31.4% | 22.3% | 14.4% | 2.3% |
| Funeral | 3.8% | 15.6% | 19.7% | 21.4% | 29.8% | 9.7% |
| Retail | 24.7% | 18.2% | 13.4% | 15.1% | 22.9% | 5.8% |
| Society | 20.4% | 18.1% | 15.4% | 16.5% | 23.5% | 6.2% |

The age group with the largest representation is 55-64 (23.5%), with Funeral having a higher percentage of colleagues in this age group than any other (29.8%).

In Retail, the largest representation comes from the 16-24 age group (24.7%).

Length of Service

| | < 1 Year | 1–3 Years | 3–5 Years | 5–10 Years | 10–15 Years | 15–20 Years | 20+ Years |
|----------------|----------|-----------|-----------|------------|-------------|-------------|-----------|
| Support Centre | 9.4% | 17.6% | 15.3% | 16.1% | 13.8% | 10.3% | 17.6% |
| Funeral | 10.9% | 23.9% | 12.5% | 25.0% | 9.8% | 9.4% | 8.6% |
| Retail | 11.4% | 24.3% | 11.6% | 18.4% | 11.3% | 8.2% | 14.9% |

The highest represented length of service is '1–3 years', with 23.8% of colleagues. This is reflective of the Society's slowing turnover and a more competitive job market.

Union Membership

| Colleagues with Union Membership | FY23 | FY24 | Var (+/-) |
|-------------------------------------|-------|--------------|-----------|
| Union Membership | 2,161 | 1,837 | -324 |
| Union Membership % – Society | 29.5% | 29.3% | -0.2% |
| % – Support Centre | 21.1% | 21.7% | +0.6% |
| % – Distribution | 80.7% | 0.0% | -80.7% |
| % – Funeral | 36.8% | 40.3% | +3.7% |
| % – Retail | 25.4% | 27.7% | +2.3% |

| % of Union Members | FY23 | FY24 | Var (+/-) |
|--------------------|-------|--------------|-----------|
| Support Centre | 3.3% | 4.0% | +0.7% |
| Distribution | 13.5% | 0.0% | -13.5% |
| Funeral | 17.6% | 21.3% | +3.7% |
| Retail | 65.6% | 74.6% | +9.0% |

With overall headcount decreasing, we have also seen the number of colleagues with a union membership decrease year on year (YOY); however, the proportion of colleagues with a union membership has stayed broadly similar due to increased uptake in Funeral and Retail.

With distribution having been removed, each business area has seen a YOY increase in their share of total union members; however, most union members still sit in retail.

Disclosure Rates

| | FY23 Gender | FY24 Gender | FY23 Ethnicity | FY24 Ethnicity | FY23 Disability | FY24 Disability |
|----------------|----------------|----------------|-------------------|-------------------|--------------------|--------------------|
| Support Centre | 100.0% | 99.7% | 87.2% | 91.8% | 79.2% | 85.9% |
| Distribution | 100.0% | 0.0% | 86.7% | 0.0% | 51.9% | 0.0% |
| Funeral | 100.0% | 100.0% | 70.4% | 72.9% | 58.0% | 61.8% |
| Retail | 100.0% | 100.0% | 81.7% | 84.0% | 67.3% | 70.8% |
| Society | 100.0% | 100.0% | 80.6% | 82.7% | 65.8% | 70.2% |

Disclosure rates for ethnicity and disability have improved through FY24. The ethnicity disclosure rate has increased by 2.1% and the disability disclosure rate has increased by 4.4%.

Training Investment

| Programme | Attendees |
|---------------------------------------|-----------|
| Apprenticeships | 63 |
| Leading a Difference | 94 |
| Influencing a Difference | 75 |
| Difference Maker Leadership – Funeral | 22 |
| Diversity in Retail Programmes | |
| Global Female Leaders | 2 |
| Senior Ethnic Leader | 0 |
| Ethnic Future Leader | 3 |
| Aspiring CFO | 1 |
| BRCProgrammes | |
| Master | 4 |
| Summer School | 1 |
| ACS Convenience Leadership Programme | 4 |
| Barefoot Women's Coaching | 4 |

Membership and Community Report

The loyalty of our members enables us to invest in our Co-op, provide Member rewards, and support our communities through a range of different activities.



Membership and Community Councils (MCCs) are made up of active Members from across the Society's trading area and help to co-ordinate our Membership and community activity plans.

During the year, MCCs delivered a wide range of activity to support the Society's strategic priorities, and a snapshot of this activity is summarised below:

In the second part of the year, each region hosted a 'Get to know your Co-op' event, which was a way to interact and answer questions relating to the business. A Director was represented in each region and outcomes included greater awareness amongst Members of our co-operative businesses, new MCC Members and more interest from Members in standing for the Board of Directors.

All MCCs supported the Toy Appeal across each region and brought theatre and entertainment to the stores, including dressing up, performers, singers and connections to local partnerships and schools. Thousands of toys were donated, which were distributed to local foodbanks and charities to assist families during the festive period.

The MCCs continue to assist with new retail store openings, relaunches and refurbishments of funeral homes and work across the business areas to support events and activities.

Member participation

- In November our annual Men's Voices event took place. This year, the event was held for the first time at our Support Centre in Lichfield. 60 men attended to discuss important topics around mental health and supporting others. The event had Neil Baldwin and Malcolm Clarke (authors of the book *Marvellous*) talk about themselves

and how they have supported others. The annual event grows ever more popular each year, and always takes place during the week of 'International Men's Day'.

- MCC Members attended the UK Society of Co-operative Studies annual conference and also the Co-operatives Futures Conferences, both hosted at the Support Centre.
- Members also attended Co-op Congress in Birmingham and younger members attended the Youth Summit, taking place alongside Congress.
- We continue to support Co-operatives East Midlands and West Midlands by attending their meetings and events. This year, Co-operative East Midlands celebrated 30 years of Fairtrade in our Oakham Store's *Insomnia Cafe* with stall holders and speakers. We also supported a joint initiative at Nottingham Green Festival
- The Southern region, in partnership with the Workers' Education Association, delivered a Co-op Values workshop to Members of Belgrave Housing Co-op in Leicester, and held an instore exhibition to celebrate 155 Years of Markfield Co-op. Council members and store and funeral colleagues also volunteered at Bretby crematorium with pebble painting for the Rainbow Garden.
- The Singing for Health group, which takes place in the Community Room at Halesworth, has attracted additional new Members following outreach activity in the local community.
- Members in Loddon, Halesworth and Lowestoft participated in a two-day intergenerational event capturing digital memories of the Co-op with *Partner Featherbed Tales*.

- We celebrated 180 years of co-operatives with live singing in our Carlton Colville Store with Helen Swells singing for health group; Members enjoyed mince pies whilst joining in with Christmas classics.
- In 2025, all MCCs will be hosting further Get to know your Co-op events across the region in celebration of the UN International Year of Co-operatives.
- Western MCC supported the Atherstone store with a Member awareness event, held colleague engagement events at the Eastham and Preston stores, and supported Northfield Funeral Home with their open day.
- Member groups, bands and choirs and educational and recreational courses continue to be popular and are well supported by our Members.
- 'Orton Makers' is a new Members group in Orton, Peterborough launched earlier this year. It provides Members with crafting opportunities, friendship and support with mental health.
- Over 260 Members took part in Heritage visits to places of co-operative interest, including a visit to the new Support Centre in Lichfield.
- Across our store estate, our community rooms and Insomnia café outlets continue to thrive, providing local groups with space to meet regularly and connect with our stores. With the new store opening in Shelton Lock, this has been a great way to embrace new groups in the Insomnia Cafe which have included a Men's Group and a Craft Group. The local community police have also found it a great location for networking.
- Robert Owen's great achievements were celebrated with the installation of a clock commemorating Owen on the Belper Store. The clock was designed by local artist Andy Mayers and is part of a wider activity by the North MCC to celebrate co-operative heritage.
- Northern MCC also launched the Ripley Trail, a microsite capturing people's historic stories of their times either working or living in Ripley, which is accompanied by a trail around the town. Both young people and active members are accessing the site and completing the walk to find out about the different locations of historical interest.
- Our Member Group 'Great Barr Musical Theatre Co-operative' held their annual performance at the Little Theatre in Sutton Coldfield. This year, they performed 'The Addams Family' with all three nights sold out. The show was a huge success with rave reviews.
- Western MCC held a 'Get to Know your Co-op' event, which was delivered to the community of our new store in Hambleton, Lancashire. We invited members of the community to the event to promote our new store, talk about Central Co-op Membership and talk about our Membership and Community activity. Over 45 community members attended the event and there were lots of positive comments about the new store that opens in March.

Sustainable communities

- The Southern region works with a number of partners to help deliver under this strand. We work with local community bike organisations who offer basic maintenance and recycling of unwanted bikes at selected stores and local councils.
- Eastern MCC co-ordinated a Food and seed swap with Co-op Pioneers in Huntingdon and attended a Big Green Picnic in Hethersett. It also hosted a Fairtrade Quiz and wine tasting evening for Members in our Insomnia Coffee Shop, Halesworth
- Yorkshire MCC continued its partnership work with 'Fairandfunky' and delivered a set of upcycling workshops in schools to celebrate Eco Day.
- Northern MCC supported Belper Goes Green and Littleover Goes Green, promoting a range of Society green energy initiatives. They also supported the Ripley Gardening and Allotment awards in the Ripley Cafe with presentations made by the Mayor.



Membership and Community Report

continued

- Western MCC teamed up with Co-operative Group Member Pioneers in Birmingham at the opening of an eco-garden community space, which helps the local community grow plants together and learn about the eco-system in a safe environment.
- Bike events were organised in all regions during the first half of the year to promote sustainability and the Society's bike repair facilities.
- Western region delivered Fairtrade awareness sessions with a number of local Fairtrade groups and has led the relaunch of Fairtrade Association Birmingham, which will relaunch during Fairtrade Fortnight 2024. The MCC also delivered a Rice Challenge with Streethay School, where students and families purchased rice from the Society's Malawi range to learn about how the rice sold in stores is helping farmers send their children to school.
- The Southern MCC have concentrated their efforts in delivering inclusive educational workshops, which have included the Silver Strands Afro-Caribbean Group, Asian Diabetes, Friendship and 'Chi and Chat' groups across the region.
- In September, Fairtrade Fortnight celebrated 25 Years of Fairtrade. MCCs visited 10 stores and schools to promote Fairtrade products sold in Society stores and how these products are changing lives.
- Slow cooker sessions with Trent and Dove housing in Burton continued and proved very popular with residents in areas around Burton. The six sessions have seen over 100 members of the community benefit from learning how to cook on a budget, learn basic preparation techniques, and learnings of how useful a slow cooker can be. We will be working with Trent and Dove housing throughout 2025.
- In Leicester, which is close to Leicester University and the London Road Kettering Store, which is close to Tresham College.
- Eastern region has continued to visit schools and clubs across the region delivering Fairtrade, Healthy Choices and Mind Your Money. We have worked with Thera Group, Mencap and we are opening doors with visits from cooking, pumpkin carving and Mind Your Money and savvy shopping in St. Ives.
- In November, the Northern MCC donated 180 bird boxes and bug houses to Hardwick Hall to recognise the 180 years of the Rochdale Pioneers. Children were invited to learn more about the environment and see how the bird boxes promote sustainable communities.
- Yorkshire Committee supported a number of initiatives from the New Mill Fun Day, the Wooldale Allotments and the Eco events in Thongsbridge. Working with different partners has proved really successful with FairandFunky, Riverholme, Kirklees Council's Climate for Action Group.
- In September, Western MCC worked with Walsall college to deliver finance workshops, which included our Mind Your Money game. Over two days, the workshops saw 150 students take part in sessions around financing and budgeting, and play the game to help them understand more around their own money and financing.
- We continue to deliver education activity in schools, with more Healthy Choices Workshops taking place in Burton, Birmingham and Staffordshire. The sessions prove popular with schools and their young people as they get to learn about healthy eating as well as make healthy fun fruit kebabs.

Young People

- The Society supported St Giles hospice's 40th anniversary celebrations through their March of the Elephants campaign, becoming a sponsor and raising awareness and funds through our community engagement activity. The art trail ran from July to September 2024 across Lichfield, Tamworth and Sutton Coldfield and featured elephant sculptures decorated by local and national artists, designers and illustrators. The Society's large elephant sculpture now lives outside our Boley Park Store and was designed by Sri Lankan-born artist, chef, florist and creative, Gayani Ariyaratne.
- The 'Mind Your Money' game, created by Northern MCC, has continued to engage young adults with workshops at Ripley Academy, the Holmfirth Youth Group and a school in Scunthorpe to support the opening of the new store.
- Western region has delivered Healthy Choices Workshops in schools and community groups, as well as talking about Healthy Choices at several events, including the Community Games in Lichfield and Sutton Coldfield.
- The Southern Region delivered Anti-bullying and Co-op Values sessions to over 300 children at a school in Corby and have delivered educational workshops both in schools and in stores. At Christmas time, Badgerbrook School Choir sang Christmas carols in our Whetstone Store. We promoted our Membership App during Fresher's weeks at both the Clarendon Park Road Store

Celebrating Diversity and Inclusion

All MCCs are committed to celebrating the diversity of the communities in which our Society trades and deliver a range of events and activities with under-represented groups, including the following:

- Eastern MCC have worked on a partnership project with Partners Project Abundance and H.E.L.P to deliver a weekly cooking club with young refugees in Peterborough. Northern have started a new programme with REACH in Derby to support workshops in cooking, healthy choices and finance. It has also built connections with H.E.L.P Peterborough and Thrive Halesworth supporting with events and funding projects.
- Teaming up with colleagues from the Food and Funeral business, all MCCs supported Pride activities over the summer as part of the Society's campaign to raise awareness of the health and wellbeing of the LGBTQIA+ community. The Society was well represented at events in Corby, Belper, Chesterfield, Birmingham, Lichfield, Stafford, Lowestoft and Peterborough.
- Northern attended a Black Lives Matter event at Chesterfield and an event with the Police and Crime Commissioner in Matlock, which was also supported by the African and Caribbean Community Association (ACCA) in Chesterfield.

Community Dividend Fund

Following feedback from community groups, Members and colleagues, the Community Dividend Fund is currently paused whilst we update the Fund application and award process. The Fund will be re-launched with more support and oversight from MCCs in the second half of 2025.

Measuring activity in numbers.

In 2024, MCCs started to measure the impact they are making in local communities in support of the Society's 3 strategic objectives.

The table below provides a summary of this engagement during 2024.

| Society Strategic theme | Measure | Total |
|--|---|-------|
| Sustainability and green energy self-sufficiency | Number of sustainability events delivered | 110 |
| | Number of Members and customers engaged at sustainability events | 3,134 |
| Growing membership | Total number of Members engaged in Members' groups | 560 |
| | Total number of Members attending the Annual Members' meeting | 847 |
| | Total number of Members voting in Society elections | 5,999 |
| Young people | Number of schools participating in Society activity supported by MCCs | 101 |
| | Number of students engaged in activity | 5,592 |

Visit our website

In August, a new MCC home page was launched, which provides more information on MCCs and the different parts of the Society trading area they each cover. Visit the website to find out more about activity in your area and how to get involved.



Our Co-op Difference

As a Member-owned Society with a mission to create a sustainable Society for all, responsible business is woven into the fabric of our past, present and future.

Whilst the co-operative movement has provided, for over 150 years, the definition of responsible business, we acknowledge that Central Co-op exists in the wider context of Environmental, Social and Governance (ESG), which unites businesses regardless of sector, country or culture.

This report incorporates 'double materiality', a foundation principle of ESG that requires us to take an approach to the environmental and social risks and opportunities that affect our business, but are also affected by our business.

This section of the report contains the following activity summaries:

- Society partnerships
- Measuring our Co-op difference
- Our 2024/25 Environmental Report



Society Partnerships

Society Partnerships

Strong partnerships and collaboration help to form the foundations of a co-operative way of working. We have built a portfolio of strategic and tactical partners from the co-operative sector, third sector and business, always prioritising partnerships that share our values and principles. We really are stronger together.

The core partners that Central Co-op is working with to achieve its strategic objectives include:

- Association of Convenience Stores
- British Retail Consortium
- Business in the Community
- Child Bereavement UK
- Co-op College
- Co-ops UK
- Dementia UK
- Disaster Emergency Committee
- Diversity in Retail
- Euro Co-ops
- Fairtrade Foundation
- FareShare Midlands
- Foodbanks
- Fund for International Co-operative Development
- Groundworks UK
- Inspired Energy
- MAFECO ('Our Malawi Partnership' partner)
- National Association of Funeral Directors
- Olio
- One Water
- Oxfam
- Pennies
- Salvation Army
- Samaritans
- Science Based Target Initiative
- Simply Sustainable
- SolPV
- St Giles Hospice
- Survivors of Bereavement by Suicide
- West Midlands Police
- WRAP

Our Malawi Partnership

The Society has demonstrated its continued support for the co-op economy through our innovative Our Malawi Partnership, which strengthens trade and education through co-op-to-co-op support. Sales from this Partnership have now surpassed £500,000 and momentum is gathering as other Co-op societies stock products from the partnership, including the UK's first 100% Fairtrade-certified macadamia nut products.

Central Co-op hosted a special visit as part of Fairtrade Fortnight's 30-year anniversary. We had the honour of welcoming Howard Msukwa, a rice farmer from Northern Malawi, who works with Our Malawi Partnership supplier, True Origin. Howard spoke to our Chief Executive, Debbie Robinson and retail teams in Lichfield about the challenges farmers face due to climate change and how Fairtrade practices can make a difference.

Tree planting promise for Malawi

The Society is planting a tree in Malawi for every funeral we oversee.

Working with Co-op Climate Action, we're taking the opportunity to build on the impressive Principle 6 work we're already delivering in support of Our Malawi Partnership.

Tree planting can reduce the impact of the severe flooding that causes loss of life and economic damage, which has become more common with climate change. Sustainable harvesting of forest products using the co-operative model can further boost local economies.

Restoring tree cover is also vital to protecting the extraordinary diversity of wildlife in Malawi.

Support for Disasters Emergency Committee Middle East Humanitarian Appeal

In response to global crises, Central Co-op supported the Disasters Emergency Committee's Middle East Humanitarian Appeal, calling on Members, colleagues and customers to contribute micro-donations for food, shelter and medical care for displaced families.

Central Co-op Members and customers have once again demonstrated the power of collective goodwill, generously donating over £20,000 to the Disasters Emergency Committee (DEC) Middle East Humanitarian Appeal via Pennies.

This remarkable achievement highlights the community spirit that lies at the heart of Central Co-op's values, uniting efforts to support families and communities affected by conflict in Gaza, Lebanon and the surrounding region.

Working with Olio to fight food waste and hunger

Olio is a not-for-profit organisation that seeks to reduce waste in local communities.

Since March 2024, all Central Co-op stores have been part of the Olio movement.

Food Waste Hero volunteers collect surpluses seven days a week to share with their communities which amounted to more than **51,000** collections in 2024.

- **1,663,867** kgs of CO2 emissions avoided
- **290,052** cubic litres of water saved
- **1,723,009** items donated
- **578,165** kgs of edible food donated
- **924,497** equivalent meals provided
- **15,445** local households fed

Society Partnerships

continued

Welcoming Samaritans, the Society's new Charity Partner

In 2023, the Society received over 100 applications to be our new charity partner. In 2024, 17,000 Members voted, and Samaritans was chosen as our new charity partner for 2024–2027.

The partnership was launched on 1st October 2024 to mark World Mental Health Day at our Support Centre in Lichfield. Samaritans have more than 200 branches and locations with 23,000 volunteers. Central Co-op is helping Samaritans to grow, by supporting 150,000 calls for help over the next 3 years. Thanks to our customers, we've already raised over £128,000.

We've been very happy to welcome Samaritans in 2024 to Members Meetings and the Difference Maker colleague conference, and to meet our wellbeing champions. Tamworth Samaritans has also supported our Men's and Women's Voices events.

Our stores and homes have been walking, baking, quizzing and dressing up to raise funds and our customers and colleagues have already raised over £100k to support the work of Samaritans.

Members can support Samaritans in partnership with Central Co-op by:

- Volunteering as a listener or support volunteer – For further information, visit Do Good, Feel Good for Samaritans website.
- Donating cash or via Pennies in store or via Just Giving
- Raising awareness of Samaritans 24/7, 365-days-a-year service

A fond farewell to Dementia UK

2024 saw the end of our long-running partnership with Dementia UK, their longest and most successful partnership to date.

With waiting times at an all-time high, one in two of us being affected by dementia – either as a carer or someone with a diagnosis – and more than 70,000 people in the UK currently diagnosed under the age of 65, we leave the partnership knowing that we've contributed to much-needed growth in their services.

During our partnership:

- Admiral nurse numbers grew from 200 to 458
- Helpline calls increased from 11k to 34k per year
- In 2024, there were 3.6k virtual clinic appointments available
- Their income grew from £5.4m to £22.5m

The Society wishes them well and thanks Dementia UK for supporting our communities.

Measuring our Co-operative Difference

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

The table below shows a summary of performance versus these indicators and includes a year-on-year comparison with the previous year.

| Area | Description | Measurement | 2024/25 | 2023/24 |
|--|--|---|--|-----------------------------------|
| Member economic participation | Trade with Members | <ul style="list-style-type: none"> Member sales in our food stores including fuel (£m) Member sales as a % of total food and fuel sales Member sales as a % for food sales only | £280.4m 31.3% 34.0% | £230.8m 24.9% 27.2% |
| Member democratic participation | Members taking part in the Society's democracy | <ul style="list-style-type: none"> Number of Members voting in Society elections Member attendance at: <ul style="list-style-type: none"> Annual Meetings Interim Meetings | 5,999 847 889 | 5,740 733 745 |
| Colleague engagement | Measurement of colleague satisfaction, feeling and enthusiasm | <ul style="list-style-type: none"> Survey response rate Engagement index | 81% 4.04 | 75% 3.99 |
| Considerations of ethical issues in procurement decisions | <ul style="list-style-type: none"> We purchase the majority of our food products through Federal Retail and Trading Services Limited (FRTS) with the buying arrangements subject to high ethical standards and respect for human rights. We also procure locally sourced products to complement our overall range. We continue to support Fairtrade through the availability and promotion of Fairtrade products in our stores and providing education and awareness of Fairtrade by our Membership & Community Councils. We operate a Procurement Policy which reflects our co-operative values and principles and a commitment to treat suppliers in a fair, objective and transparent manner. | | | |
| Investment in co-operative and community initiatives | Community Dividend, Membership & Community funding, support for other co-operatives, grants, funds raised for charity and colleague volunteering | Annual funding and expenditure incurred | £1,003m¹ | £1,598m |
| Net carbon dioxide (CO₂) emissions arising from operations | Net tonnes of CO ₂ based on the Society's carbon footprint data | CO ₂ tonnes per £m Society Turnover | 593.2² | 25.58 |
| Proportion of waste recycled or reused | Waste collected and recycled from our Food stores | Percentage of waste recycled or reused | 85%³ | 57.29% |

¹ The 2024/25 figure is lower than previous mainly due to community grants being paused from the Community Dividend Fund during its review period and a reduced Carrier Bag Levy (all our bags are now exempt)

² The 2024/25 carbon figure includes Scopes 1, 2 and 3 in line with our new Science Based Target initiative Net Zero 2040 strategy

³ Joining with the wider LIDIA distribution network has allowed us to recycle a wider variety and improve quality

Our Environmental Report

Net Zero 2040

Building on the success of our Carbon Neutral 2030 commitment which saw an 80% reduction on our 2010 Scopes 1 and 2 baseline carbon emissions, we are pleased to announce our Net Zero 2040 strategy. Our approach is in line with, and is currently being validated by, the Science Based Target initiative (SBTi). The SBTi is a global collaboration that ensures organisations are taking a science-based approach and reaching net zero by 2050.

This is a new approach for Central Co-op, which extends our ambition beyond our direct operations (Scopes 1 and 2) to include the emissions associated with our value chain (Scope 3) (see page 44 for our carbon footprint).

We are committed to reaching Net Zero GHG emissions across the value chain by 2040. In line with SBTi guidance, Central Co-op has set the following near- and long-term targets from its 2022 base year:

Scope 1 and 2

- 44% emissions reduction by 2030
- 90% emissions reduction by 2035

Scope 3

- 55% per million GBP value added by 2030
- 97% per million GBP value added by 2040

Fossil fuel sales

- 65% emissions reduction by 2030
- 90% emissions reduction by 2040

The above targets will be underpinned by a set of KPIs to guide us through to 2040. These targets and KPIs will be monitored and reviewed at regular intervals to ensure that they are still fit for purpose. The remaining 5–10% residual emissions will be met through investment in beyond-value-chain mitigation and emissions sequestration.

Whilst our Net Zero commitment forms the core of our environmental commitments, we acknowledge that the risks presented by climate change extend beyond carbon management. We have recently completed our first climate risk audit, which looks at the risks and opportunities presented by climate change to Central Co-op's physical presence in communities, to its colleagues, customers and Members and supply chain.

Our climate risk audit has highlighted a few areas of focus for the coming financial year:

A fair and just transition to Net Zero as a co-operative committed to the values of equity and equality we will continue to collaborate and campaign for a fair and just Net Zero transition, ensuring that no individual or community is left behind. Where we trade, the products and services we sell, the training and development we offer, and the community programmes we run will be accessible and inclusive.

Water management – we will look to more fully understand our impact on water across our trading estate. In focus will be reducing usage through water efficient building spec, maintenance and repair, and understanding areas of water scarcity.

Biodiversity – building on our Sustainable Spaces project and our Malawi Tree Planting programme, we'll be working with our property teams, planners, community organisations and Groundwork UK to make the most of our outside spaces and improve biodiversity in our communities.

Carbon Footprint report for financial year 2024/25

This report has been prepared in accordance with UK government's Streamlined Energy and Carbon Reporting regulations and in the Science Based Targets initiative.

For the purpose of SBTi, Central Co-op has to define its organisational boundary, which is all business activities based on an operational control approach in line with the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004:2015). There was no change to Central's business structure for the majority of the year and, therefore, no change to the reporting boundary.



| UK greenhouse gas emissions and energy use data | YE 2023 | YE 2024 ¹ | YE 2025 | % change vs baseline |
|--|----------------|----------------------|-------------------|-----------------------------------|
| Energy consumption used to calculate emissions (kWh) | 90,210,741 | 93,889,794 | 72,859,386 | -19% |
| Energy consumption breakdown (kWh) | | | | |
| ▪ Gas | 13,854,928 | 11,887,609 | 9,225,123 | -33% |
| ▪ Electricity | 57,709,848 | 56,807,681 | 51,701,976 | -10% |
| ▪ Transport fuel | 18,645,965 | 22,377,305 | 7,306,361 | -56% |
| ▪ Self-generated solar | – | 2,020,000 | 3,732,383 | |
| Scope 1 (tCO₂e) | | | | |
| ▪ Natural gas | 1,972 | 2,175 | 1,687 | -14% |
| ▪ Owned transport fleet | 134 | 5,245 | 1,707 | Not calculated² |
| ▪ Refrigeration gas | 3,720 | 5,141 | 4,493 | 21% |
| Total Scope 1 (tCO₂e) | 5,826 | 12,561 | 7,888 | 35% |
| Scope 2 emissions in metric tonnes CO₂e | | | | |
| ▪ Scope 2 (tCO ₂ e) market based ² Purchased electric | 11,010 | 16,875 | 17,853 | 62% |
| ▪ Scope 2 (tCO ₂ e) location based Purchased electric | 11,010 | 11,345 | 10,705 | -3% |
| ▪ Purchased goods and services | 360,225 | 291,734 | 284,503 | -21% |
| ▪ Capital goods | 17,338 | 11,337 | 11,594 | -33% |
| ▪ FERA | 3,640 | 5,204 | 4,218 | 16% |
| ▪ Waste | 226 | 198 | 16 | -93% |
| ▪ Business travel | 184 | 307 | 199 | 8% |
| ▪ Employee commuting | 1,518 | 1,253 | 1,282 | -16% |
| ▪ Transport and distribution | 5,072 | 22 | 4,300 | -15% |
| ▪ Downstream leased assets | 5,808 | 5,448 | 4,785 | -18% |
| ▪ Use of sold products | 228,251 | 192,969 | 186,157 | -18% |
| ▪ End-of-life treatment of sold products | 33,369 | 27,569 | 19,909 | -40% |
| Total Scopes 1 and 2 (tCO₂e) market based | 16,836 | 23,906 | 18,502 | 10% |
| Total Scope 3 (tCO₂e) | 655,631 | 536,042 | 516,962 | -21% |
| Total gross emissions in metric tonnes CO₂e market based | 672,467 | 564,138 | 536,871 | -20% |
| Carbon intensity ratio (tonnes CO₂e per £m turnover)³ | 753.8 | 587.6 | 593.2 | -21% |
| Carbon emission reduction (versus 2022 baseline) % based | – | 16% | 21% | |
| Waste | | | | |
| Food waste produced (tonnes) | 1,846 | 1,859 | 1,207 | -35% |
| Waste recycled or reused | 4,779 | 4,286 | 1,425 | -70% |
| Total waste produced (tonnes) | 7,779 | 7,482 | 3,085 | -60% |
| Percentage of waste recycled or reused ³ | 61% | 57% | 85% | 39% |
| Waste intensity ratio (tonnes per £m turnover) | 7.94 | 7.63 | 3.21 | -60% |

1 YE2024 figures should be taken in the context of the work done in the last financial year to extend our carbon reporting. YE2024 figures are confined to Scope 1 and 2 with a few key additions from Scope 3. Our YE2024 figures include the entirety of Scope 3 and are compared to a new baseline of YE2023

2 In anticipation of the closure of our Distribution business our YE 2023 baseline was calculated with our retail fleet emissions in Scope 3, not Scope 1 consequently, our variance against baseline for this category cannot be reported like for like until next year

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

Our Environmental Report

continued

Progress is steady year on year. Emissions associated with food and fuel sales are down by 4% and 8%, respectively, largely due to a reduction in sales volume from the previous year.

Across capital goods and employee commuting, there has been an increase in emissions, which can be attributed to an increase in spend on Funeral assets over the last year as well as an increase in the number of employees.

Central Co-op's commercial and residential leased asset portfolio now has a higher proportion of EPC C- and B-rated properties, which is contributing to better energy performance across the portfolio.

One external factor to note is that DEFRA have amended the methods of calculating waste emissions, reducing our emissions by 67%. This impacts the emissions associated with end-of-life treatment of sold products (customer disposal of food waste and packaging) as well as store waste.

As a community-based business committed to a more sustainable Society for all, we are committed to sustainable living and communities. This is why we've chosen to report on two additional measures:

Customer travel to our stores and homes – latest figures show that customer travel generates 4,568.24 tCO₂e of carbon. Walking being the most popular mode of transport followed by car. We are committed to improving that by providing bike racks and repair stations where possible and extending our network of EV charging points.

Customer cooking emissions – Whilst we cannot directly influence or reduce these emissions, we feel it's important to have visibility of the end-to-end emissions involved in the growing, selling and consumption of food. Customer cooking emissions in 2024/25 were 8,036 tCO₂e.

| 2024/25 highlights | Measure |
|--------------------|--|
| Energy | 29 new solar installations complete |
| Energy | 3,732,383.23 kwh renewable energy generated onsite, 6.73% of total consumption |
| Energy | First solar carport and mini solar farm installed at Wildwood |
| Energy | 6 Net Zero stores now delivered |
| Waste | 2/3 of hard-to-recycle customer plastics recycled; no waste is ever exported |
| Waste | 1.7m kgs of CO2 emissions avoided through food redistribution in partnership with Olio |
| Water | 290k cubic litres of water saved through food redistribution in partnership with Olio |
| Biodiversity | 7581 trees planted as part of Our Malawi Partnership |
| Awards | 2024 Retail Industry Awards – Most Sustainable Retailer of the Year |
| | 2024 Grocer Gold – Sustainability Initiative of the Year finalist |
| | 2024 Convenience Awards – Sustainability Retailer of the Year |

Our Approach to Taxation

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

Ultimate accountability for the Society's Taxation Policy and compliance rests with the Board. In managing the Society's affairs, the Chief Financial and Technology Officer has responsibility for implementing the Taxation Policy. The Audit and Risk Committee ('the Committee') receives an annual report on the management of the Society's taxation affairs with any major issues arising in the intervening period brought to the Committee's attention. The Taxation Policy is reviewed and approved by the Board on a regular basis and at least annually. The Policy set out below relates to the financial year 2024/25.

Policy

The Taxation Policy commits that the Society:

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

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

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

Details of the Society's Corporation Tax and deferred tax charge in respect of the financial year ended 25th January 2025, are set out in the following areas of the Financial Statements:

- Income Statement – current year tax charge of £945,000 (2023/24: charge of £1,915,000)
- Statement of Cash Flows – corporation tax payments made in the year of £nil (2023/24: £nil)
- Note 9 to the Financial Disclosures – details of the current tax and deferred tax charge. The tax charge in the Income Statement is lower than the standard rate of corporation tax of 25% (2023/24: 23.93%), and the note sets out the difference and an explanation of each item.
- Note 22 to the Financial Disclosures – details of the Deferred Taxation Liability / Asset.

Governance Report

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

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Corporate Governance



Elaine Dean, Society President



I am pleased to introduce our Governance Report for the year ended 25th January 2025 on behalf of the Board of Directors.

Elaine Dean, Society President

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

It is a privilege to report that your Board has sought to maintain the highest governance standards throughout the year, and we are pleased to see the development of new ways for Members to vote in our elections, including the options for Members to vote via the Society Membership app. Hybrid working and a balance of in person and online meetings has been maintained to maximise the participation of all Board Members to best support the Board's effective oversight of the Society.

During 2024, following our annual election cycle, we welcomed 5 Directors to the Board and we have worked hard to involve them in our decision making and collective development.

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

Elaine Dean
Society President

Democracy

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

The Society's Board of Directors is elected 'by and from the Membership', demonstrating democratic member control of our Society – a founding principle which unites co-operative organisations internationally.

In April 2024, elections were held for five positions on the Board, which resulted in the following candidates being elected to the below constituencies.

- Rebecca Britland (Central colleague constituency, 3-year term of office)
- Amanda Gallie (Western colleague constituency, 1-year term of office)
- Maria Lee (Eastern constituency, 3-year term of office)
- Sue Rushton (Western constituency, 3-year term of office)
- Valerie Watson (Central constituency, 3-year term of office)

5,999 (2023: 5,740) Members participated in the 2024 Board election, which represented a small increase in the number of Members who voted versus the previous year.

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

Corporate Governance

continued

Governance Framework

The Society strives for the highest professional standards and business performance and seeks to maintain these standards across all of its operations. The Society has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve the Society's objectives. The organisational structure has clearly defined lines of responsibility and of delegated authority. The Board has approved a Schedule of Matters Reserved for the Board, which clearly defines those responsibilities reserved for the Board and those delegated to Executive Management. A high-level summary of the Society's governance framework is set out on page 51.

The Board is accountable to the whole Membership and is responsible for ensuring the Society carries out its commitment to be a successful co-operative business. The Board has a duty to act in the best interests of the Society for the benefit of its Members as a whole. In doing so, the Board must take into account the long-term consequences of any decision it makes, and the impact on the Society's stakeholders. This long-term, multi-stakeholder approach

to decision making is clearly reflected in the Society's Purpose statement (see page 02) and the Board's rationale statement (see page 52) both of which aim to engender a common co-operative culture across the Society's trading operations and wider activities.

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

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

Board Governance Activities during the Year

The main areas of focus for the Board and its Committees during the 2024 financial year have been:

- monitoring Society performance against the Board's three strategic priorities, Membership, young people and green energy self-sufficiency;
- inputting into, and overseeing, a restructuring plan for the Executive team in July 2024 to provide greater clarity on Executive responsibility and accountability by business function;
- supporting the Executive team to consider the rationale for the closure of a number of under-performing stores, approving the sale of these stores to SAMY and B&M, which was completed in November 2024, and monitoring colleague, Member and customer feedback on the closure programme;
- considering the current strategy for large stores in the Society portfolio and opportunities to diversify the customer offer in these stores to drive sales;
- working alongside the Executive team to define the shape of the Society's new Membership proposition, which will launch in spring/summer 2025;
- identifying opportunities presented by the creation of a Board-level Policy and Campaigns Working Group with external representatives to drive forward Society campaigning priorities with a new Labour government;
- Board succession planning activity to ensure there is a diverse pool of candidates that have the skills and experience required for the Board to be effective; and a good balance of new and more experienced Directors; and
- increased use of digital engagement tools to support Director communication with other Directors in between Board meeting

The Board

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

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

Audit & Risk Committee

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

Remuneration Committee

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

Rules & Practices Committee

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

Search Committee

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

Conduct Committee

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

Chief Executive

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

Executive Team

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

Capital Committee

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

Risk Management Committee

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

Society Secretary

Advises and guides the Board and supports the Society President in the effective implementation of the Board's duties.

Corporate Governance

continued

Board Rationale Statement

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

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

Board Effectiveness Framework

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

Co-operative Corporate Governance Code

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

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

The Code is available on Co-operatives UK's website (www.uk.coop).

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

The following explanations are provided:

| | |
|--|---|
| Section 3. Roles and Responsibilities Provision 9 – an elected Chair should have served at least one year of office as a Director before being elected to the role. The term of office of the Chair should be three years or less and may be renewed up to a total maximum service of six years consecutively. | The Chair is not required to have served as a Director for one year before being elected to the role of Chair. Appointments are based on skills, knowledge and experience. Rule 87, 'No Director shall be President of the Board for a period exceeding three consecutive years. |
| Section 4. Board Composition, Succession and Evaluation Provision 10.a. – determining the co-operative's succession plan | The Search Committee's Terms of Reference allow for Board succession planning as far as is possible. The Chief Executive is responsible for succession planning in respect of the Management Executive, with oversight provided by the Remuneration Committee. |

Director Attendance at Meetings

The table below lists the attendance record of Directors for the year ended 25th January 2025 at meetings of the Board and those Committees (excluding the Conduct Committee due to the nature of its role) stipulated by the Rules of the Society.

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

| | Board | Audit and Risk Committee | Remuneration Committee | Search Committee | Rules and Practices Committee | Membership and Community Strategy Committee |
|-------------------------------|---------|--------------------------------|---------------------------|---------------------|-------------------------------------|---|
| Jane Avery ¹ | 3 (3) | | | | | 1 (2) |
| Suzanne Bennett | 11 (11) | | | | | |
| Richard Bickle ¹ | 3 (3) | 1 (1) | | | 2 (2) | 2 (2) |
| Mark Bicknell | 9 (11) | 3 (3) | | | | |
| Rebecca Britland ² | 8 (8) | | | | 1 (1) | 2 (2) |
| Bob Burlton | 11 (11) | 4 (4) | 2 (2) | | | |
| John Chillcott ¹ | 3 (3) | | 2 (2) | | | |
| Elaine Dean | 11 (11) | | 3 (4) | 2 (2) | 2 (2) | 4 (4) |
| Maryann Denfhy | 11 (11) | | | 2 (2) | 1 (1) | 2 (2) |
| Danny Douglas | 11 (11) | | 4 (4) | | | 4 (4) |
| Amanda Gallie ² | 8 (8) | | | | | |
| John Howells | 11 (11) | 4 (4) | 4 (4) | | | |
| Maria Lee ² | 7 (8) | | | 2 (2) | | 2 (2) |
| Tanya Noon ¹ | 3 (3) | | | | 1 (1) | |
| Sue Rushton ² | 7 (8) | 2 (2) | | | | |
| Bradley Tuckfield | 11 (11) | | | 2 (2) | | 4 (4) |
| Valerie Watson ² | 8 (8) | | | | | |

¹ Resigned 2nd May 2024

² Appointed 4th May 2024

Report of the Remuneration Committee



Bob Burlton, Chair of the Remuneration Committee

Introduction

On behalf of the Remuneration Committee ('the Committee'), I am pleased to present the Remuneration Report for the year ended 27th January 2025, in my first year as Chair of the Committee.

The Committee's role is to provide robust governance and oversight of the remuneration of our Executive team, and to support the Board, as required, in its oversight of the Society's policies and strategies for the remuneration of all colleagues. When making decisions relating to Executive pay, the Committee pays particular attention to both prevailing best practice regarding Executive remuneration and developments in corporate governance, whilst ensuring that such remuneration is aligned to the Society's values and principles.

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

Business Context

It has been a very challenging year, but with the continuing commitment of our colleagues, customers and Members, we have delivered another strong set of results.

We value and appreciate the contribution of all our colleagues who make such a difference to each other and our communities. Once again, they have made a huge difference to our Society and a key priority for us has been to continue to invest in pay and benefits. We were pleased to make a pay award this year, which increased our base rates for all colleagues to a minimum of £12.00 per hour. We are one of the few retailers who also pay our colleagues for their breaks. With paid breaks, this takes our base rate to the equivalent of £12.45 per hour. This is consistent with our objective of rewarding all our colleagues as best as we are able to do so.

During the year, we have offered an extended double discount for our colleagues each payday weekend, and over the Festive period. Also, our colleagues have continued to benefit from the investment we have made in Member deals this year with an extra 20% off those lines. There has been a positive response from colleagues to these initiatives and we have been pleased to see a reduction in colleagues leaving the Society from 26.6% in 2023 to 21.2% in 2024.

To support our colleagues' financial wellbeing, we launched iTrent financial wellbeing in July. Our colleagues can now access up to 50% of their earned wages at any time and can benefit from a competitive interest rate on their savings. Since launching, 81% of our colleagues have said they feel more in control of their finances. With our focus on making a difference to our colleagues, we have seen our engagement survey score improve from 3.99 in 2023 to 4.04 in 2024.

We also launched our new wellbeing campaign 'We've got you', created specifically for each area of our business: retail, funeral and the support centre, offering different wellbeing services for each of these areas. We also partnered with Grounded Therapy exclusively for our Funeral colleagues to provide enhanced mental health and wellbeing support to those who work in unique and emotionally demanding roles.



And finally, as a thank you, we gave all our colleagues £25 on their Membership card over the festive period. With our continued focus on making a difference to our colleagues, we have seen our engagement survey score improve from 3.99 in 2023 to 4.04 in 2024.

I'd like to take this opportunity to say thank you to all our colleagues for the part they have played in our success this year, and the difference they continue to make.

Changes to the Remuneration Committee

I was pleased to be appointed by the Board to its Remuneration Committee in June 2024, after which my fellow Directors elected me to become the Chair of this Committee.

I would like to pay tribute to John Chilcott, my predecessor, who was able to use his considerable skills and experience in this area to drive forward the Society's approach to Executive reward.

Changes to the Management Executive

In August 2024, we simplified our Executive structure to better align to our strategy and key priorities as follows:

- Sarah Dickins was appointed to Chief Operating Officer – Food, Membership and Brand
- Andy Peake was appointed to Chief Operating Officer – People, Funeral & Property
- Selina Butterfield-Mashoofi was appointed to Chief Finance and Technology Officer
- Coincident with these changes, Paul Dennis (Chief Operating Officer) left the Society with our best wishes for the future. We appreciate everything Paul has done for the Society.

Summary of Executive Remuneration

Pay

In August 2024, Sarah Dickins (Chief Operating Officer – Food, Membership and Brand), Andy Peake (Chief Operating Officer – People, Funeral and Property) and Selina Butterfield-Mashoofi (Chief Finance and Technology Officer) received salary adjustments aligned to their new roles. Debbie Robinson (Chief Executive) received a market-based pay adjustment in January 2024. As outlined in our Remuneration Policy, the salaries for these appointments have been set to reflect the individual's role, responsibilities and experience, whilst considering the market rate and internal relativities.

Colleague Pay

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

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

- The hourly rate of pay for Customer Service Assistants employed in Food stores increased from £10.75 to £12.00 (11.6%) in April 2024.
- The hourly rate of pay for Team Leaders employed in food stores increased from £12.20 to £13.65 (11.9%) in April.
- For colleagues employed in other roles, pay increased by 4%, subject to a minimum rate of pay of £12.00 per hour, which was driven by their individual performance rating (missed performance received 2%, delivered and exceeded performance ratings received 4% increase).

Gender Pay

We recognise the importance and benefits of an inclusive workforce and in 2024, our median gender pay gap remains ahead of the ONS benchmark of 13.1% in 2024. Our results are as follows:

Pay

- The Society has seen a 0.9% decrease in the mean average pay gap to 13.0% in comparison to 2023.
- The Society's median average pay gap has increased by 4.7% to 13.3% in comparison to 2023.

Bonus

- The Society's mean bonus gap has decreased by 7.1% to 76.0% compared to 2023.
- The Society's median bonus gap has decreased by 0.6% to 32.8% compared to 2023.

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

The **mean** is the total hourly pay of all colleagues divided by the number of people in the group (the mean is more commonly used for considering averages).

The **median** is the middle figure when hourly pay is arranged in order from highest to lowest.

Committee Adviser

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

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

Bob Burlton

Chair of the Remuneration Committee

Report of the Remuneration Committee

continued

Remuneration Policy

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

Reward Philosophy

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

- **attract** the right people that share our purpose and live our values;
- **motivate** our colleagues to collectively deliver the Society's goals;

- **recognise** our colleagues' advocacy and positive contribution to the Society; and
- **retain** our colleagues who will enable the Society to deliver its long-term vision.

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

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

This approach, together with the measures under the Society's incentive plans, reflects the Society's commitment to providing an incentive for the right behaviours to drive sustainable business success, whilst operating a reward framework that is proportionate and transparent to our Members.

Summary of Remuneration Components

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

| Long-term Incentive | |
|-------------------------------------|---|
| Purpose and link to strategy | To align the Management Executive interests with the long-term strategic goals of the Society. To motivate and incentivise achievement of agreed performance measures. |
| Summary and Operation | <p>All LTIP awards are made annually, have a three-year performance period and are subject to performance measures. Any new joiners of the Management Executive will have any awards pro-rated to reflect the length of service.</p> <p>The Committee retains discretion to select the performance measures and their weighting to align with the Society's strategic priorities, or for reasons including the measures can no longer be independently validated.</p> <p>All payments are paid in cash and are non-pensionable. If performance conditions have been met, payments are made within four months following the end of the financial year to which they relate. Payments made under the scheme are subject to clawback provisions.</p> |
| Maximum opportunity | <p>The amount payable under the scheme for the Management Executive is dependent on the financial performance of the Society as follows:</p> <ul style="list-style-type: none"> Threshold (achieve 90% of performance measures): 0% of base salary* On Target (achieve 100% of performance measures): 25% of base salary* Outstanding (achieve 110% of performance measures): 50% of base salary* <p>The amount payable under the scheme for the Chief Executive is dependent on the financial performance of the Society as follows:</p> <ul style="list-style-type: none"> Threshold (achieve 90% of performance measures): 0% of base salary* On Target (achieve 100% of performance measures): 30% of base salary* Outstanding (achieve 110% of performance measures): 60% of base salary* <p>* Base salary is defined as the rate of annual base salary at the time that the colleague is notified of the grant (i.e. in the first year of the relevant three-year performance period)</p> |
| Pensions | |
| Purpose and link to strategy | To provide the same level of pension benefits to all other colleagues in the Society. |
| Summary and operation | Members of the Management Executive are able to join the Society's Defined Contribution pension plan or receive a cash allowance in lieu of pension provision. |
| Maximum opportunity | <p>The following options are available:</p> <ul style="list-style-type: none"> Defined Contribution employer pension % determined by date of employment. Cash alternative |

Report of the Remuneration Committee

continued

| Benefits | |
|-------------------------------------|--|
| Purpose and link to strategy | To offer a competitive benefits package that is flexible and offers choice to colleagues. |
| Summary and operation | <p>The benefits provided to our Management Executive will be in line with normal market practice and include a company car or cash allowance, a fuel benefit in certain cases, life insurance, private medical insurance and an annual medical examination.</p> <p>Members of the Management Executive are also able to take advantage of benefits offered to all colleagues for example, a share incentive plan and colleague discount.</p> |
| Maximum opportunity | There is no formal cap on the level of benefits that can be provided as the cost of providing these varies year to year; however, this will represent a small proportion of the total remuneration. |

Performance Measures and Targets

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

In 2024, the Board approved the Committee's recommendation for a new set of metrics in respect of the 2024/25 LTI grant to align with our key strategic areas

of focus: Trading Contribution 60%, Green energy self-sufficiency 20% and young Member sales 20%.

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

Changes to Remuneration Policy

There were no changes to the Remuneration Policy during the 2024/25 financial year.

CEO Pay Ratio

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

Results are generated by comparing the base salary¹ and total pay² amounts for the CEO with colleagues³ at the lower quartile (25th percentile)⁴, median (50th percentile)⁵ and the upper quartile (75th percentile)⁶.

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

| | CEO pay | P25 (lower quartile) | P50 (median) | P75 (upper quartile) | Average |
|-----------------|----------|----------------------|--------------|----------------------|---------|
| Base Salary | £567,090 | £24,336 | £24,336 | £24,336 | £26,968 |
| Total pay | £789,831 | £25,066 | £25,066 | £26,770 | £28,074 |
| Total Pay Ratio | – | 32:1 | 32:1 | 30:1 | 28:1 |

In 2024, the average CEO pay ratio remained at 28:1, which was the same as 2023 and continues to be lower than 2022 at 30:1. The CEO pay ratio for 2024 shows our lower quartile has reduced. The reduction in our quartiles and ratio is reflective of the investment the Society continues to make in colleague base pay over the year for our lower-paid colleagues. An FTSE 250 average at median is 38:1, whereas the average food retailer is 156:1.

1 'Base salary' excludes pension contributions and benefits

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

3 Includes all colleagues employed by the Society as at 31st December 2024 and reflects the full-time equivalent salary

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

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

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

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

Loss of Office

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

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

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

Employment Contracts

The Chief Executive is entitled to 12 months' notice as described above. All other contracts for the Management Executive and Society Secretary are entitled to six months' notice.

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

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

Committee Discretions

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

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

- agreeing the participants in the plans on an annual basis;
- determining the timing of grants of awards and/or payments;
- determining the quantum of awards and/or payments (within the limits set out in the policy table above);
- making the appropriate adjustments required in certain circumstances (for example, change of control and restructuring events);
- determining 'good' or 'bad' leaver status for incentive plan purposes and applying the appropriate treatment; and
- undertaking the annual review of weighting of performance measures and setting targets for the annual incentive plan and LTIP from year to year.

If an event occurs that results in the annual incentive plan or LTIP performance conditions and/or targets being deemed no longer appropriate (for example, a material acquisition or divestment), the Committee has the authority to adjust, accordingly, the measures and/or targets and alter weightings, provided that the revised conditions or targets are not materially less difficult to satisfy.

Implementation Report

This section of the report explains how the Remuneration Committee has applied its Remuneration Policy during the Society's 2024/25 financial year. It contains a summary of how the remuneration of the Chief Executive, Management Executive and Society Secretary has varied dependent on Society performance and full details of the remuneration received by Members of the Executive during 2024/25.

Report of the Remuneration Committee

continued

Management Executive Total Earnings

| | Year | Basic Salary | Taxable benefits | Annual Incentive | Vested LTIP | Pension benefits | Other Remuneration | Total | Total Fixed Remuneration | Total Variable |
|---------------------------------------|----------------|-------------------|------------------|------------------|-----------------|------------------|--------------------|-------------------|--------------------------|-----------------|
| Deborah Robinson | 2024/25 | £567,090 | £3,091 | £0 | £53,772 | £17,012 | | £640,965 | £587,193 | £53,772 |
| Chief Executive | 2023/24 | £540,086 | £15,220 | £160,618 | £62,123 | £16,203 | | £794,249 | £571,508 | £222,741 |
| Andy Peake | 2024/25 | £249,309 | £13,244 | £0 | £19,193 | £7,479 | | £289,225 | £270,032 | £19,193 |
| Chief Commercial Officer | 2023/24 | £223,600 | £12,437 | £55,414 | £22,728 | £6,708 | | £320,887 | £242,745 | £78,142 |
| Sarah Dickins | 2024/25 | £267,642 | £13,723 | £0 | £20,907 | £8,029 | | £310,301 | £289,394 | £20,907 |
| Chief Member, Customer People Officer | 2023/24 | £244,000 | £12,763 | £60,470 | £25,253 | £7,320 | | £349,806 | £264,083 | £85,723 |
| Selina Butterfield – Mashoofi | 2024/25 | £257,606 | £27,334 | £0 | £24,044 | £7,728 | | £316,712 | £292,668 | £24,044 |
| Chief Financial Officer | 2023/24 | £150,385 | £15,017 | £37,270 | £18,989 | £3,450 | | £225,111 | £168,852 | £56,259 |
| Andrew Seddon | 2024/25 | £125,827 | £10,000 | £0 | £10,454 | £3,775 | | £150,056 | £139,602 | £10,454 |
| Society Secretary | 2023/24 | £104,856 | £10,000 | £25,986 | £12,627 | £3,146 | | £156,615 | £118,002 | £38,613 |
| Paul Dennis | 2024/25 | £139,965 | £8,649 | £0 | £11,442 | £4,199 | £234,274 | £398,529 | £152,813 | £11,442 |
| Chief Operating Officer | 2023/24 | £223,600 | £13,016 | £55,414 | £22,728 | £6,708 | | £321,466 | £243,324 | £78,142 |
| Total 2024/25 | | £1,607,438 | £76,042 | £0 | £139,812 | £48,222 | £234,274 | £2,105,788 | £1,731,702 | £139,812 |

Notes:

- 1 Basic salary incorporates any pay increases throughout the financial year and, therefore, shows the amount earned as salary during the financial year.
- 2 Taxable Benefits include the provision of a car or a cash alternative, fuel and private healthcare.
- 3 The annual incentive payment relates to cash payments due to be paid in 2025 under the 2024/25 scheme of 0% for the Executive Team and the CEO and does not include any payments received relating to previous financial years. An annual incentive payment of 24.78% was paid in 2024 to the Executive Team and 29.74% to the CEO in relation to the performance of the relevant metrics for the 2023/24 financial year.
- 4 LTIP award relates to cash payments of 10.45% due to be paid in 2025 in relation to the performance of the relevant metrics over the three years ended in January 2025. An LTIP payment of 12.63% was paid in 2024 to both the Executive Team and CEO in relation to the performance of the relevant metrics over the three years ended in January 2024.
- 5 Pension benefit figures show either the value of contribution made by the Society to the individual's defined contribution pension arrangement, or the value of salary supplement in lieu of pension contributions.

Loss of Office Payments

The above table details the redundancy and loss of office payment made to Paul Dennis (Chief Operating Officer) following the change to a simpler Executive structure in August 2024, which is outlined in this Remuneration Report.

Committee Activity summary

| Meeting | |
|----------------|---|
| January | Review of Society progress versus Society Management Executive Incentive Scheme Review of Gender Pay Report Consideration of Executive colleague salary increases Annual performance review update – Chief Executive and Society Secretary |
| March | Review of Society progress versus Society Management Executive Incentive Scheme, and approval of payout Review of Remuneration Committee Report Funeral Plans Limited Fee Structure |
| July | Review of Executive structure Review of Society progress versus Society Management Executive Incentive Scheme Annual Committee Activity Plan Willis Towers Watson Market Update |
| October | Review of Society progress versus Society Management Executive Incentive Scheme Review of external remuneration advisers Review of Committee Terms of Reference |

Executive External Directorships

| Executive | Role | Company | Date of Appointment |
|------------------------------------|------------------------|--|---------------------|
| Debbie Robinson | Director | British Retail Consortium | May 2017 |
| | Director | Cult Status Limited | May 2018 |
| | Director | Federal Retail and Trading Services Limited (FRTS) | April 2019 |
| | Vice President | Euro Co-op | December 2020 |
| Selina Butterfield-Mashoofi | n/a | | |
| Sarah Dickins | Director | Ranmoor Homes and Developments Ltd | July 2019 |
| Paul Dennis * | Non-Executive Director | St Giles Hospice | August 2021 |
| Andy Peake | n/a | | |

Executive colleagues receive no remuneration in respect of these appointments.

* Left the Society on 30th August 2024

Report of the Remuneration Committee

continued

Board Director Fees

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

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

| Director | 2024/2025 | 2023/2024 |
|---|-----------|-----------|
| Elaine Dean (President) | 21,712 | 14,363 |
| Jane Avery ¹ | 2,808 | 12,974 |
| Richard Bickle 1 (Vice President until 3rd May 2024) | 4,766 | 11,753 |
| Marc Bicknell | 10,675 | 10,107 |
| Suzanne Bennett | 9,929 | 9,548 |
| Rebecca Britland ² | 7,851 | – |
| Bob Burlton | 10,722 | – |
| John Chillcott ¹ | 2,845 | 9,891 |
| Danny Douglas | 10,990 | 10,407 |
| Maryann Denfhy | 10,936 | 6,993 |
| Amanda Gallie | 7,169 | – |
| John Howells | 11,147 | 10,788 |
| Maria Lee ² (Vice President from May 2024) | 11,438 | 2,918 |
| Tanya Noon ¹ | 2,869 | 11,517 |
| Sue Rushton ² | 7,442 | 2,744 |
| Brad Tuckfield | 10,901 | 10,247 |
| Valerie Watson ² | 7,169 | – |

¹ Resigned on 3rd May 2024

² Appointed on 4th May 2024

* See 'Other Payments' section for payments made to Directors of Central England Co-operative Funeral Plans Limited ('CECFPL').

Expenses

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

Other benefits

The Society's colleague discount scheme is available to Directors and their partners. Our Directors also have access to a wide range of non-food retailer discounts through Central Co-op's colleague engagement platform the Difference Maker Hub.

Employee Directors are also entitled to other benefits, such as pension membership, in accordance with the standard terms and conditions of employment with the Society. Director fees do not qualify for Society pension contributions for any Board Directors.

Other payments

With the exception of the Non-Executive Directors of CECFPL, no additional payments were made to Directors during the year, other than Board Director fees and the reimbursement of expenses incurred, or in respect of, any loss of income.

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

| | Fees | |
|----------------------------------|---------------|---------|
| | 2024/2025 | 2023/24 |
| INED | £7,000 | £2,100 |
| Member-nominated Director | £2,100 | £2,100 |
| Audit Committee Chair fee | £752 | £752 |
| Nominations Committee member fee | £627 | n/a |

Marc Bicknell received a fee of £7,000 per annum as an independent Non-Executive Director (INED) of CECFPL and an additional fee of £752 per annum as Chair of the Audit and Risk Committee of CECFPL.

Bob Burlton received an additional fee of £2,100 per annum as a Member-nominated Director of CECFPL and an additional fee of £627 per annum as a Member of the Nominations Committee of CECFPL.

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

Tenure

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

External Directorships and other Relevant Appointments

| Director | Role | Organisation |
|------------------|------------------------------------|--|
| Elaine Dean | Director and Vice Chair | RamsTrust |
| | Elected Independent Society Member | The Co-operative Group National Members' Council (from Co-operative Press Ltd) |
| | Director and Chair | Co-operative Press |
| Suzanne Bennett | n/a | n/a |
| Marc Bicknell | Director | Railway Enginemen's Assurance Society Limited |
| Rebecca Britland | n/a | n/a |
| Bob Burlton | Principal | Energy Saving Group, Sustainable Stansted |
| Maryann Denfhy | n/a | n/a |
| Danny Douglas | Elected Independent Society Member | Co-operative College |
| Amanda Gallie | n/a | n/a |
| John Howells | n/a | n/a |
| Maria Lee | n/a | n/a |
| Sue Rushton | n/a | n/a |
| Brad Tuckfield | n/a | n/a |
| Valerie Watson | Director | Belper Pub company |
| | Director | The Open Centre, Derby |



Audit & Risk Committee Report



Mark Bicknell, Chair of the Audit & Risk Committee

I am pleased to introduce the report of the Audit and Risk Committee for the financial year ended 25th January 2025.

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

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

The Audit and Risk Committee is a sub-committee of the Board. Full details of its duties can be found in the Committee's Terms of Reference, which are available on request.

Members of the Committee

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

The Directors who served on the Committee during the year, and a record of their attendance at meetings, can be found on page 53.

Audit and Risk Committee meetings were also attended by:

- Chief Financial and Technology Officer
- Society Secretary
- Head of Financial Control
- Senior Internal Audit and Risk Manager
- Senior Manager, Shared Service and Compliance
- Representatives from MHA, the Society's Auditor
- Attendance by other Society management colleagues (from time-to-time and as required).

Committee Activity in 2024

| Meeting | |
|-----------|--|
| April | <p>Review of the draft Annual Report and Financial Statements for the year ended 27th January 2024 and ancillary documentation</p> <p>The Society's Treasury and Taxation reports</p> <p>Stakeholder Payments for the year ended 27th January 2024 and proposed distributions from Trading Surplus</p> <p>Received reports relating to Risk Management, Compliance Matters and Internal Audit</p> |
| June | <p>Received reports relating to Risk Management, Compliance matters, Internal Audit and External Audit Update</p> |
| September | <p>Review of the Society's financial information and Interim Report for the 28 weeks to 10th August 2024, including activity to present financial information through infographics to improve Member understanding</p> <p>Received reports relating to Risk Management, Compliance Matters and Internal Audit</p> <p>Pension valuation update, update on changes to accounting standard, and business risk review, including taxation report</p> |
| December | <p>Financial Statements January 2025 and Related Matters, including Key Judgements and Estimates December 2024, Taxation Report and Treasury Report</p> <p>Received reports relating to Risk Management, Compliance Matters, Internal Audit and External Audit Update</p> |

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

Search Committee



Elaine Dean, Chair of the Search Committee

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

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

Members of the Committee

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

The Directors who served on the Committee during the year, and a record of their attendance at meetings, can be found on page 53.

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

Committee Activity in 2024

| Meeting | |
|----------|---|
| June | Board Committee appointments following Society Director elections Appointments to external organisations and Board sub-Committees |
| November | Consideration of arrangements for internal evaluation of Board effectiveness Approach to composition of Society's new Policy and Campaigns Board Working Group INED appraisal process |

Rules & Practice Committee



**Maria Lee, Chair of the
Rules & Practice Committee**

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

The Rules and Practices Committee is a sub-committee of the Board. Full details of its duties can be found in the Committee's Terms of Reference, which is available on request.

Members of the Committee

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

The Directors who served on the Committee during the year, and a record of their attendance at meetings, can be found on page 53.

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

Committee Activity in 2024

Meeting

| | |
|---------|--|
| January | Annual Review of Society Compliance versus the Co-operative Corporate Governance Code |
| July | Review of Member Democratic Engagement and proposals for 2025 Director elections Review of Committee Terms of Reference |

Membership & Community Strategy Committee



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

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

Members of the Committee

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

The Directors who served on the Committee during the year and a record of their attendance at meetings can be found on page 53.

Membership and Community Strategy Committee meetings were also attended by:

- Chief Executive
- Chief Operating Officer, Food, Member and Customer
- Head of Membership, Brand and Marketing
- Society Secretary
- Deputy Society Secretary
- Membership and Community Relations Officers
- MCC representatives

Committee Activity in 2024

Meeting

| | |
|-----------------|--|
| February | Consideration and input into Society's new Membership proposition Review of 2024 Member engagement survey Charity partner review and shortlisting process Review of new Community Dividend arrangements Young persons Membership trial Review of Membership and Community Activity plan and Member participation analysis |
| April | Update on Co-op Generation trial Community Dividend new scheme proposal Member proposition update Review of Membership and Community Activity plan and Member participation analysis Society relationship with Woodcraft Folk |
| June | Election of Committee Chair Member engagement survey feedback and next steps Membership proposition update Charity Partner update Community Dividend update Review of Membership and Community Activity plan and Member participation analysis |
| November | Membership proposition development strategy update Charity Partner update, including DEC appeal Review of Membership and Community Activity plan and Member participation analysis |

Conduct Committee

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

Members of the Committee

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

The Committee met once during the year, in May 2024, as part of the Society's standard process to review the operation of the annual Board elections and immediately prior to announcing the results of the election.

The Directors who served on the Committee during the year and a record of their attendance at meetings can be found on page 53.

Meeting

| | |
|-----|--|
| May | Review of Society Director elections process |
|-----|--|

Other Committees Attended by Directors

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

| Region | Covering | Appointed Directors |
|-----------|---|---------------------|
| Northern | Derbyshire | Elaine Dean |
| | Nottinghamshire | Valerie Watson |
| Southern | Leicester/Leicestershire | John Howells |
| | East/South Leicestershire | |
| | Northamptonshire | Maria Lee |
| | North Warwickshire | |
| Eastern | Peterborough, The Fens | Danny Douglas |
| | Norfolk | |
| | Suffolk | Brad Tuckfield |
| | Cambridgeshire and surrounding counties | |
| Western | Birmingham | Maryann Denfhy |
| | West Midlands and surrounding counties | |
| | Staffordshire | |
| | Lancashire and Merseyside | |
| Yorkshire | West and South Yorkshire | Elaine Dean |
| | | Rebecca Britland |

The Society also participates on the governance bodies of a number of organisations in which it holds a corporate shareholding. Once a Director has been appointed to the respective governance body, their fiduciary duties are owed to that organisation and not the Society. The Directors involved receive fees from the relevant organisation, in accordance with the particular arrangements of those organisations.

| Organisation | Role | Director |
|--|------------------------------------|---------------------------------|
| The Co-operative Group National Members' Council | Elected Independent Society Member | Jane Avery – until 3rd May 2024 |
| | | Marc Bicknell |
| | | Maria Lee – from 4th May 2024 |
| Co-operatives UK | Director | Tanya Noon* |
| Co-operative College | Director | Danny Douglas |
| Co-op Press | Director | Elaine Dean |

* In May 2024, the Board agreed that Tanya Noon would complete her current term of office on the Co-ops UK Board following her resignation from the Central Co-op Board.

Risk

Our approach to Risk Management

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

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

The Society risk landscape is aligned to enduring and dynamic risks. Enduring risks are always a consideration and require consistent, enduring key controls to manage them such as supplier management and legal compliance. For dynamic risks (risks which cannot be managed properly through the Key Control Framework) we assign management ownership and identify and execute appropriate and timely mitigating actions.

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

- First line – frontline colleagues, managers and leaders review risk as part of their day-to-day activities, providing escalation as required.
- Second line – specialist functions such as Compliance and Health and Safety provide advice and oversight to help the frontline colleagues manage risk effectively.
- Third line – our internal audit team provides independent assurance over the effectiveness of controls that are key to managing risk.

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

Principal Risks and Uncertainties

Our principal risks are set out below.

| Risk | Description and Potential Impact | Mitigation(s) |
|--|---|--|
| Competition and the External Environment | The Society operates in the competitive Food and Funeral sectors. Failure to ensure we protect and grow our market share by offering the right products and services, to the right quality and price, risks customers taking their business elsewhere. Our channels to market must be relevant and adapt. In addition, if the Society were to pursue the wrong business strategy or fail to execute its strategy effectively, the business could be negatively impacted in a highly competitive market. | <ul style="list-style-type: none"> Monitoring and management of commercial activities Performance and external market conditions are monitored weekly Regeneration programmes ensure we keep our trading sites relevant and up to date For Supply Chain, the Society are members of the Federal Retail and Trading Services (FRTS) group. The Society purchases the majority (approximately 95%) of food products through the FRTS with the buying arrangements subject to high ethical standards and respect for human rights Oversight in delivering strategy and change is reviewed and undertaken regularly as part of the Society's governance process, with updates provided to the Board, including a quarterly health check on financial outlook and business change activities |
| Co-operative Principles | The Society has an underlying purpose beyond profit. If the Society was to operate or behave in a manner inconsistent with its core values and principles, the Society's brand and reputation would be impacted negatively. | <ul style="list-style-type: none"> The Board sets the tone in this area ensuring that significant decisions are evaluated against Co-operative values and principles. Members can influence the Society's approach to the application of these values and principles through attendance and participation at Members' meetings. Evidence of the Society's purpose beyond profit can be seen in its Sustainability strategy, Membership and community activities and events, alongside ongoing work in areas such as our Malawi Partnership, working with young people and green energy self-sufficiency aspirations. |
| Colleague engagement, capability and succession | The Society employs over 6,200 colleagues. Attracting the best people, recognising diversity and investing in colleague learning and development are essential to the sustainability and future success of the Society. | <p>The Society aims to attract and retain the right talent, and to be a place where our talent thrives and being a great place to work for everyone. This includes initiatives and processes, as follows:</p> <ul style="list-style-type: none"> Promotion of our culture of being Difference Makers Our Learning Management System – Let's Learn – makes learning accessible and engaging for all our teams Let's Talk – our annual and mid-year conversations to focus on performance, development and careers Biannual talent reviews to look at succession planning and future talent needs Continual review of policies, rewards and benefits to ensure that they remain competitive in the marketplace Annual Let's Listen surveys to listen to our colleagues and improve engagement Our Difference Makers Hub, which provides a reward and engagement platform for all our colleagues |

| Risk | Description and Potential Impact | Mitigation(s) |
|--|--|---|
| Liquidity and financial control | The Society is reliant on a combination of internally generated cash and bank borrowing to fund its business strategy; thus, any material downgrade in trading cash flows may impact the deliverability of the Society's strategy. | <ul style="list-style-type: none"> Regular cash flow forecasting supplemented with daily cash flow forecasts Forecasting is informed by the annual budget and quarterly reforecast processes together with a rolling capital expenditure forecast Annual Five-Year Financial Plan process, which enables confirmation of medium-term cash requirements are within committed bank funding levels Bank covenant compliance is reviewed quarterly and reported to the Board |
| Health and safety and security | The prevention of injury or illness to colleagues, Members, customers, and the public is of paramount importance to the Society. Any failure in this regard would significantly reduce customer and colleague confidence. | <ul style="list-style-type: none"> Policies, procedures and colleague engagement plans are in place detailing the controls required to manage health and safety and food safety risks across the Society. Colleague-based health and safety forums operate in our retail and funeral business functions, which supported the Health and Safety Advisory Committee where health and safety matters were actively discussed, and mitigations agreed. Internal health and safety (including food safety) advisers and loss prevention advisers work proactively on strategy and controls to protect our colleagues on all safety matters, including the threat of violence and aggression, which colleagues face on a day-to-day basis. |
| Data protection | The Society creates, captures and uses a significant amount of data in its business operations. Failure to keep data secure, up to date and relevant, or use personal data where there is no consent or legitimate reason, can result in breach of confidential information, harm to individuals, reputational damage and/or financial penalties under the General Data Protection Regulations (GDPR). | <ul style="list-style-type: none"> Policy, processes, and controls are in place to ensure data is appropriately captured, maintained, and used as permitted. The Society works alongside a managed Data Protection Officer (DPO) service that provides expertise in monitoring and advising the Society's performance in this area. The DPO supports the Society in ensuring: <ul style="list-style-type: none"> effective data management policies and practices; colleague awareness and training are effectively designed and tailored; data breaches and requests for access are managed in accordance with GDPR requirements; and timely advice relating to GDPR requirements is provided effectively and in a compliant manner. This includes management of data breaches, review and update of privacy notices and data subject access and/or erasure requests. |

Principal Risks and Uncertainties

continued

| Risk | Description and Potential Impact | Mitigation(s) |
|---|--|--|
| Technology, cybersecurity and artificial intelligence (AI) | The Society is increasingly reliant on technology. As technology usage in the business increases, so does the risk of data breaches and cybercrime, which is fast becoming one of the biggest global threats to business. Cybercrime can cause significant financial loss, business interruption or reputational damage through loss of confidence by customers and stakeholders. | <ul style="list-style-type: none"> The Society's IT security team and our third-party security-managed service partners provide a broad range of cyber resilience capabilities that allow us to detect and respond to security-related incidents efficiently. Ongoing investment in this area has been key to ensuring we have the right controls in place to provide assurance that we are keeping the organisation's systems and data safe and secure. Cybercrime is evolving all the time and it's our job to keep ahead of the curve by introducing and maintaining measures through technology, compliance, awareness and continual improvement through security reviews, penetration testing, vulnerability management and internal and external audits. This includes responding to the emerging capabilities of AI through the implementation of a Society AI policy. All of these initiatives and our IT roadmap provided the business with confidence that we take risks related to IT, cybersecurity and AI seriously as a society. Cyber insurance purchased, which is designed to help cover any associated costs of a cyber-attack and improve cybersecurity. |
| Pensions | The Society has a deficit in its closed-defined benefit pension scheme. There is a risk that the obligation to fund this deficit will deprive the Society's trading businesses of investment funding. | <ul style="list-style-type: none"> The Society works closely with its advisers and the Pension Scheme Corporate Trustee to ensure that deficit recovery plans are both affordable to the Society and offer sufficient funding to the Pension Scheme to continue to reduce the deficit. |
| Regulation/legislation compliance | Failure to comply with relevant regulation and/or legislation could damage the Society's reputation as well as resulting in significant financial penalties or sanctions. | <ul style="list-style-type: none"> Assurance arrangements in the second line of defence cover key regulatory and legislative matters specifically relating to areas such as health and safety, food safety and FCA regulated activities within our Funeral Plans business. Updates on assurance progress and conclusions are provided to various governance committees: Food Safety Governance, Health and Safety, Executive Risk Management, and Audit and Risk Committee on a quarterly basis. Programmes of planned preventative maintenance operate to ensure key statutory compliance requirements are identified and managed as required. Examples include fire and electrical testing and maintenance. External and internal expertise is utilised to 'horizon scan' and provide insight to the Society regarding any plan changes to the regulatory environment. |
| Trading | There continues to be significant geopolitical issues and macroeconomic uncertainties around the level of inflation, high energy prices, pressure on wage growth alongside increasing commodity prices. All these impact consumers' ability to spend, and the Society's Membership and community activities may not provide a sufficient point of difference to attract customers to our stores. | <ul style="list-style-type: none"> Continued drive on Membership participation. Commitments to environmental sustainability and reducing our environmental impact. Roll-out of solar panels and refrigerator replacements to improve energy efficiency. As external product and operating costs have increased, the Society's teams have actively focused on efficiency improvements and simplifying our processes to reduce costs. |



Other Corporate Matters

Political Subscriptions and Donations

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

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

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

The Group Income Statement for the year ended 25th January 2025 (Note 8 to the accounts) reports that £59,000 (2023/24: £89,000) was paid by the Society in respect of political subscriptions and related funding. This included support at national level for the Co-operative Party and grants to four Society Party Councils.

Withdrawable Share Capital

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

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

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

Statement of Directors' Responsibilities

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

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

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

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

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

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

Board Certification

These financial statements are hereby signed on behalf of the Board of Directors pursuant to the requirements of the Co-operative and Community Benefit Societies Act 20147



Elaine Dean
Society President



Debbie Robinson
Chief Executive



Maria Lee
Society Vice President



Andrew Seddon
Society Secretary

17th April 2025



Independent Auditor's Report

Opinion

We have audited the group financial statements of Central England Co-operative Limited (the 'Group') for the year ended 25th January 2025, which comprise the Group Statement of Comprehensive Income, the Group Statement of Financial Position, the Group Statement of Changes in Equity and the Group Statement of Cash Flows and the related notes, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 25th January 2025 and of its income and expenditure for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014 and the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which the auditor is required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Group has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

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

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

Independent Auditor's Report

continued

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/ auditors responsibilities. This description forms part of our Auditor's Report.

Other matter

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

Use of the audit report

This report is made solely to the society, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the society those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the society, for our audit work, for this report, or for the opinions we have formed.



Martin Ramsey BSc (Hons) FCCA
(Senior Statutory Auditor)

for and on behalf of
MHA, Statutory auditor
Birmingham, United Kingdom

22nd April 2025

MHA is the trading name of MHA Audit Services LLP, a limited liability partnership in England and Wales (registered number OC455542).

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

Registered No. 10143R

Financial Statements

This consolidated Group Annual Report for the 52 weeks ended 25th January 2025 (2024: 52 weeks ended 27th January 2024) has been prepared in accordance with the Co-operative and Community Benefit Societies Act 2014 and applicable United Kingdom accounting standards, including Financial Reporting Standard (102), 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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Accounting Policies

For the 52 weeks ended 25th January 2025

1. General Information

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

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

2. Basis of Preparation

Statement of Compliance

This consolidated Group Annual Report for the 52 weeks ended 25th January 2025 (2024: 52 weeks ended 27th January 2024) has been prepared in accordance with the Co-operative and Community Benefit Societies Act 2014 and applicable United Kingdom accounting standards, including Financial Reporting Standard 102 (FRS102), 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Basis of Consolidation

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

Investment in Subsidiaries

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

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

Going Concern

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

The Society currently meets its day to day working capital requirements through utilising its cash reserves and bank facilities. The bank facilities consist of a revolving credit facility of £50.0m and a bank overdraft of £10.0m, both of which were renewed in on 24th November 2023 for a period of 4 years with the option of 1 year extension. There are two financial covenants attached to the revolving credit facility which are tested on a quarterly basis, neither of which are expected to be breached in the twelve months from the date of signing this Annual Report. The repayment terms and details of the revolving credit facility are detailed in note 16 to the financial statements.

The Society reflects a net current liability position driven by the statutory presentation of funeral plans; whilst the liability is split between creditors due less than and more than one year, the assets are reflected in fixed investments (non current). There is no impact on the going concern assessment as there is no issue in the liquidity of those investments.

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

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

Accounting Policies continued

For the 52 weeks ended 25th January 2025

3. Significant Judgements and Estimates

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

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

Impairment of Goodwill and Tangible Fixed Assets

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

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

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

In the 52 weeks ended 25th January 2025, an impairment of £205,000 (2024: £1,632,000) has been recognised in relation to tangible fixed assets. Due to this being a significant area of estimation in calculating the impairment value, it is sensitive by nature. For the year ended 25th January 2025, onerous leases were recognised for the sites that were impaired resulting in a charge of £46,000 (2024: £2,387,000).

Pension Costs

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

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

Supplier Rebates

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

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

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

Investment Properties

Properties held for long-term investments are recognised as investment properties, initially recognised at cost, and are subsequently measured at market value. The market value is determined on an annual revaluation by external valuers in accordance with the Royal Institution of Chartered Surveyors (the 'RICS') Valuation – Professional Standards January 2014 (the 'Red Book') prepared by the RICS, using appropriate judgements that incorporate market conditions which are subject to fluctuations. The value of future disposals may differ from the valuation depending on market conditions as at the date of disposal. The valuation of investment properties held as at 25th January 2025 is £130,367,000 (2024: £127,267,000).

Funeral Plan Liabilities

In 2023, a subsidiary of the Group, Central England Co-operative Funeral Plans Limited obtained authorisation under the Financial Conduct Authority (FCA). As a result, the Society conducted a review in the way it accounted for funeral plan liabilities.

As part of the transition to be compliant with FCA rules in January 2023, accounting estimates relating to funeral contracts were modified resulting in a remeasurement of the liability.

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

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

3. Significant Judgements and Estimates continued

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

4. Principal Accounting Policies

Gross Sales

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

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

Turnover

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

Retail Turnover

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

Wholesale Turnover

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

Turnover

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

Wholesale Turnover

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

Funeral Turnover

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

Pre-need Funeral Plans

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

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

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

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

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

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

The Group pays certain disbursements such as crematoria fees, cemetery fees, Ministers' fees and doctors' fees on behalf of clients. These amounts are recovered as part of the invoicing process.

These amounts are not included within turnover as they are simply passed on to clients at cost.

Rental Income

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

Investment Income

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

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

Trading Profit

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

Accounting Policies continued

For the 52 weeks ended 25th January 2025

4. Principal Accounting Policies continued

Employee Benefits

Short-term employee benefits and contributions to defined contribution pension plans are recognised as an expense as the services are rendered.

Long Term Incentive Plan

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

Exceptional Items

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

Payments To and on Behalf of Stakeholders

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

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

Intangible Fixed Assets

Goodwill

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

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

Computer Software

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

Investment Properties

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

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

Tangible Fixed Assets and Depreciation

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

Freehold buildings: 2% – 10% per annum

Leasehold properties: Over the unexpired part of the lease

Plant & machinery, fixtures & fittings: 6.7% – 33.3% per annum

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

Impairment

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount (higher of value in use or fair value less costs to sell). An impairment assessment is triggered by loss making units, and impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units, and then to reduce the carrying value of other fixed assets. Goodwill impairments are not reversed in future periods.

4. Principal Accounting Policies continued

Assets Leased by the Group

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

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

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

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

Investments

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

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

Where the Society no longer occupies a trade property, it is transferred into investment properties at its carrying value and subsequently revalued to its fair value in accordance with FRS102.

Stocks

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

Trade Debtors and Other Debtors

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

Cash and Cash Equivalents

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

Financial Liabilities

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

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

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

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

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

Accounting Policies continued

For the 52 weeks ended 25th January 2025

4. Principal Accounting Policies continued

Taxation

Current Tax

Current tax is accounted for on the basis of tax laws enacted or substantively enacted at the reporting date. Current tax is charged or credited to the income statement.

Deferred Taxation

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

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

A net deferred tax liability is recognised where a future tax liability will be payable as a result of transactions which have occurred at the reporting date.

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

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

Funeral Plans

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

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

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

Provisions

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

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

Holiday Pay Provision

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

Onerous Lease Provisions

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

Decommissioning Provision

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

Dilapidation Provisions

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

Other Provisions

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

4. Principal Accounting Policies continued

Pension Costs

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

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

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

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

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

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

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

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

Share Interest

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

Reserves

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

Capitalised Labour

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

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

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

Sale and Leaseback Transaction

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

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

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

The liability will be remeasured and unwound over the term of the lease in accordance with the Society's accounting policy for finance leases.

Group Income Statement

For the 52 weeks ended 25th January 2025

| | Note | 2025 52 weeks | | | 2024 52 weeks | | |
|--|------|-----------------------------------|-------------------------------------|----------------|-----------------------------------|-------------------------------------|----------------|
| | | Continuing Operations £'000 | Discontinued Operations £'000 | Total £'000 | Continuing Operations £'000 | Discontinued Operations £'000 | Total £'000 |
| Turnover | 1 | 882,157 | 1,720 | 883,877 | 906,678 | 54,182 | 960,860 |
| Cost of sales | | (623,282) | (1,097) | (624,379) | (629,648) | (44,483) | (674,131) |
| Gross profit | | 258,875 | 623 | 259,498 | 277,031 | 9,698 | 286,729 |
| Administrative expenses | | (250,549) | (805) | (251,354) | (268,224) | (8,520) | (276,744) |
| Trading profit / (loss) | | 8,326 | (182) | 8,144 | 8,807 | 1,178 | 9,985 |
| Profit on disposal of fixed assets and businesses | 26 | 2,550 | 3,452 | 6,002 | 9,087 | 2,012 | 11,099 |
| Exceptional items | 5 | (2,772) | (2,334) | (5,106) | (123) | - | (123) |
| Impairment & onerous lease on fixed assets | | (251) | - | (251) | (4,019) | - | (4,019) |
| Profit on revaluation of investment properties | 11 | 397 | - | 397 | 3,681 | - | 3,681 |
| Operating profit | 3 | 8,250 | 936 | 9,186 | 17,433 | 3,190 | 20,623 |
| Loss on financial assets at fair value | 25 | (469) | - | (469) | (373) | - | (373) |
| Fair value movement on financial instruments | 2 | 22,219 | - | 22,219 | 4,662 | - | 4,662 |
| Interest and dividends receivable | 6 | 447 | - | 447 | 683 | - | 683 |
| Other finance cost | 18 | (3,143) | - | (3,143) | (3,072) | - | (3,072) |
| Interest payable | 7 | (15,810) | - | (15,810) | (13,869) | - | (13,869) |
| Profit before tax and payments to and on behalf of stakeholders | | 11,494 | 936 | 12,430 | 5,464 | 3,190 | 8,654 |
| Payments to and on behalf of stakeholders | 8 | (1,976) | - | (1,976) | (2,885) | - | (2,885) |
| Taxation | 9 | (711) | (234) | (945) | (1,117) | (798) | (1,915) |
| Retained profit for the financial period | | 8,807 | 702 | 9,509 | 1,462 | 2,392 | 3,854 |

Group Statement of Comprehensive Income

For the 52 weeks ended 25th January 2025

| | Note | 2025 52 weeks £'000 | 2024 52 weeks £'000 |
|--|------|---------------------------|---------------------------|
| Retained profit for the period | | 9,509 | 3,854 |
| Actuarial gain/(loss) on pension scheme | 18 | 13,561 | (1,507) |
| Movement on deferred tax | | (3,906) | (100) |
| Total comprehensive income for the period | | 19,164 | 2,247 |

Group Statement of Financial Position

As at 25th January 2025

| | Note | 25 January 2025 | | 27 January 2024 | |
|--|------|--------------------|-----------|--------------------|-----------|
| | | £'000 | £'000 | £'000 | £'000 |
| Fixed assets | | | | | |
| Intangible assets | 10 | | 27,146 | | 31,191 |
| Tangible assets | 11 | | 387,292 | | 389,784 |
| Investments | 12 | | 259,861 | | 246,762 |
| | | | 674,299 | | 667,737 |
| Current assets | | | | | |
| Stocks | 13 | 31,951 | | 37,183 | |
| Debtors: due within one year | 14 | 33,230 | | 36,423 | |
| Debtors: due after one year | 14 | - | | 2,961 | |
| Cash at bank and in hand | | 6,599 | | 7,838 | |
| | | 71,780 | | 84,405 | |
| Creditors: due within one year | | | | | |
| Creditors | 15 | (112,479) | | (113,400) | |
| Borrowings | 16 | (446) | | (606) | |
| | | (112,925) | | (114,006) | |
| Net current liabilities | | | (41,145) | | (29,601) |
| Total assets less current liabilities | | | 633,154 | | 638,136 |
| Creditors: due after one year | | | | | |
| Creditors | 15 | (270,458) | | (275,206) | |
| Borrowings | 16 | (36,932) | | (32,324) | |
| | | | (307,390) | | (307,530) |
| Provisions for liabilities | 17 | | (7,727) | | (14,655) |
| Net pension liability | 18 | | (25,837) | | (42,485) |
| Net assets | | | 292,200 | | 273,466 |
| Capital and reserves | | | | | |
| Share capital | 19 | | 22,108 | | 22,147 |
| Revenue reserve | | | 270,092 | | 251,319 |
| Members' funds | | | 292,200 | | 273,466 |

The financial statements on pages 92 to 114 were approved by the Board of Directors on 17th April 2025 and authorised for issue on 22nd April 2025. Signed on behalf of the Board by:



Elaine Dean



Maria Lee

Group Statement of Cash Flows

For the 52 weeks ended 25th January 2025

| | Note | 2025 52 Weeks | | 2024 52 Week | |
|---|------|------------------|-----------------|-----------------|----------|
| | | £'000 | £'000 | £'000 | £'000 |
| Net cash generated from operating activities | 20 | | 9,539 | | 13,525 |
| Cash flows from investing activities | | | | | |
| Proceeds from disposal of tangible assets | | 19,045 | | 21,249 | |
| Purchase of tangible assets | | (31,016) | | (35,067) | |
| Interest received | | 450 | | 683 | |
| Net cash flows used in investing activities | | | (11,521) | | (13,135) |
| Cash flows from financing activities | | | | | |
| Draw down of bank loans | 16 | 5,000 | | – | |
| Repayment of bank loans | 16 | – | | (2,000) | |
| Net decrease in share capital | | (429) | | (911) | |
| Interest paid | | (3,277) | | (2,167) | |
| Repayment of finance lease obligations | | (551) | | (387) | |
| Net cash flows generated from financing activities | | | 743 | | (5,465) |
| Net decrease in cash and cash equivalents | | | (1,239) | | (5,075) |
| Cash and cash equivalents at beginning of the period | | | 7,838 | | 12,913 |
| Cash and cash equivalents at end of the period | | | 6,599 | | 7,838 |

Group Statement of Changes in Equity

For the 52 weeks ended 25th January 2025

| | Share capital £'000 | Revenue reserve £'000 | Total £'000 |
|---|---------------------------|-----------------------------|----------------|
| At 28th January 2023 | 22,696 | 249,435 | 272,131 |
| Profit for the financial year | – | 3,854 | 3,854 |
| Other comprehensive gains: | | | |
| Actuarial loss on pension scheme | – | (1,507) | (1,507) |
| Movement on deferred tax relating to pension scheme | – | (100) | (100) |
| Total comprehensive gain for the period | – | 2,247 | 2,247 |
| Share capital contributions | 299 | – | 299 |
| Share capital withdrawals | (1,211) | – | (1,211) |
| Share interest | 363 | (363) | – |
| At 27th January 2024 | 22,147 | 251,319 | 273,466 |
| Profit for the financial period | – | 9,509 | 9,509 |
| Other comprehensive gains: | | | |
| Actuarial gain on pension scheme | – | 13,561 | 13,561 |
| Movement on deferred tax relating to pension scheme | – | (3,906) | (3,906) |
| Total comprehensive gain for the period | – | 19,164 | 19,164 |
| Share capital contributions | 249 | – | 249 |
| Share capital withdrawals | (679) | – | (679) |
| Share interest | 391 | (391) | – |
| At 25th January 2025 | 22,108 | 270,092 | 292,200 |

Notes to the Annual Report

For the 52 weeks ended 25th January 2025

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

1. Turnover and Gross Sales Reconciliation

Turnover represents the income received by the Group.

| | Gross sales Reconciliation 2025 52 weeks £'000 | Gross Sales Reconciliation 2024 52 weeks £'000 |
|--|--|--|
| Gross sales including VAT | 980,913 | 1,070,522 |
| less: | | |
| VAT | (96,628) | (108,150) |
| Concessions | (408) | (1,512) |
| Turnover | 883,877 | 960,860 |
| | Turnover 2025 52 weeks £'000 | Turnover 2024 52 weeks £'000 |
| Retail – Food | 715,589 | 724,970 |
| Retail – Fuel | 91,311 | 105,075 |
| Wholesale | 1,720 | 54,182 |
| Funeral | 66,384 | 67,765 |
| Rent receivable from investment properties | 8,873 | 8,868 |
| Total | 883,877 | 960,860 |

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

| | 2025 52 weeks £'000 | 2024 52 weeks £'000 |
|--|---------------------------|---------------------------|
| Sales of goods | 814,119 | 886,045 |
| Rendering of services | 56,192 | 61,906 |
| Commission | 4,693 | 4,041 |
| Rent received from investment properties | 8,873 | 8,868 |
| | 883,877 | 960,860 |

2. Fair Value Movement on Financial Instruments

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

| | 2025 52 weeks £'000 | 2024 52 weeks £'000 |
|--|---------------------------|---------------------------|
| Unrealised fair value movement on funeral plan investments | 22,219 | 4,662 |

Notes to the Annual Report continued

For the 52 weeks ended 25th January 2025

3. Operating Profit

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

Operating profit is stated after charging:

| | 2025 52 weeks £'000 | 2024 52 weeks £'000 |
|--|---------------------------|---------------------------|
| Bad debt provision movement | 84 | 749 |
| Operating lease rentals: | | |
| - Plant and machinery | 717 | 1,113 |
| - Land and buildings | 8,093 | 8,375 |
| Intangible assets (note 10) | | |
| - Amortisation | 3,283 | 3,813 |
| Tangible assets (note 11) | | |
| - Depreciation on owned assets | 21,655 | 20,855 |
| - Depreciation on assets held under finance leases | 330 | 202 |
| - Impairment | 205 | 1,632 |
| Stock provision | 426 | 322 |
| Auditor's remuneration for the audit of the Society and its subsidiary undertaking | 304 | 295 |

Fees Payable to the Society's Auditors

| | 2025 52 weeks £'000 | 2024 52 weeks £'000 |
|--|---------------------------|---------------------------|
| Fees payable to the Group's auditors for the audit of the Group's annual statement | 244 | 238 |
| - The audit fees of the Society's subsidiaries | 60 | 57 |
| Total audit fees | 304 | 295 |

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

4. Staff Number and Costs

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

| | 2025 52 weeks Number | 2024 52 weeks Number |
|---|----------------------------|----------------------------|
| The average number employed by the Group was: | | |
| Full-time | 1,741 | 2,770 |
| Part-time | 4,974 | 4,753 |
| | 6,715 | 7,523 |

The average number of full-time equivalent employees during the 52 weeks ended 25th January 2025 was 4,250 (2024: 4,545).

4. Staff Number and Costs continued

| | 2025 52 weeks £'000 | 2024 52 weeks £'000 |
|---|---------------------------|---------------------------|
| Aggregate amounts paid in respect of: | | |
| Wages and salaries | 124,714 | 137,431 |
| Social security costs | 8,767 | 9,157 |
| Defined contribution pension scheme costs | 6,381 | 5,451 |
| | 139,862 | 152,039 |

Included in wages and salaries above are amounts relating to temporary agency staff, casual labourers and contractors of £631,000 (2024: £3,268,000).

5. Exceptional Items

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

| | 2025 52 weeks £'000 | 2024 52 weeks £'000 |
|---|---------------------------|---------------------------|
| Strategic consultancy | 47 | 472 |
| Costs arising from the reorganisation of business | 472 | 71 |
| Depot closure costs | 2,334 | (420) |
| Strategic closure costs | 2,211 | – |
| Pension costs | 150 | – |
| Onerous lease provisions | (108) | – |
| | 5,106 | 123 |

During the year, the Society has worked with Strategic consultants resulting in costs of £47,000 (2024: £472,000).

Costs of £472,000 (2024: £71,000) were incurred this year relating to the final phase of the reorganisation of the Executive and Leadership team. Prior year relates to final reorganisation costs of the business support centre.

During the year, further costs have been incurred relating to the closure of the distribution centre totalling £2,334,000 (2024: (£420,000)). These include property costs up to the date of sale, legal fees, further costs relating to vehicle and machinery hire and end of contract fees, building closure costs, and stock clearance costs.

Following the strategic review, the Society has closed several loss making sites incurring costs of £2,211,000 (2024: £nil). These include redundancy costs, strip out costs, stock write down, legal fees, and onerous lease and dilapidations provisions.

During the year, a full review of the pension contributions took place relating to colleagues that contributed to their pension scheme via salary sacrifice and earned close to the national living wage in which it was determined that the auto enrolment legislation was not adhered to. The cost of £150,000 (2024: £nil) represents the employer's liability which has been paid to Standard Life.

Onerous lease provisions totalling £108,000 (2024: £nil) have been reviewed and released as no longer required.

6. Interest and Dividends Receivable

Interest receivable reflects interest on cash balances. Dividend receivable reflects interest received on our shareholding with the Co-operative Group Limited.

| | 2025 52 weeks £'000 | 2024 52 weeks £'000 |
|----------------------|---------------------------|---------------------------|
| Interest receivable | 340 | 574 |
| Dividends receivable | 107 | 109 |
| | 447 | 683 |

Co-operative Group Limited have not declared a dividend on the shareholding in FY25 (2024: £nil).

Notes to the Annual Report continued

For the 52 weeks ended 25th January 2025

7. Interest Payable

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

| | 2025 52 weeks £'000 | 2024 52 weeks £'000 |
|--|---------------------------|---------------------------|
| Interest payable of bank loans | 2,944 | 2,093 |
| Interest payable on finance leases | 122 | 60 |
| Interest unwind on the Central Asset Reserve | 4,755 | 4,430 |
| Unwinding of discounted provisions | 271 | 366 |
| Finance cost on funeral plans | 7,718 | 6,920 |
| | 15,810 | 13,869 |

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

8. Payments To and on Behalf of Stakeholders

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

| | 2025 52 weeks £'000 | 2024 52 weeks £'000 |
|---|---------------------------|---------------------------|
| Member benefits | 169 | 150 |
| Membership & Community funding and other grants | 502 | 603 |
| Members' dividend | 530 | 1,188 |
| Total Member distributions | 1,201 | 1,941 |
| Co-operative Party | 59 | 88 |
| Community dividend | 101 | 150 |
| Employee dividend | 615 | 706 |
| | 1,976 | 2,885 |

9. Taxation

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

| | 2025 52 weeks £'000 | 2024 52 weeks £'000 |
|---|---------------------------|---------------------------|
| Current tax: | | |
| Provided on chargeable income and gains in the period | - | - |
| Adjustment to tax charge in respect of prior periods | - | (109) |
| | - | (109) |
| Deferred taxation: | | |
| Origination and reversal of timing differences | 429 | 1,822 |
| Impact of changes in tax rates | - | 82 |
| Adjustments in respect of prior periods | 516 | 120 |
| | 945 | 2,024 |
| Total taxation | 945 | 1,915 |

The effective rate of tax applied to reported profit on ordinary activities is 25% (2024: 23.93%).

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

Factors Affecting the Tax Charge for the Period

The tax assessed for the period is lower (2024: higher) than the effective rate of corporation tax in the UK of 25% (2024: 23.93%). On 24th May 2021 the UK Government substantively enacted the increase in the Corporation Tax rate from 19% to 25% with effect from 1st April 2023. The rate applicable to the period ended 27th January 2024 is a hybrid rate based on the extent to which each rate was applicable during the financial year. The differences are explained below:

| | 2025 52 weeks £'000 | 2024 52 weeks £'000 |
|--|---------------------------|---------------------------|
| Profit before taxation | 10,454 | 5,769 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2024: 23.93%) | 2,614 | 1,381 |
| Effects of: | | |
| Fixed asset differences | (1,584) | 886 |
| Expenses not deductible for tax purposes | 112 | 129 |
| Income not taxable | (614) | (544) |
| Capital allowances super deduction | - | (30) |
| Adjustment to current tax in respect of prior periods | 516 | (109) |
| Adjustment to deferred tax in respect of prior periods | - | 120 |
| Impact of changes in tax rates | (99) | 82 |
| Tax charge for the period | 945 | 1,915 |

Notes to the Annual Report continued

For the 52 weeks ended 25th January 2025

9. Taxation continued

Fixed Asset Differences

The accounting treatment of capital assets differs from the tax treatment in a number of ways. Firstly, for accounting purposes an annual rate of depreciation is applied to capital assets and charged to the profit and loss account. For tax purposes the depreciation charge is added back and instead a tax capital allowance is claimed on assets qualifying for capital allowances, a relief provided by law. There are certain assets which do not qualify for capital allowances and in such cases a tax difference arises. Secondly, it is necessary to account for the potential tax charge that may arise on assets (such as properties) where the value has increased over time. For accounting purposes a revaluation is charged or credited to the profit and loss account. For tax purposes, the revaluation is tax adjusted and the potential capital gain is calculated under UK tax law which again gives rise to other fixed asset tax differences.

Expenses Not Deductible for Tax

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

Capital Allowance Full Expensing

From 1st April 2023, a 100% deduction is available when entities invest in qualifying assets and a 50% first year allowance is available on certain other assets.

Additional Deductible Expenditure

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

Adjustments related to prior period provisions

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

10. Intangible Assets

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

| | Software £'000 | Goodwill £'000 | Total £'000 |
|---------------------------------|-------------------|-------------------|----------------|
| Cost | | | |
| At 28th January 2024 | 18,631 | 69,051 | 87,682 |
| Additions | 220 | – | 220 |
| Transfers | – | – | – |
| Disposals | (1,078) | (1,512) | (2,590) |
| At 25th January 2025 | 17,773 | 67,539 | 85,312 |
| Accumulated amortisation | | | |
| At 28th January 2024 | 14,958 | 41,533 | 56,491 |
| Provided this period | 859 | 2,424 | 3,283 |
| Impairment | – | – | – |
| Disposals | (814) | (794) | (1,608) |
| At 25th January 2025 | 15,003 | 43,163 | 58,166 |
| Net book value | | | |
| At 25th January 2025 | 2,770 | 24,376 | 27,146 |
| At 28th January 2024 | 3,673 | 27,518 | 31,191 |

11. Tangible Assets

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

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

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

| | Investment properties £'000 | Trade properties £'000 | Plant & machinery, fixtures & fittings £'000 | Fleet vehicles and other transport £'000 | Total £'000 |
|---------------------------------|-----------------------------------|------------------------------|--|---|----------------|
| Cost or valuation | | | | | |
| At 28th January 2024 | 127,267 | 256,320 | 265,521 | 15,850 | 664,958 |
| Additions | 1,708 | 8,101 | 20,987 | – | 30,796 |
| Transfers | 19,406 | (17,539) | (1,867) | – | – |
| Disposals | (7,995) | (6,443) | (23,166) | (8,000) | (45,604) |
| Revaluation | (10,019) | – | – | – | (10,019) |
| At 25 January 2025 | 130,367 | 240,439 | 261,475 | 7,850 | 640,131 |
| Accumulated depreciation | | | | | |
| At 28th January 2024 | – | 69,295 | 191,112 | 14,767 | 275,174 |
| Provided this period | – | 4,350 | 17,113 | 522 | 21,985 |
| Impairment | – | 95 | 110 | – | 205 |
| Transfers | 10,416 | (8,687) | (1,729) | – | – |
| Disposals | – | (4,257) | (21,923) | (7,929) | (34,109) |
| Revaluation | (10,416) | – | – | – | (10,416) |
| At 25th January 2025 | – | 60,796 | 184,683 | 7,360 | 252,839 |
| Net book value | | | | | |
| At 25th January 2025 | 130,367 | 179,643 | 76,792 | 490 | 387,292 |
| At 28th January 2024 | 127,267 | 187,025 | 74,409 | 1,083 | 389,784 |

Colliers International, independent qualified valuers, (Simon Summerby-Bent BSc (Hons) MRICS and James Cubitt BSc (Hons) MRICS) have valued all investment properties as at 25th January 2025. Of the investment properties, one-fifth have been inspected and the remainder have been valued by Colliers International at 25th January 2025 based on information provided by the Group. The valuation has been prepared in accordance with the Royal Institution of Chartered Surveyors (the 'RICS') Valuation – Professional Standards January 2014 (the 'Red Book').

These valuations have been incorporated into the Annual Report and the resulting revaluation adjustments have been taken to the income statement. The revaluations during the period resulted in a revaluation gain of £397,000 (2024: revaluation loss of £3,681,000).

Tangible fixed assets with a carrying value of £47,172,000 (2024: £48,546,000) are pledged as security for the Group's bank loans.

Assets in the course of construction included within trade properties amounts to £11,760,000 (2024: £11,657,000). Assets under construction are not depreciated.

The Group no longer capitalises borrowing costs connected to the purchase of a fixed asset. The cumulative value of finance costs previously capitalised and included within fixed assets (cost or valuation) amounts to £1,026,000 (2024: £1,026,000).

Notes to the Annual Report continued

For the 52 weeks ended 25th January 2025

11. Tangible Assets continued

Included within fixed assets are assets with a net book value of £2,390,000 (2024: £2,841,000) relating to assets held under finance lease. Depreciation charged on these assets amounted to £330,000 (2024: £483,000) during the period.

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

In line with the Group's accounting policies, an impairment review of loss-making trade properties was performed during the period and gave rise to an impairment of £205,000 (2024: £1,632,000) including £nil (2024: £nil) relating to intangible assets. For the loss making units an onerous lease provision has been booked resulting in a charge of £46,000 (2024: £2,387,000).

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

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

| | 2025 £'000 | 2024 £'000 |
|-------------------------------|----------------|---------------|
| Investment properties: | | |
| Freehold | 124,542 | 122,175 |
| Leasehold | 5,825 | 5,092 |
| | 130,367 | 127,267 |
| Trade properties: | | |
| Freehold | 166,676 | 174,365 |
| Leasehold | 12,967 | 12,660 |
| | 179,643 | 187,025 |
| Total properties: | | |
| Freehold | 291,218 | 296,540 |
| Leasehold | 18,792 | 17,752 |
| | 310,010 | 314,292 |

Included in the carrying values of land and buildings is £61,797,000 (2024: £60,572,000) relating to land which is not depreciated.

The historical cost of investment properties now included at valuation:

| | 2025 £'000 | 2024 £'000 |
|--------------------------|----------------|---------------|
| Cost | 139,353 | 126,506 |
| Accumulated depreciation | (24,770) | (17,103) |
| Net book value | 114,583 | 109,403 |

12. Investments

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

| | 2025 £'000 | 2024 £'000 |
|---|----------------|----------------|
| The Co-operative Group Limited – shares | 2,684 | 2,684 |
| Other societies – shares | 3 | 3 |
| Companies – not quoted | 7 | 7 |
| Funeral plans | 257,167 | 244,068 |
| | 259,861 | 246,762 |

The following analysis shows the movement in the year on investments held during the period ended 25th January 2025:

| | Co-operative Group Limited £'000 | Other Societies £'000 | Unquoted shares £'000 | Funeral plans £'000 |
|--------------------------|---|-----------------------------|-----------------------------|---------------------------|
| Carrying amount | | | | |
| At 28 January 2024 | 2,684 | 3 | 7 | 244,068 |
| Additions | – | – | – | 10,327 |
| Disposal and redemptions | – | – | – | (17,839) |
| Change in fair value | – | – | – | 20,611 |
| At 25th January 2025 | 2,684 | 3 | 7 | 257,167 |

13. Stocks

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

| | 2025 £'000 | 2024 £'000 |
|------------------|---------------|---------------|
| Goods for resale | 31,951 | 37,183 |

Included in the stock value is a provision for slow moving and obsolete stock of £0.4m (2024: £0.3m).

14. Debtors

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

| | Due within one year | | Due after one year | |
|--------------------------------|---------------------|---------------|--------------------|---------------|
| | 2025 £'000 | 2024 £'000 | 2025 £'000 | 2024 £'000 |
| Trade debtors | 7,052 | 9,406 | – | – |
| Other debtors | 16,495 | 17,654 | – | – |
| Prepayments and accrued income | 9,683 | 9,363 | – | – |
| Deferred tax | – | – | – | 2,961 |
| | 33,230 | 36,423 | – | 2,961 |

Trade debtors are stated after a provision for impairment of £2,152,000 (2024: £2,944,000).

The Society holds an interest rate swap with a principal value of £12,000,000 (2024: £12,000,000), which matures on 24th November 2025. The market value of the interest rate swap at the balance sheet date is an asset of £662 (2024: asset of £468,121) which is included in other debtors. See note 25 for further details.

Details of the deferred tax asset for the prior year are shown in note 22.

Notes to the Annual Report continued

For the 52 weeks ended 25th January 2025

15. Creditors

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

| | Due within one year | | Due after one year | |
|---|---------------------|---------------|--------------------|---------------|
| | 2025 £'000 | 2024 £'000 | 2025 £'000 | 2024 £'000 |
| Trade creditors | 51,498 | 47,529 | - | - |
| Central Asset Reserve liability | 7,975 | 8,365 | 59,179 | 61,967 |
| Funeral plans | 17,622 | 17,769 | 211,038 | 212,997 |
| Taxation and social security | 5,205 | 5,953 | - | - |
| Other creditors | 1,618 | 2,252 | - | - |
| Accruals and deferred income | 25,608 | 28,327 | 241 | 242 |
| Payments to and on behalf of stakeholders | 2,953 | 3,205 | - | - |
| | 112,479 | 113,400 | 270,458 | 275,206 |

16. Borrowings

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

| | Within one year | | After one year | |
|-------------------------------------|-----------------|---------------|----------------|---------------|
| | 2025 £'000 | 2024 £'000 | 2025 £'000 | 2024 £'000 |
| Bank loan | - | - | 35,000 | 30,000 |
| Finance lease obligations (note 21) | 446 | 606 | 1,932 | 2,324 |
| | 446 | 606 | 36,932 | 32,324 |

Interest payable on the bank loan for the 52 weeks ended 25th January 2025 was £2,944,000 (2024: £2,093,000).
Interest payable on finance lease obligations was £122,000 (2024: £60,000).

| | 2025 £'000 | 2024 £'000 |
|---------------------------------|---------------|---------------|
| Borrowings are aged as follows: | | |
| Borrowings falling due: | | |
| Within one year | 446 | 606 |
| Between one and two years | 517 | 909 |
| Between two and five years | 36,185 | 31,185 |
| Over five years | 230 | 230 |
| | 37,378 | 32,930 |

The Society's bank loan is a revolving credit facility of £60,000,000 which is made up of £50,000,000 loan and £10,000,000 overdraft. (2024: £50,000,000 loan, £10,000,000 separate overdraft) which is repayable on 23rd November 2027. £35,000,000 (2024: £30,000,000) of the facility was drawn down at the year end. The facility has two financial covenants: interest cover and leverage ratio, neither of which have been breached during the current or prior year. The interest rate incurred on the loan is driven by the outcome of the leverage ratio which is calculated on a quarterly basis.

17. Provisions for Liabilities

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

| | Deferred Tax Liability £'000 | Onerous leases £'000 | Other provisions £'000 | Total £'000 |
|--------------------------------------|------------------------------------|----------------------------|------------------------------|----------------|
| As at 28th January 2024 | – | 4,168 | 10,487 | 14,655 |
| Transfer in from debtors | (2,961) | – | – | (2,961) |
| New provisions created in the period | 4,335 | 818 | 1,035 | 6,188 |
| Utilised this period | – | (1,315) | (8,237) | (9,552) |
| Released this period | 516 | (443) | (676) | (603) |
| As at 25th January 2025 | 1,890 | 3,228 | 2,609 | 7,727 |

The onerous lease provision represents an assessment of the costs to cover rent and rates for leasehold premises where the Group is committed to future rental payments on properties that are in excess of incomes receivable, taking account of the anticipated period until the leases are assigned or reassigned. The assessment, which is undertaken at the end of each accounting period, is made on a property by property basis. The provision is expected to be utilised within the next 6 years (2024: 11 years).

Other provisions represent an assessment of costs associated with the decommissioning of petrol filling stations of £332,000 (2024: £332,000), property provisions of £2,147,000 (2024: £1,789,000), provision for the closure of the distribution centre of £nil (2024: £8,236,000) and other provisions of £130,000 (2024: £130,000).

Details of the deferred tax liability are shown in Note 22.

18. Employee benefits

Defined Benefit Pension Scheme

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

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

The most recent comprehensive actuarial valuation of the Scheme was carried out as at 31st December 2023 and the next valuation of the scheme is due as at 31st December 2026. In the event that the valuation reveals a larger deficit than expected, the Society may be required to increase contributions above those set out in the existing Schedule of Contributions. Conversely, if the position is better than expected, it's possible that contributions may be reduced.

The Society implemented a pension deficit reduction arrangement (Central Asset Reserve) which has resulted in additional scheme assets of £64,909,000 (2024: £72,020,000) being recognised. The scheme assets are underpinned by way of subordinated pledges given by Central Midlands Estates Limited, a subsidiary of the Society.

The Society is not expected to pay deficit reductions contributions in the year to 24th January 2026, as stated in the Schedule of Contributions corresponding to the 31st December 2023 valuation. However, during the year to 24th January 2026, contributions to the Scheme will be paid from the Central Asset Reserve (CAR). 31% of the CAR contributions are deemed as contributions whilst 69% is treated as investment returns. Therefore, the Society expects a further £3,700,000 of contributions from the CAR into the Scheme during the year.

Notes to the Annual Report continued

For the 52 weeks ended 25th January 2025

18. Employee benefits continued

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

There were no Scheme amendments, curtailments, or settlements during the year.

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

The following amounts are recognised in the balance sheet:

| | 2025 £'000 | 2024 £'000 |
|-------------------------------------|---------------|---------------|
| Fair value of assets | 469,220 | 497,292 |
| Present value of funded obligations | (495,057) | (539,777) |
| Deficit in the scheme | (25,837) | (42,485) |

The following amounts are recognised in the income statement:

| | 2025 52 weeks £'000 | 2024 52 weeks £'000 |
|-------------------------|---------------------------|---------------------------|
| Administration cost | 1,105 | 1,192 |
| Interest on liabilities | 26,790 | 25,679 |
| Interest on assets | (24,752) | (23,799) |
| Other finance cost | 3,143 | 3,072 |

The remeasurements over the period are as follows:

| | 2025 52 weeks £'000 | 2024 52 weeks £'000 |
|---|---------------------------|---------------------------|
| Loss on scheme assets in excess of interest | 28,446 | 50,265 |
| Experience (gain)/loss on liabilities | (18,381) | 20,850 |
| Loss/(gain) from changes to demographic assumptions | 3,851 | (11,645) |
| Gain from changes to financial assumptions | (27,477) | (57,963) |
| Total remeasurement | (13,561) | 1,507 |

The movement in the balance sheet over the period was:

| | 2025 52 weeks £'000 | 2024 52 weeks £'000 |
|------------------------------------|---------------------------|---------------------------|
| Deficit at the start of the period | (42,485) | (45,303) |
| Other finance costs | (3,143) | (3,072) |
| Society contributions | 6,230 | 7,398 |
| Total remeasurements | 13,561 | (1,507) |
| Deficit at the end of the period | (25,837) | (42,485) |

18. Employee benefits continued

The movement in the assets over the period was:

| | 2025 52 weeks £'000 | 2024 52 weeks £'000 |
|-------------------------------------|---------------------------|---------------------------|
| Opening fair value of scheme assets | 497,292 | 545,439 |
| Interest on assets | 24,752 | 23,799 |
| Society contributions | 6,230 | 7,398 |
| Benefits paid | (29,503) | (27,886) |
| Administrative costs | (1,105) | (1,192) |
| Loss on assets less interest | (28,446) | (50,265) |
| | 469,220 | 497,292 |

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

| | 2025 52 weeks £'000 | 2024 52 weeks £'000 |
|--|---------------------------|---------------------------|
| Opening obligation | 539,777 | 590,742 |
| Interest cost | 26,790 | 25,679 |
| Benefits paid | (29,503) | (27,886) |
| Experience (gain)/loss on defined benefit obligation | (18,381) | 20,850 |
| Changes to demographic assumptions | 3,851 | (11,645) |
| Changes to financial assumptions | (27,477) | (57,963) |
| Closing obligation | 495,057 | 539,777 |

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

| | 2025 | 2024 |
|---------------------------|------|------|
| LDI* | 35% | 40% |
| Debt | 9% | 11% |
| Property & Infrastructure | 19% | 18% |
| Cash/Cash Equivalents | 6% | 4% |
| Other | 31% | 27% |
| | 100% | 100% |

* Inclusive of bonds at 109% and repurchase agreements at -74% (2024: bonds at 111% and repurchase agreements at -71%).

The amounts do not include the Central Asset Reserve asset.

The actual return on the Scheme's assets over the period to the review date, net of investment expenses but including the Central Asset Reserve, was a loss of £3,694,000. (2024: Loss of £26,467,000) which corresponds to a -5% (2024: -5%) return over the period.

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

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

| | 2025 | 2024 |
|---|-------|-------|
| Discount rate – per annum | 5.70% | 5.10% |
| Inflation assumption (RPI) – per annum | 3.50% | 3.30% |
| Inflation assumption (CPI) – per annum | 3.00% | 2.90% |
| RPI max 5.0% pension increases in payment – per annum | 3.35% | 3.15% |
| RPI max 2.5% pension increases in payment – per annum | 2.30% | 2.25% |
| CPI max 3.0% pension increases in payment – per annum | 2.40% | 2.35% |
| Members assumed to take maximum tax free cash | 90% | 90% |
| Increase for post PIE (CPI max 5%) | 2.90% | 2.80% |
| Increase for post PIE (CPI max 2.5%) | 2.15% | 2.10% |

Notes to the Annual Report continued

For the 52 weeks ended 25th January 2025

18. Employee benefits continued

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

The mortality assumptions used are based on 95% of the S4PA_H tables for males and 110% of the S4PA_H tables for females (2024: 95% of the S3PA_H tables for males and 105% of the S3PA_H tables for females) with an allowance for future mortality improvements using the CMI 2022 projections with a long-term rate of improvement of 1.25% per annum in both the current and prior year. The initial addition is 0.00% per annum (2024: 0.00% per annum). The Central Asset Reserve asset value is assumed to be 69% of Trustees' valuation as at 31st December 2024, adjusted for significant changes to 25 January 2025 (2024: 69% of Trustees' valuation as at 31st December 2023).

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

| | 2025 | 2024 |
|-------------------------|------|------|
| Male currently age 45 | 21.0 | 21.0 |
| Female currently age 45 | 23.8 | 23.8 |
| Male currently age 65 | 19.6 | 19.7 |
| Female currently age 65 | 22.3 | 22.3 |

A potentially landmark judgement in the High Court case of Virgin Media vs NTL Trustees was handed down on 16th June 2023. The Court of Appeal dismissed an appeal to this judgment on 25th July 2024. The judge in the original case ruled that, where benefit changes were made without a valid 'section 37' certificate from the Scheme Actuary, those changes could be considered void. The judgement could have material consequences for some Defined Benefit schemes which previously contracted-out of the state pension scheme but uncertainty around the ruling persists. In order to ascertain whether there is an impact on the Society's scheme, it would be necessary to undertake a legal review of historic changes to the Trust Deed and Rules. Such a review will take significant time and incur significant cost and therefore whilst initial enquiries have been made the approach currently being taken is to await the outcome of further legal cases. In the absence of further information at this time, the disclosures have been calculated assuming that this ruling will not affect the Scheme's benefits.

Defined Contribution Scheme

The Group also operates a defined contribution scheme.

The contributions payable to the defined contribution scheme in respect of the accounting period are charged to the income statement, which amounted to £6,381,000 (2024: £5,451,000).

19. Share Capital

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

| | 2025 52 weeks £'000 | 2024 52 weeks £'000 |
|---------------------------|---------------------------|---------------------------|
| Contributions | 249 | 299 |
| Withdrawals | (679) | (1,211) |
| | (430) | (912) |
| Interest | 391 | 363 |
| Movement in period | (39) | (549) |
| Opening balance | 22,147 | 22,696 |
| Closing balance | 22,108 | 22,147 |

At 25th January 2025, the Society had a total of 1,942,982 (2024: 1,826,065) Members each entitled to one vote. The total number of Members, including those who are not eligible to vote, at the reporting date was 2,278,023 (2024: 2,151,984). At the reporting date the whole of the share capital comprises non-equity shares of £1 each, attracting interest at rates between 0% and 4.0% (2024: between 0% and 4.0%).

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

19. Share Capital continued

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

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

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

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

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

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

20. Cash Flow Statement

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

| | 2025 52 weeks £'000 | 2024 52 weeks £'000 |
|---|---------------------------|---------------------------|
| Profit for the financial period | 9,509 | 3,854 |
| Adjustments for: | | |
| Loss on financial assets at fair value | 469 | 373 |
| Net interest expense | 10,788 | 9,338 |
| Payments to and on behalf of stakeholders | 1,976 | 2,885 |
| Taxation | 945 | 1,915 |
| Operating profit | 23,687 | 18,365 |
| Adjustment for: | | |
| Profit on revaluation of investment properties | (397) | (3,681) |
| Profit on disposal of fixed assets and businesses | (6,002) | (11,099) |
| Depreciation and impairments | 22,190 | 22,688 |
| Amortisation and impairment of goodwill | 3,283 | 3,813 |
| Payments to and on behalf of stakeholders | (2,229) | (2,920) |
| Fair value movements | (469) | (373) |
| Net movement on funeral plan asset and liability | (12,088) | (1,968) |
| Taxation | (1) | - |
| Decrease in debtors | 2,874 | 2,186 |
| Increase in creditors | (3,333) | (8,379) |
| Decrease in stocks | 5,232 | 8,212 |
| (Decrease)/ Increase in provisions | (8,818) | 1,796 |
| Other non-cash movements | (177) | (154) |
| Net cash generated from operating activities before pension deficit funding | 23,752 | 28,486 |
| Pension deficit funding | (14,213) | (14,961) |
| Net cash generated from operating activities after pension deficit funding | 9,539 | 13,525 |

Notes to the Annual Report continued

For the 52 weeks ended 25th January 2025

20. Cash Flow Statement continued

As at 25th January 2025, the Group had a net debt position of £30,779,000 (2024 net debt of £25,092,000).

| | 2025 £'000 | 2024 £'000 |
|---|-----------------|-----------------|
| Cash at bank and in hand | 6,599 | 7,838 |
| Debt due after one year | (35,000) | (30,000) |
| Net debt excluding lease liabilities | (28,401) | (22,162) |
| Lease liabilities | (2,378) | (2,930) |
| Net debt | (30,779) | (25,092) |

Analysis of changes in net debt

| | Cash at bank and in hand £'000 | Debt due after one year £'000 | Lease liabilities £'000 | Total £'000 |
|---------------------------|---|--|-------------------------------|-----------------|
| At 28 January 2024 | 7,838 | (30,000) | (2,930) | (25,092) |
| Cashflows | (1,239) | (5,000) | 552 | (5,687) |
| At 25 January 2025 | 6,599 | (35,000) | (2,378) | (30,779) |

21. Financial Commitments

Finance Leases

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

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

| | 2025 £'000 | 2024 £'000 |
|---------------------------------------|---------------|---------------|
| Within one year | 446 | 606 |
| In the second to fifth year inclusive | 1,702 | 2,094 |
| Over five years | 230 | 230 |
| | 2,378 | 2,930 |

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

Operating Leases – Receivable

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

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

| | Land & Building 2025 £'000 | Land & Building 2024 £'000 |
|---------------------------------------|-------------------------------------|-------------------------------------|
| Operating leases expiring: | | |
| Within one year | 7,597 | 7,572 |
| In the second to fifth year inclusive | 14,978 | 14,059 |
| Over five years | 8,943 | 9,528 |
| | 31,518 | 31,159 |

21. Financial Commitments continued

Operating Leases – Payable

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

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

| | Land & Building 2025 £'000 | Land & Building 2024 £'000 | Other 2025 £'000 | Other 2024 £'000 |
|---------------------------------------|-------------------------------------|-------------------------------------|------------------------|------------------------|
| Operating leases expiring: | | | | |
| Within one year | 6,968 | 7,456 | 3,629 | 3,368 |
| In the second to fifth year inclusive | 20,583 | 22,134 | 11,181 | 10,051 |
| Over five years | 26,287 | 27,445 | 2,508 | 1,890 |
| | 53,838 | 57,035 | 17,318 | 15,309 |

Included within the minimum operating lease payments are onerous lease and discontinued operation commitments of £6,057,000 (2024: £4,628,000) which are fully provided for as described in note 17.

Capital Commitments

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

Amounts contracted for but not provided for in the annual report were £18,152,000 (2024: £17,779,000).

22. Deferred Taxation

| | 2025 £'000 | 2024 £'000 |
|--------------------------------|---------------|---------------|
| Deferred tax asset | | |
| Accelerated capital allowances | - | (6,041) |
| Capital gains | - | (3,702) |
| Pension scheme | - | 2,639 |
| Unutilised losses | - | 8,409 |
| Other timing differences | - | 1,656 |
| | - | 2,961 |
| | | |
| | 2025 £'000 | 2024 £'000 |
| Deferred tax liability | | |
| Accelerated capital allowances | 543 | - |
| Capital gains | 1,484 | - |
| Pensions | 1,150 | - |
| Unutilised losses | (1,563) | - |
| Other timing differences | 276 | - |
| | 1,890 | - |

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

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

Notes to the Annual Report continued

For the 52 weeks ended 25th January 2025

23. Subsidiaries and Associates

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

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

* Held wholly or partly by subsidiary undertaking.

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

Subsidiary Audit Exemptions

Central England Co-operative Limited has issued guarantees over the liabilities of the following companies at 25 January 2025 under section 479 of Companies Act 2006 and these entities are exempt from the requirements of the Act relating to the audit of individual annual reports by virtue of section 479A of the Act.

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

24. Related Party Transactions

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

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

25. Financial Instruments

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

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

| | 2025 £'000 | 2024 £'000 |
|---|----------------|----------------|
| Financial assets measured at fair value through profit or loss | | |
| Unquoted investments | 7 | 7 |
| Interest rate swap | 1 | 468 |
| Funeral plans | 257,167 | 244,068 |
| Financial assets measured at amortised cost | | |
| Trade debtors and other debtors | 23,546 | 26,592 |
| Equity instruments measured at cost less impairment | | |
| Fixed asset investments | 2,687 | 2,687 |
| Total financial assets | 283,408 | 273,822 |

Credit Risk

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

| | 2025 £'000 | 2024 £'000 |
|---|----------------|----------------|
| Financial liabilities – Deferred income | | |
| Funeral plans | 228,660 | 230,766 |
| Financial liabilities measured at amortised cost | | |
| Finance lease payables | 2,378 | 2,930 |
| Bank loan | 35,000 | 30,000 |
| Trade creditors and other creditors | 61,274 | 58,938 |
| Total Financial Liabilities | 327,312 | 322,634 |

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

| | 2025 52 weeks £'000 | 2024 52 weeks £'000 |
|------------------------|---------------------------|---------------------------|
| Fair value (loss)/gain | (469) | (373) |
| Interest expense | (3,062) | (2,153) |

The interest rate swap settles on a quarterly basis. The floating rate on the interest rate swap is SONIA. (2024: SONIA). The Group settles the difference between the fixed and floating interest rate on a net basis.

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

Notes to the Annual Report continued

For the 52 weeks ended 25th January 2025

26. Discontinued Operations

The Society closed the Distribution Centre operations on 12th April 2024 and joined the Lidia distribution network. The Society subsequently sold assets that were no longer required by the business. The profit on assets sold related to this closure has been calculated as follows:

| | 2025 £'000 | 2024 £'000 |
|-------------------------------|---------------|---------------|
| Cash proceeds | 5,093 | 5,700 |
| Net assets disposed of: | | |
| Tangible fixed assets | (1,056) | (3,628) |
| Vehicles | (67) | – |
| Stocks | (465) | – |
| | 3,505 | 2,072 |
| Less: Cost to dispose | (53) | (60) |
| Profit on disposal before tax | 3,452 | 2,012 |

The net inflow of cash in respect to the disposal of assets related to Distribution Centre operations is as follows:

| | 2025 £'000 | 2024 £'000 |
|--------------------|---------------|---------------|
| Cash consideration | 5,093 | 5,700 |
| Cost to dispose | (53) | (60) |
| Net inflow of cash | 5,040 | 5,640 |



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



Centralcoop

Registered Office:

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

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

Registered No 10143R