Annual Report and Financial Statements 2024

Annual Report and Financial Statements
of the East of England Co-operative Society
for the 52 weeks ended 27 January 2024

East of England
COOP

2024
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East of England COOP

Co-operatives were first formed as a different way of doing business that was better for everyone, driven by values and principles which still guide co-ops to this day.

We're proud to be the largest independent retailer operating in the East of England. We provide Food stores and specialist services, such as Funerals, Travel Agents and Petrol Filling Stations to communities across Norfolk, Suffolk, Essex and Cambridgeshire.

With a significant Property Portfolio and other businesses, such as Security Services we're a diverse and modern Society.

As a co-operative we're run differently from other big organisations, since we put our members first. Our focus has always been, and always will be, the local communities in our region.

£395.6m
Turnover
Up £18.1m from last year

£9.5m
Loss before taxation
Loss increased by £0.7m from last year

£4.0m
Underlying trading loss
Trading loss down £1.6m from last year

£228.1m
Members' Funds
Down £4.1m from last year

Contents

We are proud to display the Fair Tax Mark. This is awarded to organisations that display a high degree of transparency in their corporate tax affairs. We are fully committed to paying the right amount of tax, in the right place, at the right time.

A word from our President

As expected, 2023 was another challenging year with the cost of living crisis continuing to affect our co-op's ability to trade profitably. However, despite energy costs rising even further this year, we've reduced our trading losses by £1.6m. I'm extremely proud of the journey we've been on, keeping us on track to return to profit despite extremely challenging economic conditions.

Every colleague across our business is on this journey with us and they've all had a part to play in what we've achieved this year. Without their hard work and dedication, we would not have been able to get here.

As a small token of thanks for our colleagues' service and commitment we were proud to repeat our winter support package this year, once again offering all colleagues an enhanced 25% discount on food purchases over the winter period, as well as £50 to spend in our Food stores. We hope this went some way to helping our colleagues navigate the ongoing cost of living crisis.

Meaningful membership

We have a fantastic community of loyal members and customers who always have been and always will be what makes our co-op what it is. To thank our members for their unwavering commitment we've continued our Member Perks scheme, providing exclusive offers at local businesses. We've also held a series of competitions, in which our members have won prizes such as a holiday, £500 cash, and a lifetime National Trust membership.

Membership is a fundamental part of our co-op, and our member survey will play an important role as we shape an exciting future for our members. Make sure you take the chance to have your say later in the year in that survey.

Using our resources to make a positive impact

As a regional co-operative, our purpose is to strengthen and serve our communities across Suffolk, Norfolk, Essex and Cambridgeshire. As the cost of living crisis wears on, so does its effect on those living and working in our region. It's vital that we do all that we can to support our communities through the challenges that we continue to face.

We're proud to have continued the transformative work of our Community Cares Fund this year. As you will see in the CEO's overview, we continue to support even more local people and we continue to support our local communities.

I would like to say a huge thank you to our customers who generously donated an additional £12,000 in person at our stores to support local foodbanks.

How we performed

The challenging economic and trading conditions together with rising costs continue to impact our ability to trade profitably. We've made a trading loss of £4.0m this year. We have also seen a £1.7m reduction in the value of our investment property portfolio.

The move to a single CEO and the restructuring of our Senior Leadership Team continues to pay dividends as we make our co-op more efficient and upgrade and improve our retail trading estate. Although we have posted a second year of losses, our trading performance is improving and we have taken the first steps at expansion in both food retailing and funerals while continuing to reduce our energy use. Despite continuing economic headwinds, we are now preparing for a return to profitability and renewed growth across our family of businesses. It may not be obvious to members yet, but exciting times lie ahead.

Our governance

I would like to recognise the Board members who have retired during the year and those who will be retiring from our Board at our May 2024 Annual Members Meeting.

We say farewell to John Cook and John Hawkins who have each completed the maximum 12 years' continuous service, as well as Judi Newman, Caroline Ley and Jane Nice, who are stepping down from the Board after seven, four and 3.5 years' service respectively. I would like to thank them all for their dedication, wise counsel and contributions during their time on the Board and wish them all well in their future endeavours.

As we say farewell to them, we look forward to welcoming those who will fill the gaps on the Board that they leave behind. We have elections to the Board in May each year and any member of the Society who has spent at least £500 with us in each of the preceding two years is eligible to stand. Being a director is a non-executive position. This year's election process is already underway and closed to new entrants. However, if you think you have what it takes to contribute to setting the strategic direction of our co-op, holding the executive team to account on delivering that strategy, and ensuring that we are commercially successful while adhering to co-operative principles, maybe you should give it some thought and consider standing in future.

What does the future hold?

Although inflation has recently eased, much of what created economic uncertainty in 2022 continued through 2023 and is still with us today. We will therefore continue to face both old and new challenges. Nevertheless, we continue to develop and implement our new strategy for growth and much work has gone into restructuring and upgrading our core businesses and retail estate to improve efficiency, reduce energy costs and prepare for growth. We have also started to expand geographically and swap out underperforming stores for new ones with the potential to generate growth.

This work will continue during 2024 and the number of new stores, which prior to 2023 were few, will increase each year as we further expand our geographic coverage and improve our retail estate. As we enter this growth phase and endeavour to return to profitability, we will continue to carefully manage our finances and strengthen the solid core that supports our businesses to ensure that progress is built on solid foundations.

In building our strength, returning to profitability and adhering to co-operative values, we will be able to increase support to our communities and better serve our members and customers.

This will be my last annual statement as President since I will be standing down in November having served the maximum four-year continuous term. However, I will remain on the Board until at least May 2026 when my term as a director expires. It has been an honour and a privilege to lead the Board through some challenging times during which we have repositioned our co-op for future growth, to act as an ambassador for the Society and to meet many of our colleagues, members and other key stakeholders. My thanks go to all of you, for supporting our co-op throughout my time as President and continuing to hold faith with the co-operative ideal.

Frank Moxon

Frank Moxon
President
For and on behalf of the
East of England Co-operative Society

Chief Executive overview

We are making progress towards a stronger future. Despite the challenges we've faced this year we've done better than last year. Our plan to return to profitability, focusing on the fundamentals is working. We've reduced our trading losses by more than 25% and are on track to return to profit.

We recognise the need to grow and evolve our business. We've opened new Food stores in new locations, launched new ways to shop with us and invested in our Funeral business.

To help us on our journey back to sustainable profit we've been reshaping our store portfolio, making sure we've got the right stores in the right places, to be best placed to deal with changing customer demands.

Being profitable allows us to continue building our co-operative for the next generation.

So, what is our plan to get back to profitability?

Commercial success, a return to profit, will be the output of an unwavering focus on what our members and customers are looking for and bringing our colleagues on the journey with us.

Energy costs rose to more than £12m this year, an increase of over 25%. Despite that £2m+ increase we reduced our trading losses by £1.6m, a feat worth celebrating.

Reducing energy costs and the improving profitability of our Food business will help return us to profit. We'll continue to reshape our store portfolio. We'll continue to launch new stores in our target locations. We'll also take the difficult decisions to close some stores that are loss making and diluting our overall society performance. We will continue to prioritise protecting colleagues' jobs and transferring roles to other locations where we can. Next year is all about being our best and focusing on:

- A better understanding of what our members are looking for;
- Bringing our colleagues on the journey with us; and
- Returning to profitability.

Every pound spent in our co-operative is not just a transaction; it's a meaningful investment in the wellbeing of our community.

Growing and evolving our business

We're proud of the journey we've been on this year to help us on our way to returning to sustainable profit and reshaping our store portfolio has been a key part of this. We opened three new Food stores in 2023 and expanded our Food business into a new county. Our first new Food store of the year opened in Waterbeach in August, and it was the first to open in Cambridgeshire in our 150-year history.

Just three months later, we opened our second store in the county at Cambridge North station. The store is ideally positioned to benefit Cambridge North commuters as well as local businesses at the growing One Cambridge Square development.

Finally, in December we opened our newest store outside Chelmsford station in Essex. This store has a strong focus on food to go in order to cater for the 12,300+ busy commuters coming in and out of the city each day. Soon after opening it was crowned by a viral TikTok as 'the UK's coolest Co-op'.

We have also secured a prominent site in Norwich to allow us to expand our Funeral business in the city.

Another step in growing our business this year has been our investment in e-Commerce which saw us launching two new ways to shop with us, making us the first regional co-operative to have its own online shopping platform, and the first co-op food retailer in the UK with its own online shopping app.

In December 2023 we also announced a new partnership with rapid delivery service, Just Eat. Initially rolling out in a total of 77 stores across East Anglia the two new online shopping services launched just in time for the colder months, when popping out for essentials is much less appealing.

Just over a month after launching these services, we'd already had nearly 5,000 orders and counting.

Taking action to help save our planet

Energy costs have remained an important factor in our sustainability strategy this year, which is focusing on efficiency and reducing our carbon emissions.

Last year we introduced a trial to reduce the length of time our beers and wines fridges were switched on to help us make significant savings in both energy costs and the amount of CO2e being emitted, whilst still meeting the needs of our members and customers. This year we've extended our trial even further, from 11 stores to 50. We're proud of this innovation which we're predicting will, each year, save enough energy to power 70 average UK homes.

We've also invested nearly £1.0m in installing approximately 4,000 LED light unit and motion sensor switches across our co-op. This LED lighting is up to 80% more efficient than the fluorescent tubes they replaced.

Widening our membership appeal

Our members will always be at the centre of our co-op. This year we were delighted to welcome more than 14,000 new members, largely driven by our expansion into Cambridgeshire and Chelmsford.

As we develop our membership proposition this year, we need to better understand what our members are looking for in terms of democracy and engagement.

We will be undertaking our largest ever member survey later in the year as we look to shape an exciting, bold, and future-focused membership proposition.

Supporting our communities

Improving the lives of people in our local areas is what drives us as a business. Our Community Cares Fund is integral to this, enabling us to directly impact more than 95,000 local people since it launched in 2020.

In November we launched a funding pot of £220,000, available for local charities to apply for grants through our Community Cares Fund.

This year, for the first time, we were pleased to be able to extend this funding to Cambridgeshire-based groups after opening our first Food stores in the county.

We saw our highest number of applications yet and are pleased to have awarded grants to 54 charities and community groups across Norfolk, Suffolk, Essex and Cambridgeshire, that should benefit more than 43,000 people.

This year we've recognised the need for foodbank help in our community is at an all-time high so we want to do all we can to help people access the essential food and supplies they need.

In December we donated £50,000 to local foodbanks and called on customers to help boost this amount.

Developing joyful colleagues

We're striving to be the best place to work in the East of England which, for us, means having joyful colleagues. We strive to create a positive, safe working environment as well as continuously listening to and investing in our colleagues.

Colleague safety is always a priority at our co-op. Our security team works 24/7 to protect our colleagues and branches. With state-of-the-art technology, our uniquely qualified team works closely with local authorities and agencies including the police service. We find this co-operative way of working is instrumental in achieving arrests and prosecutions and therefore keeping our colleagues safe. In 2023/24 our team worked with local police services to reduce anti-social behaviour and increase the number of shoplifters that were detained. All of our Food store colleagues have access to body worn cameras, and we've recently introduced headsets for all Food store colleagues, helping our colleagues keep in touch no matter where they are in the store.

This year we were proud to partner with Essex Cares Ltd (ECL) to help people in Essex with learning disabilities and autism achieve their ambitions of paid employment. So far, this partnership has helped us to place 11 people into a variety of roles at our co-op, with a 90% success rate in retaining the colleagues appointed. Thanks to our work with ECL we've now committed to becoming a Disability Confident business and we're now recognised by Department for Work and Pensions (DWP) as a Disability Confident Employer.

No one knows our business better than our colleagues. They live and breathe our co-op and have an invaluable perspective on what's working and what we could do better.

In January 2023, 68% of our colleagues completed our annual colleague survey, Our Co-op, Your Voice, a good increase on the participation rate from when we last ran the survey in 2021. Repeating the survey meant we could look at the impact of changes and actions taken over the last year, and identify the things that are going well and, equally, the things we could do better.

Changes we've introduced as a direct result of colleague feedback include a new online colleague community, The Loop, and a new colleague benefits hub, Benefits Gateway, as well as a new suggestions channel for colleagues. We'll be repeating the survey in 2024.

Launched in 2022, The Loop continues to be a popular way for us to connect with each other, share workplace success stories and praise each other. This year, our colleagues posted more than 4,200 comments across more than 3,600 social posts and the achievements of almost 400 colleagues were celebrated via a virtual 'Thank you' card.

Chief Executive overview continued

Looking ahead

As we continue our journey back to profit, we need to accelerate the momentum we created last year. Next year is all about being our best and focusing on:

- **A better understanding of what you, our members are looking for from our co-op –** We will be undertaking our largest ever member survey later in the year as we look to shape an exciting, bold, and future-focused membership proposition.
- **Bringing our colleagues on the journey with us –** We are stronger together and we will connect with our colleagues, so they understand how we're building a stronger co-op, that thrives for generations to come.
- **Returning to profitability –** We'll make the tough decisions needed so we're able to better serve the needs of our members, customers, and communities. Reducing electricity costs and improving profitability of our Food business will help return us to profit.

I'd like to take this opportunity to thank everyone involved with our co-op; our members, our colleagues, our customers, our communities and our suppliers.

By working together, we can overcome the challenges we face and continue to use our resources to make a positive local impact.

Being profitable allows us to continue building our co-operative for the next generation. Every pound spent in our co-operative is not just a transaction; it's an investment in the well being of our community.

Doug Field

Doug Field OBE
Chief Executive Officer
For and on behalf of the
East of England Co-operative Society

Governing the East of England Co-op

The Board of Directors is responsible for determining the objectives, strategy and policy of our co-op in conjunction with the Senior Leadership team, who are collectively responsible for the day-to-day management of the East of England Co-op.

Advice on governance matters is provided in the first instance by the Society Secretary, with further professional support available from Co-operatives UK and external lawyers as appropriate.

During the year covered by this report, your Directors met formally seven times to consider items of policy and strategy and all matters reserved for the Board.

Board of Directors

Jane Nice left the Society's employment and the Board during the year. This created a casual vacancy which was filled by Ashley Munson, the next highest polling candidate in the May 2023 Director election.

Directors as at 27 January 2024:

Frank Moxon President

Joy Burnford Vice-President

Belinda Bulsing

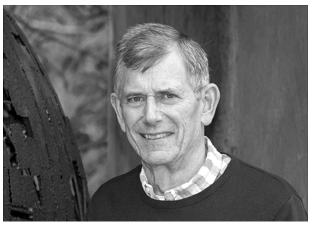
Sally Chicken

Esme Cole

John Cook

Lesley Dolphin

Mandy Errington



John Hawkins

Emma Howard

Caroline Ley

Julie Mansfield

Ashley Munson

Judi Newman

Beverley Perkins

Maria Veronese

The Leadership team

Day-to-day management of our co-op is delegated by the Directors to the Chief Executive Officer, Doug Field OBE, who is responsible for implementing our strategy within the framework laid down by the Board.

The Chief Executive Officer and the Society Secretary are supported in the day-to-day running of the East of England Co-op by six Chief Officers.

James Norman and Stuart McDonald joined the team during the year as Chief Financial Officer and Chief Property Officer, respectively.

Senior Leadership team as at 27 January 2024:

Doug Field OBE
Chief Executive Officer

Jonathan Carey
Society Secretary

James Norman
Chief Financial Officer

Karen Hill
Chief People Officer

Andy Rigby
Chief Operating Officer

Sarah Steels
Chief Transformation Officer

Oli Watts
Chief Member and Customer Officer

Stuart McDonald
Chief Property Officer

Operating review

Underlying trading loss £4.0m

Overview

After a challenging year, we generated an underlying trading loss of £4.0m. This is a significant improvement on our forecasts. It reflects the hard work and commitment of colleagues across the Society.

We continue to have a robust balance sheet with members' funds of £228.1m, supported by a strong property portfolio.

Despite rising costs, notably the 9.7% increase in the National Living Wage in April 2023, we've taken a responsible approach to improve the Society's performance and lay the foundation for future profitability.

Turnover

Sales up 4.8%

Sales increased by £18.1m compared with the prior year. A strong year in the Food and Travel operations, it is a positive sign validating our strategic planning that has gone into this year and the years ahead. Especially positive, considering this is a 52 week period compared to last year's 53 weeks.

Food sales up 5.7%

Food sales rose by £18.0m, driven by our focus on pricing and efficient processes, significantly impacting the overall turnover position.

£9.0m Property income

Investment property income remained relatively steady, with a modest increase. This is positive considering the current economic climate.

£1.0m decrease in Funeral sales

We saw a 6.8% reduction in the number of funerals conducted compared with the prior year. However, the average price for funerals has increased slightly as a result of increasing cost pressures.

Looking at other parts of our business, Petrol filling stations saw sales grow by 1.9%. Travel sales made a marked improvement, increasing by 27.2%, as holidaymakers begin to return to pre-COVID activity levels.

Profitability

Underlying trading loss £4.0m

Our underlying trading loss improved by £1.6m year-on-year.

The contribution to trading profit from our Food business increased substantially, by 84.1%. This was down to a combination focus on cost control and improving margins.

Positive contributions were also seen in Property and Travel. Unfortunately, losses in Funerals (including H L Perfitt) and Events offset some of these gains.

While general and administrative expenses increased year-on-year, careful cost management has contributed to the improved underlying trading position.

Members' funds

Members' funds £228.1m down £4.1m

This decrease is primarily due to a reduction in the value of our fixed assets caused by impairments of investment property and lower capital investments. However, our defined benefit pension scheme is now in surplus following a review of its assets and continued contributions.

Cash flow

Our net cash decreased by £4.2m

At the year-end we had net debt of £10.4m compared with £6.2m last year.

We continued to invest in our business with three new Food stores opening in the region, expanding our reach into Cambridgeshire and further into Essex. We also continued to invest in technology upgrades, both in-store and centrally.

The Society continues to use its overdraft to manage its working capital requirements and a revolving credit facility to support capital investment. The revolving credit facility expires in June 2025 and the overdraft renews annually in June. The ongoing availability of these facilities is a key part of the Directors' assessment of the Society's going concern status. The Society is in discussion with its bankers and fully expects the overdraft to be renewed given the Society's cash generation and its property asset base. Prior to the formal renewal of the overdraft, a material uncertainty has been identified in relation to going concern. Please refer to our Accounting Policies for additional information.

Supporting our community

Community Cares Fund

£220,000 in grants for local charities.

As a community retailer and a co-operative, supporting others is at the heart of what we do. We're proud to have over 150 years of history giving back to local communities through our outreach programmes, fundraising and community support initiatives.

Since 2020, our Community Cares Fund has been integral to this, and has enabled us to help brilliant people who work within communities to support others. We're proud to have been able to directly impact more than 95,000 people so far as a result.

In November we launched a community funding pot of £220,000 to be used in the 2024/25 financial year. This year, for the first time, we were pleased to be able to extend this funding to Cambridgeshire-based groups after opening our first Food stores in the county. Across Norfolk, Suffolk, Essex and Cambridgeshire, local voluntary or community groups, social enterprise organisations (VCSE) or charities were able to apply for grants of between £1,000 and £5,000. We had a record number of applications and are pleased to have awarded grants to 54 charities and community groups across our region.

Angela Carpenter, Community Support Manager at the East of England Co-op, said: "This year, we have changed the focus of the funding, and set clear outcomes for projects to work towards. We hope this will make the fund even more accessible for a wide and diverse range of community projects, with the shared goal of improving the lives of people in our local area."

Winter foodbank support

£50,000 donated to local foodbanks for winter.

In December we donated £50,000 to local foodbanks and called on customers to help boost this funding pot.

With recent figures showing the highest ever need for foodbank help (the Trussell Trust network alone distributing three million food parcels in 2023) we want to do all we can to help people in our local areas access the essential food and supplies they need.

Starting at the beginning of December 2023, our winter foodbank fundraising campaign has been a real success, and by the end of January 2024 our generous customers had already donated over £12,000. This will be added to our co-op's £50,000 donation to provide support to 25 independent, Salvation Army and Trussell Trust foodbanks across Essex, Suffolk, Norfolk and Cambridgeshire.

Developing joyful colleagues

Winter support

The tough financial climate continues to challenge everyone. We've all been adversely affected by the price rises in food, fuel, utility bills and home payments. To help our colleagues navigate the ongoing cost of living crisis, we were proud to repeat our winter support package this year, once again offering all colleagues an enhanced 25% discount on food purchases over the winter period, as well as £50 to spend in our Food stores. Our colleagues have faced adversity with determination. This gift was a small token of thanks for their service and dedication, and recognises the difference they make every day to communities across our region.

Our Co-op, Your Voice

In January 2023, 68% of our colleagues completed our annual colleague survey, Our Co-op, Your Voice, a good increase on the participation rate from when we last ran the survey in 2021. Repeating the survey gave us a great opportunity to look at the impact of the things we've done over the last year, and find opportunities to improve the daily lives of our colleagues.

Our overall engagement score was 75%. This is an indication of the emotional connection our colleagues have to our co-op and whether we're creating and supporting a workplace where they're able to thrive. The higher the score, the better, so we were delighted to see this had increased since 2021. There were improved results across nearly every part of the survey. Our results were also better than the external benchmark for other similar retail businesses.

The survey showed improvements in how our colleagues feel valued and cared for, and there were also improvements seen in colleague benefits, working relationships, the working environment and opportunities to develop, with fairness and inclusion being the highest scoring category.

Changes we've introduced as a direct result of colleague feedback include a new online colleague community, The Loop, and a new colleague benefits hub, Benefits Gateway, as well as a new suggestions channel for colleagues. We will be repeating the survey in 2024 so we can continue improving the daily lives of our colleagues based on their feedback.

New colleague events

This year, we introduced two new colleague events called 'Year Beginning meeting' and 'Golden Quarter meeting'. Scheduled at pivotal points in our trading year, the events were created to bring together managers from across our co-op for a day of collaboration, celebration and information sharing. With presentations from senior leaders, as well as inspirational guest speakers, the events have proven to be a great success, with colleagues finding them informative and motivational.

Keeping our colleagues safe

Colleague safety is always a priority at our co-op. Our security team works 24/7 to protect our colleagues and branches. In 2024 the team made over 5,500 branch visits, that's more than 100 per week.

With state-of-the-art technology our uniquely qualified team works closely with local authorities and agencies including the police service. We find this co-operative way of working is instrumental in achieving arrests and prosecutions and therefore keeping our colleagues safe.

We're pleased to share that, in 2024, our team has worked with local police services to:

- Reduce anti-social behaviour in our branches
- Increase the number of shoplifters that were detained in our branches
- Secure 1,764 weeks of custodial and suspended sentences and 836 hours of community service. These prosecutions mean that offenders are given court instructions not to enter our stores.

All of our Food store colleagues have access to body worn cameras, acting as a deterrent to anti-social behaviour as well as gathering vital evidence. We've also recently introduced headsets for all Food store colleagues, helping our colleagues keep in touch no matter where they are in the store.

Changing lives through a commitment to inclusive employment

This year we partnered with Essex Cares Ltd (ECL) to help people in Essex with learning disabilities and autism achieve their ambitions of paid employment.

In December, we were pleased to announce that we'd been able to place 11 people into a variety of roles at our co-op, with a 90% success rate in retaining the colleagues appointed through ECL's Inclusive Employment service, which matches talented individuals to meet the needs of businesses.

Thanks to our work with ECL we've now committed to becoming a Disability Confident business and we're now recognised by Department for Work and Pensions (DWP) as a Disability Confident Employer.

Widening our membership appeal

Building our membership

This year we welcomed over 14,000 new members, largely driven by new store openings in both Cambridgeshire and Chelmsford.

We continued our 'Member Perks' scheme, partnering with local companies and organisations to provide exclusive offers for our members.

Our membership proposition remains under review as we look to provide enticing benefits to becoming an East of England Co-op member, as well as rewarding our existing members.

Customer satisfaction survey

Our programme for collecting feedback from our Food store customers, 'How did we do?' continues to receive around 2,000 responses each month – bringing us to a total of more than 58,000 pieces of feedback since launch.

The feedback allows us to improve the experience we give our customers, with the information shared with our colleagues in-store daily via an app. This means our colleagues can drive the change our customers want to see, from the service received, to the products available. Both members and non-members can complete the survey, either by an email link or by scanning a QR code at the till point. As a thank you for taking the time to provide us with feedback, each customer who completes the survey is entered into a prize draw to win £250 each month – with a total of 27 winners as of January 2024.

Energy and carbon reporting

Although we achieved a 4% reduction in our electricity consumption, the related carbon dioxide equivalent (CO2e) emissions increased due to changes in the UK Grid electricity mix. An increase in grid carbon intensity occurred due to a fall in renewable energy which was met by increased generation from gas fired power stations. This meant that each kWh of grid electricity used equated to approximately 7% more CO2e than in the previous year.

We also saw an increase in the CO2e from fugitive refrigerants compared to the previous year due to equipment failure, responsible for around 80-85% of the increase in our total emissions. We continue to replace older refrigerants with lower global warming potential (GWP) alternatives and operate a robust preventative maintenance programme to reduce the potential for equipment failure. We will continue to invest in projects that will reduce energy use throughout our operations and remove gas- and oil-fired heating at point of refurbishment.

Our emissions data is reported in line with the UK government's Streamlined Energy and Carbon Reporting (SECR) policy and is calculated using the Greenhouse Gas (GHG) Protocol – Corporate Standard with reference to UK Government GHG Conversion Factors for Company Reporting 2023 and in-house tools.

Using this method, our CO2e emissions in metric tonnes for the past two financial years are as follows:

	Electricity	Natural Gas	Gas Oil	Kerosene	Transport	Fugitive Refrigerant Gas	Total
2023/24	7,040.23	185.48	8.27	22.09	335.65	3,204.49	10,796
2022/23	6,828.55	188.25	5.52	14.79	383.14	2,242.75	9,663*

10,796 tonnes of CO2e is equivalent to 27.3 tCO2e per £1m turnover.
*2022/23 total emissions figure adjusted due to correction in transport data.

Energy use from electricity, gas and transport fuel 2023/24

Source	Energy use kWh
Electricity	33,997,538.36
Natural Gas	1,013,942.00
Gas Oil	283.07
Kerosene	844.19
Transport (Scope 1)	1,338,649.14
Transport (Scope 2)	1,033.40
Transport (Scope 3)	79,003.54

Electricity
This is the total amount of electricity used at our commercial and operational premises, excluding on-site generated renewable energy.

Natural Gas
The total amount of Natural Gas used at our commercial premises.

Gas Oil and Kerosene
A very small number of our premises have oil-fired heating. We're looking to replace these.

Transport
This is the amount of energy in the form of fuel used for transport on Society business, excluding deliveries by others.

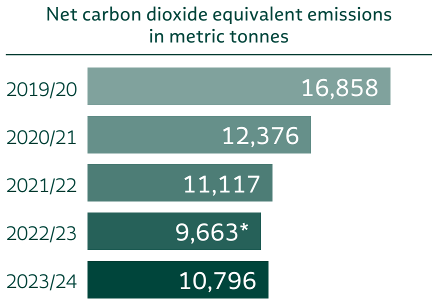
Measuring our Co-operative Performance

What we measure and why | **Performance** | **Commentary**

Are we improving our impact on the environment?

In line with the requirements of Streamlined Energy & Carbon Reporting (SECR). We have chosen to align emissions calculation methodology with the 'Greenhouse Gas (GHG) Reporting Protocol – Corporate Standard' reporting Scopes 1 and 2, with reference to 'UK Government GHG Conversion Factors for Company Reporting, 2023' and internally developed tools.

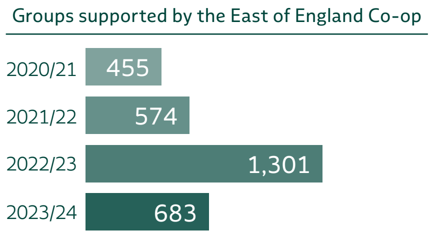
*2022/23 total emissions figure adjusted due to correction in transport data



We realised a 4% reduction in electricity use and a 2% fall in natural gas consumption this year, in line with our energy efficiency programme. We did however see our total emissions rise by 11.7% despite the decrease in electricity and gas use. Refrigeration failure accounts for approximately 80-85% of the increase, with the majority of the remainder due to changes in the UK grid electricity mix.

Are we supporting communities?

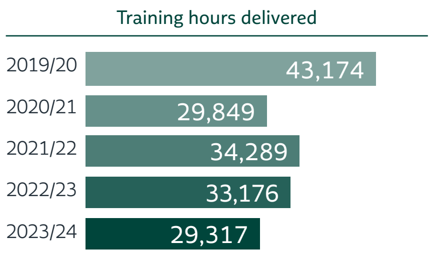
Following the launch of the Community Cares Fund (CCF) in 2020, we now have three ways of providing funding for activities and groups in our communities – the CCF, donations and sponsorships.



This year, our communities were predominantly supported through small donations, donations to our supported foodbanks and grants from our Community Cares Fund. Whilst we've seen a drop in the number of groups supported in 2023/24 compared to 2022/23, we've seen an increase on 2021/22. We anticipate that the number will increase in 2024/25 as we establish our new community programmes.

Do we develop and train our colleagues?

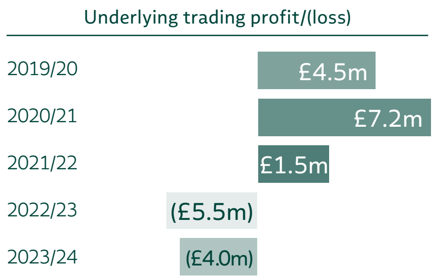
We measure all formal training delivered to our colleagues which encompasses face-to-face training programmes, e-learning courses, induction hours and apprenticeship hours. Measuring the training we provide is important to ensure our colleagues receive the right support to develop their careers and live the co-op values.



This year learning hours show a decrease compared to previous years. This can be attributed to several factors and masks some positive underlying results. For example, in September, we commenced a programme of management skills training called 'Effective Conversations'. Using the latest learning techniques, colleagues can practise skills during their working day. Compared to traditional programmes of this type, it has saved training hours whilst achieving improved learning outcomes.

Is the Society profitable?

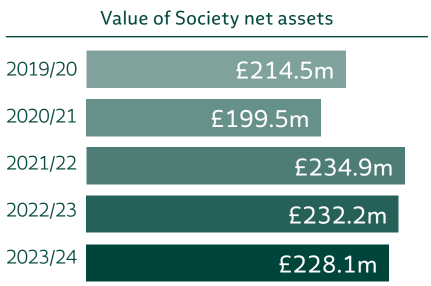
We measure our underlying trading profit, which is the money we make before we take off any exceptional items. We do this to see if the core business is profitable and provide a more comparable figure on a year-on-year basis.



The Society has taken important steps on its journey to return to sustainable profit this year. Despite increasing personnel costs and challenging economic conditions, we have achieved a result better than our forecasts and created a strong foundation to return to profitability.

Is the business sustainable for the future?

We measure the value of our net assets by taking our total liabilities from our total assets. We do this as a strong balance sheet provides confidence to our members that we can finance our business goals and invest in our future.



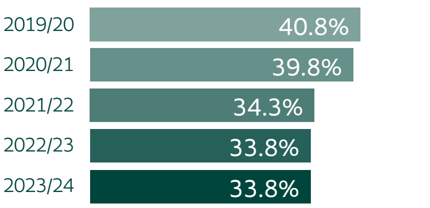
Despite further impairments to property values, there is still significant strength in the assets held by the Society. Gains recognised in the defined benefit pension scheme have also strengthened the assets of the Society. Further investment planned for 2024/25 will further strengthen our position and support our return to profitability.

What we measure and why	Performance	Commentary

What trade do we do with members?

We measure the qualifying spend by our members as a percentage of total turnover. As a co-op owned by our members, we want to deliver the goods and services that meet their needs.

Trade conducted with members as a proportion of total turnover

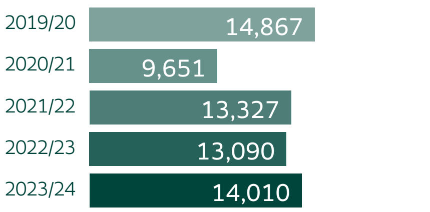


Trade conducted with members as a proportion of total turnover has remained the same this year. We have managed to stem the reductions seen in previous years and with more focus on increasing member engagement, we hope for an increased participation going forwards.

Are we attracting new members?

We measure the number of new members who have joined us at events, in store and online. As a co-op with a voluntary and open membership, it's important we continue to recruit new members, giving each one an equal say in how we're run.

Number of new members recruited



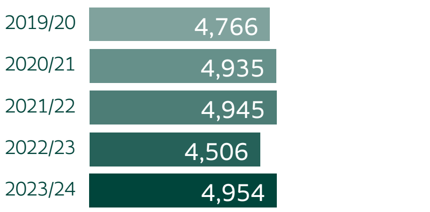
Recruitment levels stayed stable in 2023/24, with many of our new members joining us as a result of new store openings in Cambridgeshire and Chelmsford.

Continuing our member perks and our Swipe to Win campaign provided incentives and compelling arguments to join.

How many members are involved in democracy?

As a core co-operative value, members should have an equal say in the running of our co-op. We measure democratic member control through measuring the number of members who vote in our election to the Board of Directors.

Number of members who voted in the Election of Directors

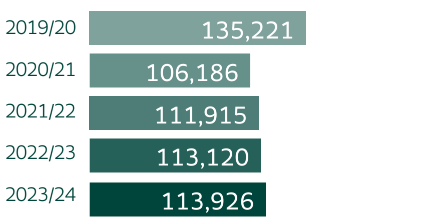


Member participation in the 2023 Election of Directors increased by just under 10% when compared to 2022. This increase brings member participation in the election to the highest level recorded – with the trend to vote online (moving away from postal votes) continuing.

How many of our members are active?

We measure this by the average number of members who have made a purchase within each four-week period throughout the financial year. We want to encourage our members to engage with our co-op, as we know that more active and engaged members lead to a more successful and vibrant local co-op.

Average number of members who have made a purchase within a four-week period throughout the financial year



We continued our successful Swipe to Win campaign to encourage our members to use their membership card each time they shop with us. Monitoring this metric helps build an understanding of our active member's shopping patterns.

How do our members benefit?

With each member receiving a dividend based on the amount spent with us, average dividend is a good measurement of how our members benefit. We measure the average dividend received by members for all transactions across our family of businesses.

Average dividend per member

In 2022/23 we see an increase in the average dividend despite the value of dividend issued reducing. This increase is because the minimum voucher issued was increased from £2 to £5 with qualifying members receiving a higher dividend voucher value.

Corporate Governance Report

The Board is pleased to report on the governance policies and practices within the Society for the year ended 27 January 2024.

This report is published in accordance with the Co-operative Corporate Governance Code (2019). The Code sets out the recommended best practice on issues of governance for consumer co-operative societies.

The Board is responsible for making sure the Society complies with recommendations in the Code that are appropriate to its circumstances and for reporting to members on this matter. Where the Society does not comply, the Board has an obligation to tell members why it does not. This report is intended to meet these obligations.

The Board believes the Society's governance arrangements are appropriate for an organisation of its size, nature and complexity, although there are several areas of the Code, detailed on page 32 with which the Society does not comply.

The Board is conscious that governance and related compliance matters can be difficult to convey within the confines of a formal report. The Board therefore welcomes questions and comments from members on this report at the Society's Annual Members' Meeting, or at any other time. In either case, please contact the Secretary.

The following sections in this report cover the key areas of governance as set down in the Code (copies of which are available from the Secretary).

Principal activities

The Society's principal business activities are Food retailing, Funeral Services and management of its Investment Property portfolio. In addition, the Society has interests in Petrol Forecourts, Post Offices, Travel, Events and conferencing, Security, and Stonemasonry.

Membership matters

Membership is at the heart of any true co-operative enterprise and it is vital to building the Society's future. The Board aims to recruit, engage and involve members in the Society, and to reach out to those who have not previously engaged with the Society. Throughout the year, the Society facilitated many events with members across the region, both online and in the community. This work is combined with traditional methods of member engagement such as the Annual Members' Meeting. All membership meetings are publicised on the Society's website, through email and on posters in all Food stores.

Application of profits

The distributions made by the Society recognise and reward members and the community for their contribution to the Society.

The Society proposes to pay a dividend totalling £750,000 to members, which represents 0.56% (2023: 0.59%) of each member's qualifying purchases. This will be issued in the form of Society vouchers in June 2024.

Financial Reporting Standards determine how we treat this dividend and other profit distributions in our financial statements. The Society rules govern the distributions made. The table below details the amounts the Board plans to distribute in the year under review, in accordance with these rules. The aggregate dividends recognised as an expense in the year amount to £656,000 (2023: £958,000).

Distribution of profits

	£000
Interest on share accounts	37
Dividend	750
Community engagement	165
Co-operative Party	34
Donations	10
Total distributions	**996**

The Board

This section gives you details about the Society's Board, its duties and responsibilities, and how it is structured and functions.

Society rules

The Society is bound by a set of rules that are approved by its members. Broadly speaking, these prescribe how the Society operates and the way it is structured.

Copies of the Society's rules are available on our website or from the Secretary.

The Board – duties and responsibilities

The Directors, as elected by members, are ultimately responsible for:

- Setting the Society's policy objectives
- Monitoring the achievement by management of those objectives
- Identifying and managing risk

Given the distinctive nature of co-operative societies, the Board also has a duty to ensure that the Society operates as a bona fide co-operative and adheres to the values and principles unique to these organisations.

All Directors on the Board, who are collectively responsible for the success of the Society, are answerable in law for the Board's decisions and are bound by the overriding fiduciary duty to act in good faith in pursuit of the best interests of the Society as a whole.

The Society's rules prescribe certain duties and responsibilities that are the sole preserve of the Board. The Board also has a formal schedule of matters reserved for its decision. The rules and the schedule include, for example, all matters concerning the determination and general operation of the Society's rules, all aspects of membership policy, the approval of all funding arrangements, and approval of property acquisitions and disposals above certain thresholds.

The Board has delegated the day-to-day management of the Society's activities to the Senior Leadership Team, which is responsible for the execution of the Society's strategy within the framework laid down by the Board.

Board procedures

The Board meets regularly throughout the year either in person or online. At meetings it receives reports from management on trading and other matters, and it reviews the financial performance of the Society (both by trading period and cumulatively for the year) and considers papers presented for decision or information. In addition, the Board holds ad hoc meetings to consider particular issues and informal meetings to consider strategic and other concerns. Whenever possible, papers are circulated in advance to give Directors the opportunity to prepare, and the minutes of all Board meetings are submitted to Directors for their review and approval. Decisions made are actioned as appropriate by management. The Board meets in private session without the presence of management as and when required.

Independent advice

The Directors have access to the advice and services of the Secretary, who is responsible for advising the Board on governance matters. A number of external consultants also provide advice to the Board and its committees. There is an agreed procedure by which Directors may take independent professional advice at the Society's expense in furtherance of their duties.

During the year, the Directors and the Senior Leadership Team sought professional external advice. Individual providers receiving fees over £50,000 are set out in the table below.

Consultant	Purpose	Fees paid £000
Ellisons	Legal advice including contract reviews and property transactions	283
PricewaterhouseCoopers LLP	Internal audit and data analytics consultancy	239
Hawtrey Dene Limited	Procurement services	181
Ernst & Young LLP	External audit	175
Fenn Wright	Property advice and agency fees	89
Kerseys Solicitors	Legal advice including property transactions	60
RSM UK Audit LLP	Corporation tax compliance and capital allowances claims	57

The Society now employs a platform approach using a sole trustee model to manage its defined benefit pension scheme. Under this platform approach, the total fees to advisors during the year are £388,000.

Board development and evaluation

The Board regularly reviews its own performance and practices.

Notwithstanding the use of external consultants, the Directors are keen to keep their own knowledge and experience up to date and they all participate in an extensive programme of learning opportunities arranged by the Secretary.

Other learning opportunities are presented at a number of conferences to which the Board regularly sends delegates (be it in person or remotely). These include the Co-operative Retail Conference and the Co-operative Congress, both of which have programmes of speakers of international repute.

The Board has established a structured programme of induction training.

Board size

The Rules provide for a Board of 16 Directors. The Directors are elected by all eligible members across the region irrespective of where the candidates or the members live.

Terms of office

The standard term of office on the Board is four years and one quarter of the Board retires each year.

The Rules also prescribe that a Director may be removed from office at any time by a two-thirds majority of votes cast at a special meeting of members.

The Rules provide that, after 12 years' continuous service on the Board, a Director must stand down for at least one year. This is to ensure a degree of Director turnover and to meet the best practice guideline of ensuring Board renewal.

The President and Vice-President

The President chairs the Board and is supported by a Vice-President. Each year, the Board of Directors elects candidates for these roles. The President leads the Board in the determination of Society policy.

The President cannot be an employee of the Society and cannot hold office for more than four years in a row.

Board independence

To ensure the Board retains its independence, the Society's rules prescribe that neither a Director, nor their spouse nor partner, may be engaged in a managerial capacity in any business that competes with the Society. Nor may they have an interest of more than 1% of the issued share capital of a business trading with the Society.

Additionally, no more than two Directors on the Board can be current employees or have worked for the Society within the last three years.

The Secretary maintains a register to record any conflicts of interest that may arise for Directors and the Senior Leadership Team of the Society. Formal updates to the register are requested biannually and individuals must inform the Secretary at the first opportunity of any conflicts that should arise in the interim. The register is open to inspection by members. In addition, at each Board or Committee meeting, Directors are asked to declare any interests they may have in relation to the business on the agenda. The table on page 23 lists Directors' and Senior Leadership Team external directorships or equivalent.

The Board believes these measures serve to ensure the independence of Directors and management is safeguarded.

Board attendance record

The table on page 19 lists the attendance record of Directors at Board and Committee meetings for the year under review. The figures show the number of meetings each Director actually attended, against the number of meetings they were eligible to attend (this latter figure is shown in parentheses).

Elections

During the year, elections to the Board were conducted by postal and online voting. For 2023 this was held during April/May at which time there were five vacancies on the Board and 12 candidates contested these places.

Board committees

In order to discharge its responsibilities effectively, the Board has appointed a number of committees to review specific matters on its behalf and to bring forward recommendations for consideration by the Board as and when appropriate.

The membership of these committees and the number of meetings that were held during the year are shown on the attendance table on page 19.

Remuneration and Search Committee

The Society's Remuneration and Search Committee oversees remuneration policy for both members of the Executive Team and the Board – whilst maintaining a watching brief on general employment and colleague engagement throughout the year. In addition, the Committee supports the Board with Director recruitment and Executive succession planning.

Gender Pay Gap Reporting

As the largest independent retailer operating in the East of England, with more than 3,600 colleagues, the Society is committed to reducing the average (mean) pay difference between men and women. The Committee recognises that a series of long-term actions are required to realise real change to improve the Society's gender pay gap; and also attracting and progressing people from diverse backgrounds. In order to support the Society with this aim, the Committee both reviews the gender pay gap data along with the Society's forward plan – setting actions and specific commitments that are being taken to address the Society's gender pay balance. Members can find full details of the latest Gender Pay Gap Report (and forward programme) on the Society's website.

Board and Committee membership

Attendances 2023-24 Attendance shown 6(7) = 6 meetings attended out of a possible 7.

	Last Elected	Term Ends	Board	Audit and Risk	Performance Review	Membership and Community Engagement	Remuneration and Search
Directors	**Term of Office**		**Committees**				
Belinda Bulsing	May 22	May 26	7(7)	3(3)	1(1)		
Joy Burnford	May 21	May 25	7(7)			3(3)	2(2)
Sally Chicken	May 22	May 26	6(7)				5(5)
Esme Cole	May 21	May 25	7(7)				5(5)
John Cook	May 21	May 24	4(7)	2(2)	2(2)		
Lesley Dolphin	May 23	May 27	3(5)			2(2)	
Mandy Errington	May 23	May 27	7(7)		3(3)	3(3)	
Nicola Fox	Nov 20*	May 23	2(2)	2(2)			
John Hawkins	Nov 20*	May 24	6(7)	3(3)			2(3)
Emma Howard	May 23	May 27	5(7)		3(3)		
Caroline Ley	Nov 20*	May 24	7(7)	5(5)			
Julie Mansfield	May 23	May 24	5(5)		2(2)		
Ashley Munson	Dec 23	May 24†	1(1)				
Frank Moxon	May 22	May 26	7(7)			1(2)	3(3)
Judi Newman	May 21	May 25**	6(7)	0(3)	1(1)		
Jane Nice	Nov 20*	May 23†	6(6)			5(5)	
Beverley Perkins	May 22	May 25	7(7)				5(5)
Maria Veronese	May 23	May 27	7(7)			5(5)	
Richard Youngs	May 19	May 23	2(2)	2(2)			

This table does not record attendance at the AMM, strategy workshops or where a Director has participated as an observer.
On 10 June 2023, Frank Moxon was re-elected President and Joy Burnford elected Vice-President, each to serve until November 2024.
*Due to the pandemic the Board agreed to postpone holding the AMM and Director Election until November 2020 (usually held in May).
** Judi Newman advised the Board that she would be stepping down in May 2024, a year prior to the end of her term (May 2025).
† Jane Nice stepped down from the Board in November 2023 (seven months prior to the end of her term). Ashley Munson, as the next highest polling candidate from the May 23 Director election, agreed to fill the resulting casual vacancy.

Colleague Pensions

Ensuring that colleagues have access to a suitable pension arrangement is a fundamental part of the Society's pay and conditions. The Committee works with management to ensure that Royal London, the provider of the current stakeholder scheme (open to all colleagues and used for auto-enrolment purposes), remains a good fit for colleagues. The Committee also received an update on the work of the Pension Steering Group, established to oversee the new 'Platform' governance model, being utilised in relation to the Society's legacy defined benefit pension schemes.

Director Elections

To ensure that the annual Director election process is accessible and engaging for eligible Members to participate – either through standing for election or voting, the Committee oversees and reviews the process in conjunction with the Secretary (and where required the external electoral partner).

Directors' expenses and fees

Directors' fees are determined by members at the Annual Members Meeting (AMM), on recommendation from the Board. As approved by members at the 2023 AMM, the percentage increase applied to Director fees was increased in accordance with the average weekly earnings index (as produced by the Office for National Statistics). This benchmark, however, has continued to fluctuate, and it has been determined that this measure would not be appropriate going forward. Therefore for 2024/25, any proposed increase will be linked to that awarded to colleagues based at the Society's Wherstead Park office. Any proposed percentage increase will be subject to approval by Members at the May 2024 AMM. Payments intended to support Directors in contributing their skills and experience over and above those hours and duties usually expected were calculated and actioned in line with Member support provided at the 2023 AMM (total payments for the period May 2022 to May 2023 falling below the agreed budget of £12k). Directors receive colleague discount during their term of office. Members can find a complete listing of expenses paid to Directors on page 22.

Performance Review Committee

The purpose of the Performance Review Committee is to complement the Board's responsibilities for strategic review.

During the year, the Committee has met regularly to monitor the commercial performance of the Society as reported via quarterly performance statements prepared by the Leadership Team. The content of these reports has been refined to address the core requirements of Directors for performance monitoring. These core elements form the basis for the Board's constructive challenge of the Society's Leadership Team, including:

- Was the strategy on track?
- Was the budget on track?
- Was planned development and growth on track?
- Were major projects on track?

If not – why not? Would the position recover or is remedial action required?

Discussions focused on the key areas of sales, availability, margin, personnel costs and contribution levels.
The Committee assists the Board in setting appropriate targets by which to measure success, and where appropriate has carried out deep-dive reviews of specific business areas.

The Committee also monitors the return on recent investment in the business through a series of post-investment appraisals; and reviews the Society's Sustainability Approach (including Environmental Sustainability Policy for onward recommendation to the Board).

Membership and Community Engagement Committee

The purpose/role of the Membership and Community Engagement Committee is to help the Board to determine (in consultation with the Leadership Team) the Membership and Community Strategy and to oversee the implementation of the strategy, checking that community investment plans are on track.

The Committee receives, at the frequency it decides is appropriate, membership and other data and analysis in respect of all matters within the Committee's scope.

Scope

All matters relating to:

- Member recruitment and retention
- Member development (i.e. member understanding of the co-operative movement and co-operative principle 5)
- The Society's Community Strategy, including the Community Investment Fund
- The raising of member and community engagement beyond merely using Society shops and services
- Oversight of strategy, activity and finance relating to the Society's connection with members in terms of trading and democratic engagement as well as community engagement

The Committee makes recommendations when necessary to the Board on these and related matters.

Membership

Membership of the Committee during the year under review is shown in the table on page 19.

Meetings

The Committee met formally five times during the year.

Activities during the year

For details of the activities of the Membership and Community Engagement Committee, please visit www.eastofengland.coop/community

Audit and Risk Committee Report for the 2024 Annual Report

Terms

The Audit and Risk Committee's terms of reference are based on the Corporate Governance Code for Consumer Co-operative Societies (November 2019) which aids the Society's focus on the routine use of appropriate and effective financial controls.

After each meeting, the Committee reports formally to the Board on its proceedings, making recommendations to the Board on any actions and improvements that it deems appropriate.

Membership

Committee membership during the year is shown in the table on page 19.

The Committee members bring a diverse range of experience to their work.

The Audit and Risk Committee does not contain at least one member with recent and relevant financial experience as recommended under the Corporate Governance Code for Consumer Co-operative Societies (November 2019).

The Directors of the Society are elected by and from the Society's Members and currently no eligible Director has the specified experience.

The Society's Board is aware of this issue, which is mitigated through the Committee's training programme and access to independent advice from external consultants.

Meetings

The Committee met formally four times during the year. At all meetings at least one member of the Leadership Team was present; although when external or internal auditors were also present, a period was set aside in the meeting for the Committee to meet with them in private, without any Senior Leadership Team members (or the Secretary/Deputy Secretary) being present.

Activities during the year

Below are the Audit and Risk Committee's principal activities over the last year:

- Review and approval of full year results (Society and its Subsidiaries).
- Review of the internal audit plan and the results of the internal auditors' work, including monitoring management's responsiveness to findings and recommendations.
- Review the Society's internal financial controls and the internal control and risk management system.
- Approval of the terms of engagement with the external auditor.
- Review of the audit plan with the external auditor at the planning and reporting stages.
- Relevant disclosures in this Report.
- Monitoring the Society's Cyber Security Arrangements.
- Monitoring and understanding changes within financial accounting standards.
- Review and approval of the Society's:
  - Modern Slavery Statement
  - Anti-Bribery and Fraud Policy
  - Taxation Policy
- Review of Post Investment Appraisals completed between 2020 and 2021.

Financial Reporting

After discussion with both the Senior Leadership Team and the External Auditor, the Audit and Risk Committee determined that the areas of focus and significant risks for the Group's financial statements related to:

- Revenue Recognition.
- Investment Property Valuations.
- Assessment and recoverability of non-current assets.
- Defined Benefit Pensions Liability Valuation.

Other areas of focus for the Audit and Risk Committee were:

- Accounting for Funeral Bonds.
- Assessment of retail inventory valuations and completeness.
- Recoverability of deferred tax asset.

These issues were discussed with management during the year and with the auditor at the time the Committee reviewed and agreed the audit plan; and also at the conclusion of the audit of the financial statements.

The committee also discussed with management, and the auditor, the adoption of the going concern basis of accounting in preparing the financial statements and any material uncertainties that may cast significant doubt on the Society's ability to continue as a going concern.

Misstatements

The Senior Leadership Team confirmed to the Committee that they were not aware of any material misstatements or immaterial misstatements made intentionally to achieve a particular presentation. The auditors reported to the Committee the misstatements found in the course of their work and no material amounts remain unadjusted. The Committee confirms that it is satisfied that the auditors have fulfilled their responsibilities with diligence and professional scepticism.

After reviewing the presentations and reports from the Leadership team and consulting where necessary with the auditors, the Audit and Risk Committee is satisfied that the financial statements appropriately address the critical judgements and key estimates (both in respect to the amounts reported and the disclosures). The Committee is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised, challenged and are sufficiently robust.

Directors' fees and expenses

Director	2023/24 fees received £	2023/24 expenses £	2022/23 fees received £	2022/23 expenses £
Belinda Bulsing	9,859	–	10,182	325
Joy Burnford	10,894	778	9,260	299
Sally Chicken	9,972	–	9,653	–
Esme Cole	9,882	452	9,260	178
John Cook	9,702	274	9,260	208
Lesley Dolphin*	6,105	184	–	–
Mandy Errington	9,972	–	9,260	220
Nicola Fox*	3,543	–	9,260	72
John Hawkins	9,972	50	10,013	263
Emma Howard	9,882	1,061	9,440	216
Caroline Ley	9,859	–	9,372	–
Julie Mansfield*	6,105	184	–	–
Frank Moxon	12,132	600	11,723	62
Ashley Munson*	762	184	–	–
Judi Newman	9,702	–	9,440	–
Jane Nice*	8,557	226	9,260	–
Beverley Perkins	10,590	326	10,666	724
Maria Veronese	9,702	595	9,260	435
Richard Youngs*	4,083	–	9,440	78
	161,275	4,914	154,749	3,080

*These Directors only served for part of the current year, see table on page 19.
Directors' expenses are materially dependent on their home location and the number of courses, conferences or other activities undertaken on behalf of the Society.
Board fees include additional awards for the period May 2022 to May 2023, in accordance with Members' approval at the 2023 AMM. Such payments enable any Director to contribute their skills and experience to benefit the Society, over and above the hours and duties usually expected.

Senior Leadership Team emoluments

	Salary £000	Benefits in kind £000	Employer pension contributions £000	2023/24 emoluments £000	2022/23 emoluments £000
Jonathan Carey	149	14	8	171	163
Doug Field	330	6	20	356	266
Lyndsie Goodwin*	90	4	11	105	11
Karen Hill*	123	6	9	138	10
Stuart McDonald*	8	1	–	9	–
James Norman*	32	3	2	37	–
Andy Rigby	250	23	–	273	20
Sarah Steels	121	4	7	132	9
Oli Watts	123	14	7	144	2
	1,226	**75**	**64**	**1,365**	**481**

Emoluments disclosed above include people in office during the year.
*Karen Hill left the Society on 28 March 2024. Lyndsie Goodwin left the Society on 30 September 2023. James Norman was appointed on 26 November 2023. Stuart McDonald was appointed on 7 January 2024.

Directors' and Senior Leadership Team external directorships

Director/Management Executive	External Directorship (or equivalent)
Belinda Bulsing	Pettaugh Parish Council (Parish Councillor) Trustee of Gilchrist Unit Supporters' Trust
Joy Burnford	Simply Practical Ltd Encompass Equality Ltd
Sally Chicken	Shotley Heritage Charitable Community Benefit Society Ltd
Esme Cole	Colchester Borough Homes (Chair of Board)
John Cook	Ipswich Borough Council (Councillor)
Lesley Dolphin	Director of Mark Murphy Media
Doug Field	Green Light Trust (Trustee) Federal Retail Trading Services
Emma Howard	Director of Co-operatives UK (until Jan 2024)
Julie Mansfield	Director of Eastern Savings and Loans Credit Union
Frank Moxon	Jersey Oil & Gas Plc Hoyt Moxon Ltd CISI Educational Trust The Co-operative Loan Fund Ltd
Ashley Munson	RPS Media Ltd
Judi Newman	Inderwick Equestrian Activities Ltd Inderwick Investments Ltd The Very Sensible Company Ltd St Elizabeth Care Agency Ltd Hospice Trading (Ipswich) Ltd Inderwick Pubs Ltd
James Norman	James Properties (Norfolk) Limited
Beverley Perkins	Co-op Group – National Members' Council Co-op Group – Senate
Maria Veronese	Mediapro Media Training Ltd Taniwha Ltd
Oli Watts	Watts & Co Ltd

N.B. All Directors of the Society are directors of subsidiary co-operatives.
John Hawkins and Caroline Ley are directors of subsidiary companies.

Directors and Members of the Senior Leadership Team who do not hold any external directorships (save for subsidiary entities of the Society) are not included within the above table.

Internal Control

This section of the Report sets out the Society's approach to internal control and the measures taken to review its effectiveness, to provide members with assurance that this critical area receives enough attention.

The Board has ultimate responsibility for the Society's system of internal control and for reviewing its effectiveness. The system is designed to manage rather than eliminate the risk of failing to achieve the Society's objectives and can only provide reasonable, rather than absolute, assurance against material misstatement or loss.

The aims of the system of internal control are:

- To safeguard the Society's assets.
- To ensure that proper accounting records are maintained.
- To ensure that the financial information used within the business and for publication is accurate, reliable, and fairly presents the financial position of the Society and the results of its operations.

The Board is also responsible for reviewing the effectiveness of the system of internal control and for this purpose it has its Audit and Risk Committee.

With the assistance of the Committee, the Directors have continued to review the effectiveness of the Society's system of non-financial as well as financial controls, including operational and compliance controls, risk management and the Society's high-level internal control arrangements.

The Board believes that the controls and processes in place are appropriate for an organisation of the size and complexity of the Society.

Control environment

The quality and competence of our people, their integrity, ethics and behaviour are all vital to the maintenance of the Society's system of internal control.

The Society's control environment framework is designed to create an attitude of taking acceptable business risk within clearly defined limits. This framework contains the following key elements:

- An organisational structure with clear lines of responsibility, delegation of authority and reporting requirements.
- Co-ordinated activity across the whole Society by the Management Executive Team.
- A risk management process designed to monitor the major risks facing the Society.
- Board review and approval of annual budget and longer-term plans for each business group and support function.
- Comprehensive systems of financial reporting – actual results together with comparisons to budget and prior year are reported regularly to the Board throughout the year.
- Clearly defined policies for capital and revenue expenditure – larger capital and revenue expenditure proposals require Board authorisation.
- An independent internal audit function which reports directly to the Audit Committee.

The Society has formal policies on procedures that explain and illustrate the high standards of conduct and personal behaviour that are expected of all colleagues in their dealings with members, customers, suppliers and each other. This includes the Society's Whistleblowing Policy and Procedures, which is reviewed annually both by management and the Audit Committee.

Control procedures

The Society's control procedures are designed to ensure appropriate levels of control are maintained with complete and accurate accounting for financial transactions, thereby limiting the potential exposure to loss of assets or fraud. Measures taken include preventative controls (including physical and systems access controls), authorisation procedures, detective controls (including review and reconciliation procedures), segregation of duties, and reviews of processes by management, Internal Audit and the external auditors.

Monitoring

The operation of the system of internal control is the responsibility of line management. It is subject to review by the Finance Department and independent review by Internal Audit. Review also takes place, where appropriate, by the Society's external auditors.

At the start of each financial year the Senior Leadership Team produces a budget for the Society based on each of the trading businesses. The Board reviews the underlying assumptions and resulting figures. Throughout the year, following each trading period, comprehensive performance reviews are presented by the Senior Leadership Team that compare the results with both the budget and previous year. Significant variations are examined by the Board. This process is complemented by the Board's Performance Review Committee who meet regularly to monitor the commercial performance of the Society.

Review process

The process used by the Audit and Risk Committee to review the effectiveness of the Society's system of internal control includes the following:

- Review of external and internal audit work plans.
- Consideration of reports from the independent internal and external auditors on the system of internal control.
- Discussion with management of the actions taken to resolve issues identified in such reports.

Opinion on internal control system

The Audit and Risk Committee has reviewed the operation and effectiveness of the Society's internal control system during the year under review and through to the date of this report. The Committee considers that there have been no weaknesses that have resulted in any material losses or contingencies that require disclosure.

Financial and Business Risk Assessment

Effective risk management is at the heart of the business, supporting delivery of the Society's strategy by ensuring the business continues to be safe, sustainable and protects members' interests.

The Board and Senior Leadership Team have the primary responsibility for identifying the key business risks facing the Society.

The Society operates a risk management process that identifies the key risks facing each business. The Society has a risk register which identifies the likelihood and impact of those risks occurring and the actions being taken to monitor and control them. Risk assessments are updated regularly and reported to the Audit and Risk Committee which has responsibility for establishing a coherent framework for the Society to manage risk, which also includes a Business Continuity Plan. The objective of the Committee is to assist the Board in carrying out its responsibility to ensure effective risk management and systems of control.

Top and emerging risks

The Society accepts that all its activities involve risk, and it seeks to protect its members by managing risks that arise from its activity appropriately. Risk management activity has focused on strengthening business resilience. The Society's top and emerging risks fall within the themes of colleague safety, mental health and wellbeing, economic uncertainty, supply chain disruption, cyber-attacks and loss of central IT.

The changing demographics of the UK, especially the ageing population, along with any long-term changes in mental health and wellbeing, consumer behaviour and workforce trends, are likely to influence the business in the future. We are also mindful of the importance of sustainability especially in relation to climate change, plastic use and food waste.

A description of significant risks faced by the Society and relevant mitigating factors

Principal risk	Potential impact	How it is managed
Colleague safety and wellbeing	Financial wellbeing remains a significant pressure across the UK, and can lead to increased anxiety for our colleagues. This can also have a significant impact in our local communities and leads to increased risk to our colleagues facing Anti-Social Behaviour and Theft. There are also more general concerns around the mental and physical health of our colleagues that could impact our operations.	Colleague and customer safety is always front of mind. All colleagues have access to support from GroceryAid, a charity who provides emotional, practical and financial support. All our Food store colleagues have access to body worn cameras, acting as a deterrent to anti-social behaviour. We've also recently introduced headsets for all Food store colleagues, helping our colleagues keep in touch no matter where they are in the store. We have continued our wellbeing support through our partnership with Suffolk Mind, training managers in their emotional needs model and currently rolling out wellbeing action plans and crisis support packs to help us assist our colleagues at time of need. We have improved our colleague benefit package to include a wide range of discounts and salary advances.
Economic environment	Inflation rates have fallen since last year, however costs are still rising across our supply chain. There is an increasing challenge of how much cost increase can be passed on to our customers. Energy costs although stabilising are still high, which impacts all areas of our operations.	We seek to understand and respond to the needs of our customers. This includes offering a broad appeal to all customers in our different markets, which is appropriate to economic and market conditions. Financial forecasts are frequently updated to reflect economic indicators and monitor trading conditions. Action is taken, as required, through cost reductions and innovation to stay ahead of the curve.

Principal risk	Potential impact	How it is managed
Competition	The Society trades in highly competitive markets and faces a continuing threat from national and international businesses seeking growth opportunities through expansion into new geographical areas and new formats. There continues to be a significant number of projects being undertaken by the Society at this time to improve its competitiveness, including technology investments and a Food store and Funeral branch refresh programme. If these projects aren't implemented effectively and on time, then there could be an impact on profitability.	We measure trends in our performance and competitiveness, e.g. price checks and promotional offers, as appropriate to the competitive landscape. Improvements are being made to our quick commerce solution. The Society monitors competitor actions as far as is possible from information in the public domain and takes appropriate mitigating actions where possible. Projects are managed using recognised project methodologies and are supported by learning and development programmes.
Compliance with legislation and regulation	The Society is subject to a wide range of legislative and regulatory requirements, principally designed to protect our customers and colleagues, and the Society is naturally fully committed to complying with all such requirements. Compliance failures can have serious implications for the trading performance of the unit concerned, or even for the Society as a whole, as well as potentially damaging our reputation.	The Society ensures that it obtains timely information about forthcoming changes in legislation and that it has robust procedures in place to minimise any risk of non-compliance. The Society employs suitably qualified and experienced compliance and risk individuals. Significant resources are directed to training colleagues and monitoring the effectiveness of training in compliance obligations. We continue to drive efficiencies, through smarter working and technology investment to mitigate impacts on profitability where we can.
Major failure of IT systems or infrastructure	The Society has invested and continues to invest significant sums of money in technology and is heavily reliant on these operational systems. A prolonged failure of a key system or the IT infrastructure would have a detrimental impact on our business, potentially resulting in an inability to make sales, supply stores or pay employees. IT risks are increased with higher levels of cyber-attacks and potential data fraud arising from home working. The pace of technological development also creates risks, including that of potential data loss. This could have a reputational impact with customers losing trust.	Controls are in place to mitigate the risks of losing IT, including disaster recovery and business continuity plans, data back-up procedures, back-up power supply, hardware maintenance agreements and server replication. We continue to develop our cyber security capabilities and report in this area with a cyber security dashboard presented to the Audit Committee at every meeting. Regular tests of controls are undertaken, and the Board use internal audit to obtain further assurance in this area.
Supply chain disruption	Significant disruption of supply to our trading outlets will impact availability of products, which in turn can impact the level of sales achieved by our retail operations, especially our Food stores. Our supply chain is linked to the wider co-operative movement through the food retail buying group, Federal Retail and Trading Services (FRTS). A major participant in FRTS is The Co-operative Group. The Co-operative Group also manages distribution of goods to our Food stores. There are also external risks to the supply chain in the form of labour availability and fuel costs.	Supply chain continuity is an integral part of our business continuity plan. We are active participants within the FRTS organisation, attending all strategy and monitoring group discussions. Availability challenges are a constant area of focus and, where possible, alternative sources of supply, including local suppliers, are sought.

Principal risk	Potential impact	How it is managed
Damage to our reputation and brand	The Society's reputation as an ethical retailer is based not only on our co-operative structure and philosophy, but also our longstanding commitment to ethical business practices, the quality of our products and services, and our ability to respond to changing member and customer demand for our products and services. If we fail to deliver excellent standards of hygiene and safety in our products and stores, there is potential harm to our customers. Any failure to meet the high standards our members expect from us in these core areas will damage our reputation and potentially affect the ongoing success of our businesses.	Considerable management attention and training are devoted to protection of our reputation and brand. Health and safety is a mandatory Board and Management Executive Team agenda item. The Society is an active participant within the co-operative movement and one of its directors is also a Director of Co-operatives UK, the national trade body that campaigns for co-operation and works to promote, develop and unite co-operative enterprises. The Board of Directors is also represented on the Co-op Group's National Members' Council. In practical terms, elements of this risk are outside the Society's control as the Co-operative 'brand' is managed by many different societies in different parts of the country.
Finance and liquidity	An inability to generate sufficient funds to meet business needs, including payments to members, would lead to cash-flow difficulties. The Society also has exposure to commodity prices and fluctuations in interest rates, which can impact on financial performance.	The Finance function has processes and procedures in place to manage its responsibility for the Society's liquid resources, cash-flow requirements and financial risk. Due to the significant capital investment that has taken place over the last few years, the Society now has an overdraft facility in place to cover any working capital fluctuations. External financing had been obtained to fund investment property developments and the acquisition of new Food stores. The Society's revolving credit facility expires in June 2025 and its overdraft is due for renewal in June 2024. The Society is in discussion with its bankers and fully expects both facilities it to be renewed given the Society's strong cash generation and its property asset base. Given that the overdraft is not committed at the date of signing these financial statements, it cannot be relied upon in the Directors' assessment of the Society's going concern status. Prior to the formal renewal of the overdraft, a material uncertainty has been identified in relation to going concern. Please refer to our Accounting Policies for additional information.
Property investment values	The Society's property portfolio comprises both trading and investment properties. The latter are revalued on a regular basis in line with generally accepted accounting principles and in commercial terms provide a significant source of investment income to the Society. Any downturn in the commercial and residential property markets is likely to impact this income stream and, in consequence, reduce the capital value of those investments.	The composition and performance of the investment property portfolio is under continual review to mitigate any risks to the Society.
Pension schemes	Inherent within the Society's final salary scheme is the risk that key variables, such as life expectancy and investment returns earned, may vary from current expectations, and potentially increase the future costs that will have to be borne by the Society.	The Society employs a platform approach using a sole trustee model to manage its defined benefit pension scheme. A pension steering group is in place to carefully monitor the pension risks, taking action when necessary to adjust contributions to the schemes and revising the scheme investment strategy to mitigate risks. The final salary scheme has been closed to future accrual to reduce risk in this area. The asset-backed funding arrangement, introduced by the Society in 2013, has improved security for members of the defined benefit pension scheme as well as increasing certainty for the Society in terms of funding.

Modern Slavery Statement

This statement is made pursuant to s.54 of the Modern Slavery Act 2015 and sets out the steps that the East of England Co-operative Society has taken and is continuing to take to ensure that modern slavery or human trafficking is not taking place within our business or supply chain.

Modern slavery encompasses slavery, servitude, human trafficking and forced labour. The East of England Co-operative Society has a zero tolerance approach to any form of modern slavery. We are committed to acting ethically and with integrity and transparency in all business dealings and to putting effective systems and controls in place to safeguard against any form of modern slavery taking place within the business or our supply chain.

Our business

The Society's principal business activities are Food retailing, Funeral Services and management of its Investment Property portfolio. In addition, the Society has interests in Petrol Forecourts, Travel, Events and conferencing, Security and Stonemasonry.

The Society is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and its registered address is Wherstead Park, The Street, Wherstead, Ipswich, IP9 2BJ.

None of our turnover is generated by overseas operations. We do acquire some of our products direct from overseas suppliers, but this is largely isolated to the purchase of stone for our masonry business, H.L. Perfitt Ltd.

Within the last 12 months the Society has used around 1,500 individual suppliers. A significant majority of our turnover is generated from goods purchased through a buying group which comprises the Co-operative Group and a number of other independent co-operative societies. The Co-operative Group has published its own Modern Slavery Statement outlining the steps it takes to ensure fundamental labour standards are applied throughout its supply chains and we are confident that we can place reliance on their procedures and policies.

Our high-risk areas

The signs of modern slavery can often be very subtle and difficult to identify; we are improving our understanding of where the risks are greatest and prioritising our activity accordingly.

During our due diligence we identified that our highest areas of risk were our local suppliers and the masonry stone suppliers to H.L. Perfitt Ltd.

Local suppliers

Local suppliers tend to have a less formal structure and more fluid worker arrangements, often relying on migrant, seasonal and agency workers, which may carry a higher risk of human rights abuses.

Local suppliers are often less aware of the circumstances surrounding modern slavery. We will, where necessary, educate our suppliers and make full enquiries regarding their processes and procedures as part of our ongoing audit of our local suppliers.

H.L. Perfitt Ltd

H.L. Perfitt Ltd currently sources stone from China and India which is deemed higher risk due to the varying human rights from country to country. We have made all reasonable efforts, including enquiries through supplier agents, to ensure that modern slavery does not exist within this supply chain.

Our suppliers

The East of England Co-operative Society operates a supplier policy. We conduct due diligence on all suppliers before allowing them to become a preferred supplier. Since 29 January 2017, this due diligence has included an online search to ensure that the organisation has never been convicted of offences relating to modern slavery, on-site audits which include a review of working conditions for relevant suppliers, and inclusion of a section within our supplier manual which asks suppliers to report any issues or concerns that they may have. Our anti-slavery policy forms part of our bond with relevant suppliers and they are required to confirm that no part of their business operations contradicts this policy.

In addition to the above, as part of our bond with our suppliers, we require that they confirm to us that:

- They ensure that their employees have the right to work in the UK.
- They meet the requirements of UK employment legislation, which is assumed to include the requirement to pay the National Minimum Wage.
- They have systems in place to ensure that their employees are not enslaved or forced to work contrary to the Modern Slavery Act 2015.

We may terminate the contract at any time should any instances of modern slavery come to light.

Our policies

We operate a number of other internal policies to ensure that we are conducting business in an ethical and transparent manner.

These include:

- Recruitment policy
- Whistleblowing policy
- Dignity at work policy
- Equal opportunities policy

Training

We conduct training for our procurement/buying teams so that they understand the signs of modern slavery and what to do if they suspect that it is taking place within our supply chain.

Our performance indicators

We will know the effectiveness of the steps that we are taking to ensure that slavery and/or human trafficking are not taking place within our business or supply chain if:

- No reports are received from colleagues, the public or law enforcement agencies to indicate that modern slavery practices have been identified.
- All suppliers deemed by the Society to be at a higher risk of human rights abuses have been subject to the Society's audit procedures and no concerns have been highlighted.

On behalf of the Board:

Frank Moxon

Frank Moxon
President

25 April 2024

Corporate Matters

This section of the report covers corporate policies and practices that the Board considers should be communicated to members.

Things remain tough for shoppers this year. With interest rates and bills staying high, it's impacting people's disposable income. We think this will keep changing what people buy and where they shop.

Colleague wellbeing

In our last report we shared with you some of the steps and measures we had taken to support our colleagues' physical, mental and financial wellbeing. The wellbeing of our colleagues remains a key priority and in the past year we've continued to introduce measures of support, including:

- Access to Smart Health – an app-based health and wellbeing service which gives access to a virtual GP, nutrition and fitness advice, mental health support, as well as other features.
- A new mortgage advice service – providing colleagues at our co-op, as well as their friends and family, with free advice and no broker fees on mortgage applications.
- An update to our Compassionate Leave policy to be more flexible, supporting line managers to use their own discretion when agreeing paid leave arrangements.
- The introduction of a specific Parental Bereavement policy, increasing our paid leave support.
- New support packs for colleagues who are bereaved or who have been diagnosed with terminal illness, and for the loved ones or next of kin of a colleague who has died.
- New short animations, produced in partnership with Suffolk Mind, explaining bereavement and grief, and exploring how best to support someone else who is bereaved.

We've also continued to provide:

- Training for line managers to support them in supporting their teams with good mental health practices in the workplace.
- A year-round, increased colleague discount of 20%, increasing to 25% for two months during the winter period.
- £50 of East of England Co-op vouchers in December for colleagues to spend in our Food stores.

Colleague engagement

In January 2023, 68% of our colleagues completed the Colleague Engagement Survey. Repeating the survey gives us a great opportunity to look at the impact of the actions we've taken over the last year and find opportunities to further improve the daily lives of our colleagues.

Our overall engagement score was 75%. This is an indication of the emotional connection our colleagues have to our co-op and whether we're creating and supporting a workplace where they're able to thrive. The higher the score, the better, so we were delighted to see this had increased since 2021. There were improved results across nearly every part of the survey. The results were also better than the external benchmark for other similar retail businesses.

The survey showed improvements in how our colleagues feel valued and cared for, and there were also improvements seen in colleague benefits, working relationships, the working environment and opportunities to develop, with fairness and inclusion being the highest scoring category.

Changes that have been introduced as a direct result of colleague feedback include an online colleague community, The Loop, and a new colleague benefits hub, Benefits Gateway, as well as a new suggestions channel for colleagues. We will be repeating the survey in 2024 so we can continue improving the daily lives of our colleagues based on their feedback.

Inclusion and diversity

In 2021, we established a Diversity, Equity and Inclusion (DEI) Steering Group. Comprised of colleagues from our co-op, the Steering Group's objective is to help us on our journey to being a more diverse and inclusive place to work. In the past 12 months, the group have focused on:

- Recruitment – including how we support managers with recruitment, whilst having DEI in mind. This was supported by our hugely successful Funeral Services external recruitment campaign.
- Improving our understanding of our colleagues – to better understand the diversity of our own colleagues, we invited colleagues to complete a diversity survey. This is open to all colleagues and mandatory to all new colleagues joining our co-op. This helps us take meaningful and relevant action to benefit everyone who works with us.
- Important calendar dates – promoting key cultural and religious events and festivals, raising awareness and increasing knowledge. For example, we actively engaged with Pride Month in June to promote visibility of our LGBTQ+ colleagues and highlight the availability of support for LGBTQ+ colleagues and their families.
- Wellbeing – working with teams across our co-op on wellbeing programmes to provide our colleagues with the best possible support at work, including the launch of a new bereavement policy and supporting resources.

In 2024, the DEI Steering Group will continue to help shape our co-op's policies, as well as our wellbeing, education and awareness programmes, as we strive to be the best place to work in the East of England.

Initiatives will include:

- A full calendar of events to support such as Pride, Eid, Men's Mental Health Week, Deaf Awareness Week and Carers Week.
- Continuing to signpost our colleagues, customers and members to important information, support and awareness on key DEI led topics.

Supplier payment policy

It is our policy to agree the terms of payment with suppliers at the start of the commercial arrangement, ensure that suppliers are aware of the terms of payment and then pay according to those terms once we receive an accurate invoice.

Trade creditor days as at 27 January 2024 were 16 days (2023: 14 days). This represents the ratio, expressed in days, between the amounts we are invoiced by our suppliers in the year and the amounts due at the year end to trade creditors.

Political donations

The Society's rules provide that affiliation and subscription to the Co-operative Party shall be determined by members in a general meeting. During the year, subscriptions of £34,000 (2023: £34,000) were paid to the Co-operative Party.

Auditor independence

To ensure auditor independence and objectivity are safeguarded, the Board has a policy of monitoring any non-audit work undertaken by the Society's auditors.

All non-audit engagements of the External Auditor require formal approval by the Audit and Risk Committee except that the Committee's authorisation is not required where the External Auditor will be undertaking the proposed engagement in conjunction with other external organisations (as a member of a consortium, as a sub-contractor or through some other relationship) and the External Auditor will receive less than 15% of the value of the contract.

Directors' and Officers' indemnity insurance

The Society maintains appropriate Directors' and Officers' liability insurance cover in respect of legal action against its Directors. The arrangements for this were reviewed during the year.

Statement of compliance with Co-operative UK's Code on Withdrawable Share Capital

The Society complies with the Code of Best Practice developed by Co-operatives UK with the agreement of HM Treasury. The Code sets out the minimum standards of good practice that a consumer retail co-operative society should observe in its use of Withdrawable Share Capital.

Statement of compliance with Co-operative Corporate Governance Code (2019)

Co-operatives UK published a revised code of corporate governance during 2019. To help members assess the Society's governance arrangements, the Society has specified key elements of the Code with which it does not comply. The matters listed will be kept under review by the Board.

Statement of disclosure of information to auditors

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

On behalf of the Board:

Jonathan Carey

Jonathan Carey
Secretary

Frank Moxon

Frank Moxon
President

25 April 2024

Co-operative Corporate Governance Code (2019) – exception report

	Explanation of non-compliance
Three-year term for Directors and cumulative term limit for the role of President (Chair)	The Code advises Societies to have three-year terms for Directors and to limit consecutive service to three terms. With a Board of 16 Directors, it is felt that four-year terms are more appropriate, and the consecutive service limit is expressed as 12 years rather than three terms. The code also advises Societies to have a cumulative maximum term limit of nine years for any one Director to hold the position of Society President (Chair). The Society does not have such a cumulative term limit, but does maintain a maximum consecutive term limit of four years for any one Director to hold the position of President (Chair). Following which, a break of at least one year is required to be taken before being eligible for re-election to the position.
Audit Committee	The Audit Committee does not have a Director with recent relevant financial experience or an accountancy qualification. However, the Committee has access to independent professional advice and considerable experience of constructively challenging the Executives.

Statement of Directors' Responsibilities

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

The Co-operative and Community Benefit Societies Act 2014 requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accountancy Practice), including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). Under the Co-operative and Community Benefit Societies Act 2014 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.
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.
- Provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Society's financial position and financial performance.
- State whether applicable United Kingdom Accounting Standards, including FRS 102, 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.

Under applicable law and regulations, the Directors are also responsible for preparing a governance report that complies with that law and those regulations. 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 Society's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going concern

The Board of Directors has considered the requirement of the Co-operative Corporate Governance Code (2019) to confirm its view that the Society can be regarded as a going concern. After making all appropriate enquiries, the Directors have a reasonable expectation that the Society has adequate resources to continue in operational existence for the period to 17 May 2025. However, as the Society's overdraft is uncommitted at the date of signing these financial statements, a material uncertainty has been identified in relation to going concern. Please refer to our Accounting Policies for additional information.

Board certification

The Financial Statements on pages 39 to 64 are hereby signed on behalf of the Board of Directors pursuant to the Co-operative and Community Benefit Societies Act 2014.

On behalf of the Board:

Frank Moxon

Frank Moxon
President

Joy Burnford

Joy Burnford
Vice-President

Jonathan Carey

Jonathan Carey
Secretary

25 April 2024

Independent Auditor's Report

to the members of East of England Co-operative Society Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- East of England Co-operative Society Limited's (the "Society") group financial statements (the "financial statements") give a true and fair view of the state of the Society's affairs as at 27 January 2024 and of the Society's loss for the 52-week period ("the period") then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014 and the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969.

We have audited the financial statements of the Society for the 52-week period ended 27 January 2024 which comprise:

The Group Balance Sheet as at 27 January 2024
Group Revenue Account and Group Statement of Comprehensive Income for the period then ended
Group Statement of Changes in Equity for the period then ended
Group Statement of Cash Flows for the period then ended
Related notes 1 to 7 to the financial statements, including a summary of significant accounting policies

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and United Kingdom Accounting Standards, FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to the "Accounting policies" section of the financial statements, which indicates that at the date of approval of these financial statements the Society has insufficient committed financing through the going concern period to 17 May 2025. As stated, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Society's ability to continue as a 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. Our opinion is not modified in respect of this matter.

To evaluate the directors' assessment of the Society's ability to continue to adopt the going concern basis of accounting, we performed the following procedures:

- In conjunction with our walkthrough of the Society's financial statement close process, we confirmed our understanding of management's going concern assessment process and also engagement with management early to ensure all key risk factors we identified were considered in the assessment;
- We obtained management's going concern assessment, including the cash flow forecast for the going concern period which covers the period to 17 May 2025. The Society has modelled a base case scenario and severe but plausible downside scenarios in its cash flow forecasts in order to incorporate unexpected changes to the forecasted liquidity of the Society;
- We tested the factors and the assumptions included in each modelled scenario for the cash flow forecasts and we have considered the impact of the current macro-economic pressures including the cost of living crisis. We considered the appropriateness of the methodology used to generate the cash flow forecasts, including comparison of forecasts to actual post year end trading;
- We understood the existing facilities available to the Society and the terms and covenants present within these facilities. We considered management's plans to renew or extend these facilities on expiry within and shortly after the going concern period;
- We considered the mitigating factors included within the forecasts that are within the control of the Society; and
- We reviewed the going concern disclosures included within these financial statements in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Society's ability to continue as a going concern.

Overview of our audit approach

Audit scope

- The two core operating businesses are made up of seven reporting units and the group financial statements are a consolidation of those seven reporting units and centralised functions.
- East of England Co-operative Society, Ardencrest Limited, and the centralised functions were considered to be financially significant and therefore were subject to audits of their complete financial information by the group audit team.

Key audit matters

- Investment property valuations
- Store asset impairment
- Revenue recognition
- Defined benefit pension plan liability

Materiality

- Overall group materiality of £5.9 million which represents 1.5% of group revenue.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Store asset impairment The Society operates through a large number of stores across its retail and funeral businesses. The related tangible fixed assets have a carrying value of £97.2 million (2023: £99.5 million). Given that these amounts are significant assets for the Society and the impact of macro-economic conditions on the trading performance of the Society continues to be challenging, there is a risk that the value of these tangible fixed assets may be impaired. The Society has recorded an impairment charge of £1.0m in the period (2023: £0.6m). For stores where the Society owns the freehold, these are often supported by the market value they would achieve if they were to be sold, however stores which are leased by the Society are at higher risk of impairment as they must be supported by future forecast cash flows. These leasehold stores have a carrying value of £7.8 million as at 27 January 2024.	We understood the Society's tangible fixed assets held within the store estate and the valuation policies applied. We have understood the performance of each part of the business and obtained management's store by store assessment of current year and future forecast performance, to test for triggers of impairment. Management's assessment performed a discounted cash flow analysis for each store showing a negative cash contribution, after the allocation of overheads, in either the current or next financial year. We reviewed management's store by store assessment and noted the assessment of both the net present value of future cash flows, and for some stores, the fair value less costs to sell for those properties with negative net present values. We selected a sample of items focused on those stores with a negative net present value and obtained the supporting calculations for the market values of these properties. We challenged the key assumptions used in the impairment model such as growth rates, discount rates, overhead and personnel costs by understanding the basis of these estimates, corroborating these with other external sources where possible and performing sensitivity analysis. We have challenged the allocation of central overhead costs in management's store by store analysis to ensure all required overhead costs were included. We performed sensitivity analysis on management's calculations to key assumptions and to assess the level of reliance on the fair value less costs to sell calculated for each freehold property with a negative net present value. We tested the completeness of the store-by-store assessment ensuring that all stores, freehold and leasehold, with negative cash contribution were included in the assessment, by reference to our revenue testing procedures.	Based on the procedures performed, we did not identify any evidence of material misstatement in the assessment of store asset impairment in the period.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Investment property valuations The Society holds a large number of investment properties with a carrying value of £122.9 million. This represents an increase of £0.6 million compared to the prior year. Given that these amounts are significant assets for the Society and there is inherent complexity within the valuation methodologies applied, there is a risk that the valuations performed at the year-end may be inaccurate.	We understood the Society's investment property portfolio and how valuation policies are applied. We selected a sample of investment properties, including internally and externally valued properties. This included those properties that are material to the Society individually, those with large valuation movements, new acquisitions and an additional random sample. We engaged our property valuation experts to independently assess the valuation methodology and year end valuation of each sampled property. We assessed management's review of the work of the external valuers as well as the competence, independence and integrity of the external valuers. We discussed and challenged the valuation process, significant assumptions and critical judgement areas on a sample basis. We challenged these by engaging our property valuation experts, by benchmarking these assumptions to relevant market evidence including specific property transactions and other external data, and by ensuring consistency of assumptions across the portfolio. We have performed analytical procedures over the entire investment property valuation for the year, including individual property by property analysis for significant movements.	Based on the procedures performed, we did not identify evidence of material misstatement in the valuation of the investment property portfolio.
Revenue recognition The group's retail sales arrangements are generally straightforward, being on a point-of-sale basis and requiring little judgement to be exercised. However, there are a number of central manual adjustments to the revenue recorded and in a number of the smaller revenue streams, there is increased manual processing of revenue transactions. Our procedures were designed to address the risk of manipulation of accounting records and the risk that management may override controls through posting of manual journal entries.	We understood the Society's revenue recognition policies and how they are applied, including the relevant controls. We ensured these policies were in line with the relevant accounting framework. As part of our overall revenue recognition testing, we used data analysis tools on 100% of revenue transactions for food retail, funeral and travel revenue in the year to test the correlation of revenue to cash receipts to verify the occurrence of revenue. This provided us with a high level of assurance over the revenue. For those revenue streams where we did not use data analysis tools, we performed appropriate alternative procedures over revenue recognition as follows: We obtained a detailed understanding of the material manual adjustments to revenue. Due to the manual nature of these adjustments, we performed substantive analytical audit procedures or other substantive procedures over each material adjustment corroborating where required to supporting evidence such as cash receipt. We performed other audit procedures specifically designed to address the risk of management override of controls including journal entry testing, analytical procedures and cut-off testing at period end, applying particular focus to the timing of revenue transactions.	Based on the procedures performed, we did not identify any evidence of material misstatement in the revenue recognised in the period.
Defined benefit plan The Society has a defined benefit pension surplus of £1.4 million (2023: £2.6 million net liability), which is made up of a liability of £168.0m (2023: £180.3m) offset by assets of £169.4m (2023: £177.7m). This is significant in the context of the group balance sheet. The valuation of the pension liability requires significant levels of judgement and technical expertise in choosing appropriate assumptions. These assumptions include salary increases, inflation, discount rates, expected rate of return on plan assets and mortality rates.	We involved our actuarial experts to assess the assumptions used in calculating the pension plan liabilities, including salary increases and mortality rate assumptions. This allowed us to ensure the assumptions used were consistent with the specifics of the plan and, where applicable, with relevant national and industry benchmarks. We also assessed the discount and inflation rates used in the valuation of the pension liabilities to our internally developed benchmarks and assessed the extent to which these were in line with other companies' recent external reporting.	Based on the procedures performed, we did not identify any evidence of material misstatement in the valuation of the defined benefit plan liabilities in the period.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality, and our allocation of performance materiality determine our audit scope for each entity within the Society. Taken together, this enables us to form an opinion on the consolidated financial statements.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which it operates.

The group is structured as two core operating businesses focused on retail trading and investment property across the East of England. The businesses are made up of seven reporting units and the group financial statements are a consolidation of those seven reporting units and centralised functions.

East of England Co-operative Society Limited, Ardencrest Limited and the centralised functions were considered to be financially significant and therefore were subject to audits of their complete financial information by the group audit team. This scope of work, together with audit work on the consolidation, gave us the evidence we needed for our opinion on the group financial statements as a whole. All audit work performed for the purposes of the audit was undertaken by the Group audit team.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Society to be £5.9 million (2023: £5.7 million), which is 1.5% (2023: 1.5%) of total revenues. We believe that using revenue as a benchmark is a generally accepted audit practice, in the absence of another alternative benchmark which would be appropriate.

During the course of our audit, we reassessed initial materiality which was in line with our original assessment at the planning stage.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality

On the basis of our risk assessments, together with our assessment of the Society's overall control environment, our judgement was that performance materiality was 75% (2023: 75%) of our planning materiality, namely £4.5 million (2023: £4.2 million). We have set performance materiality at this percentage due the strength of the control environment.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on performance materiality

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £297k (2023: £283k), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

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 contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Society and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report.

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

- •adequate accounting records have not been kept by the society, or returns adequate for our audit have not been received from branches not visited by us; or
- •the society financial statements are not in agreement with the accounting records and returns; or
- •certain disclosures of directors' remuneration specified by law are not made; or
- •we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities statement set out on page 32, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

- Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Society and determined that the most significant are those that relate to the reporting framework, FRS 102, the Co-operative and Community Benefit Societies Act 2014 and the relevant tax laws and regulations in the UK. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements relating to health and safety, employee matters and data protection. These include General Data Protection Regulations, Health and Safety at Work Act 1974, HMRC regulations, UK Bribery Act, Equality Act 2010 and Anti-Money Laundering Regulations.
- We understood how the Society is complying with those frameworks by making enquiries of management, the Audit Committee and the Board of Directors. We corroborated our enquiries through our review of board minutes and consideration of the results of our audit procedures across the group.
- We assessed the susceptibility of the Society's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where they considered there was susceptibility to fraud and reviewed the entity level controls in place across the Society. We considered the controls that the Society has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how management monitors those controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions; enquiries of management; and challenging the assumptions and judgements made by management by reviewing third party evidence wherever possible. We also leveraged our data analytics platform in performing our work to assist in identifying higher risk transactions for testing. The results of our procedures did not identify any instances or irregularities, including fraud.

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

Use of our report

This report, including the opinions, has been prepared for and only for the Society's members as a body in accordance with Section 87 (2) and Section 98 (7) of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst + Young LLP

Mark Eilbeck (Senior statutory auditor)
for and on behalf of Ernst & Young LLP,
Statutory Auditor
Cambridge, 29 April 2024

Group Revenue Account

For the 52 weeks ended 27 January 2024

	Note	2024 52 weeks £000	2023 53 weeks £000
Turnover	*1.1*	**395,632**	**377,518**
Cost of sales	*2.1*	(284,300)	(272,686)
Gross profit		**111,332**	**104,832**
Operating expenses	*2.1*	(115,295)	(110,355)
Trading loss		**(3,963)**	**(5,523)**
Changes in fair value of investment properties	*4.2*	(1,738)	(1,781)
Impairment of tangible fixed assets	*4.2*	(1,005)	(617)
Impairment of investments	*4.3*	(100)	–
Exceptional bad debt	*4.5*	(705)	–
Restructuring costs	*2.1*	(466)	(1,196)
Loss before interest, distributions and taxation		**(7,977)**	**(9,117)**
Interest receivable and similar income	2.2	41	2,071
Interest payable and similar expense	2.2	(736)	(146)
Other finance expense	2.2	(51)	(198)
Loss before distributions and taxation		**(8,723)**	**(7,390)**
Dividend		(656)	(958)
Grants/donations	2.3	(165)	(459)
Loss before taxation		**(9,544)**	**(8,807)**
Taxation	*3.1*	1,769	3,541
Loss for the financial year		**(7,775)**	**(5,266)**

	Note	2024 52 weeks £000	2023 53 weeks £000
Alternative performance measure – underlying trading loss			
Loss before interest, distributions and taxation		(7,977)	(9,117)
Changes in fair value of investment properties	*4.2*	1,738	1,781
Impairment of tangible fixed assets	*4.2*	1,005	617
Impairment of investments	*4.3*	100	–
Exceptional bad debt	*4.5*	705	–
Restructuring costs	*2.1*	466	1,196
Underlying trading loss for the year		**(3,963)**	**(5,523)**

Group Statement of Comprehensive Income

For the 52 weeks ended 27 January 2024

	Note	2024 52 weeks £000	2023 53 weeks £000
Loss for the financial year		(7,775)	(5,266)
Remeasurements of net defined benefit obligations	*5.4*	1,222	5,969
Remeasurements of UURBS obligations	*5.4*	53	443
Movement in deferred tax relating to pension liability	*3.1*	2,702	(2,562)
Total other comprehensive income		3,977	3,850
Total comprehensive expense for the year		**(3,798)**	**(1,416)**

Group Balance Sheet

As at 27 January 2024

	Note	£000	2024 £000	£000	2023 £000
Fixed assets					
Intangible assets	*4.1*		8,258		9,692
Tangible assets	*4.2*		219,104		221,866
Investments	*4.3*		758		859
			228,120		**232,417**
Current assets					
Stocks	*4.4*	16,098		15,187	
Debtors – falling due within one year	*4.5*	11,415		14,081	
Debtors – falling due after one year	*4.5*	56,123		59,060	
Cash at bank and in hand		4,247		4,330	
		87,883		92,658	
Current liabilities					
Creditors – amounts falling due within one year	*5.1*	(48,625)		(41,215)	
Net current assets			39,258		51,443
Total assets less current liabilities			267,378		283,860
Long-term liabilities					
Creditors – amounts falling due after more than one year	*5.1*		(36,834)		(40,596)
Provision for other liabilities	*5.3*		(2,575)		(7,046)
Net assets excluding pension liabilities			227,969		236,218
Pension obligations					
Surplus/(Deficit) on defined benefit scheme	*5.4*		1,397		(2,645)
Other retirement benefits	*5.4*		(1,292)		(1,381)
Net assets			**228,074**		**232,192**
Capital and reserves					
Share capital	*6.1*		7,198		7,481
Fair value reserve			51,458		51,812
Revenue reserve			169,418		172,899
Members' funds			**228,074**		**232,192**

Group Statement of Changes in Equity

For the 52 weeks ended 27 January 2024

	Share capital £000	Fair value reserve £000	Revenue reserve £000	Total £000
As at 22 January 2022	**8,670**	**52,529**	**173,686**	**234,885**
Loss for the year	–	–	(5,266)	(5,266)
Other comprehensive income	–	–	3,850	3,850
Transfer	–	(717)	717	–
Total comprehensive expense for the year	–	(717)	(699)	(1,416)
Contributions to share capital	901	–	–	901
Withdrawals	(2,161)	–	–	(2,161)
Share interest	159	–	(159)	–
Dormant share accounts released to reserves	(88)	–	88	–
Corporation tax on dormant share accounts	–	–	(17)	(17)
Total transactions with members recognised directly in equity	(1,189)	–	(88)	(1,277)
As at 28 January 2023	**7,481**	**51,812**	**172,899**	**232,192**
Loss for the year	–	–	(7,775)	(7,775)
Other comprehensive income	–	–	3,977	3,977
Transfer	–	(354)	354	–
Total comprehensive expense for the year	–	(354)	(3,444)	(3,798)
Contributions to share capital	379	–	–	379
Withdrawals	(699)	–	–	(699)
Share interest	37	–	(37)	–
Total transactions with members recognised directly in equity	(283)	–	(37)	(320)
As at 27 January 2024	**7,198**	**51,458**	**169,418**	**228,074**

Group Cash Flow Statement

For the 52 weeks ended 27 January 2024

	Note	2024 52 weeks £000	2023 53 weeks £000
Net cash from operating activities	7.3	4,049	(4,934)
Taxation received		256	307
Net cash generated/(used in) from operating activities		4,305	(4,627)
Cash flow from investing activities			
Purchase of intangible assets		(757)	(452)
Purchase of tangible assets		(8,035)	(4,687)
Proceeds from disposals of tangible assets		1,230	2,476
Disposal of funeral plan investments		–	5,475
Net proceeds from sale of businesses		–	(18)
Interest received and similar income		41	39
Interest payable and similar expense		(736)	(146)
Net (used in) /received from investing activities		(8,257)	2,687
Cash flow from financing activities			
Contributions to share capital		379	901
Share capital withdrawn		(699)	(2,161)
New bank loan entered into/(bank loan repaid)		1,000	1,000
Capital element of finance lease repaid		(141)	(133)
Net cash received from/(used in) financing activities		539	(393)
Net decrease in cash and cash equivalents		(3,413)	(2,333)
Cash and cash equivalents at the beginning of the year	7.3	(1,756)	577
Cash and cash equivalents at the end of the year		**(5,169)**	**(1,756)**
Cash and cash equivalents consists of:			
Cash at bank and in hand		4,247	4,330
Bank overdraft		(9,416)	(6,086)
Cash and cash equivalents		**(5,169)**	**(1,756)**

Accounting Policies

General information

The East of England Co-operative Society (registered number 1099R) and its subsidiaries operate Food stores, Travel Branches, Petrol Forecourts and Funeral Services branches across Norfolk, Suffolk, Essex and Cambridgeshire. In addition, the Group holds a large portfolio of investment properties and offers security services.

The Society is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and its registered address is Wherstead Park, The Street, Wherstead, Ipswich, IP9 2BJ.

Basis of accounting

The following accounting policies have been applied consistently. The Group financial statements are prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland'' ("FRS 102''). The financial statements are also prepared in accordance with the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 and the Co-operative and Community Benefit Societies Act 2014.

Accounting date

The Group financial statements are made up to the fourth Saturday in January of each year. The financial year represents the 52 weeks ended 27 January 2024 (2022: 53 weeks ended 28 January 2023).

Basis of consolidation

The consolidated financial statements include the audited results of East of England Co-operative Society Limited and all its subsidiaries. However, not all subsidiaries' financial statements are subject to audit. Please refer to note 7.5 for details.

Subsidiaries are those entities controlled by the Group. Control exists when the Society has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. The results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Accounting policies are consistent across all of the Society's subsidiaries.

Going concern

The financial statements for the 52 weeks ended 27 January 2024 (2023/24 financial year) have been prepared on the going concern basis.

In the 2023/24 financial year, the Society generated revenue growth of 4.8% to £395.6m. This is even more positive as the prior year had an additional week of trading included. The Society incurred an underlying trading loss of £4.0m which is a £1.6m improvement to the prior year, and at the year end had net assets of £228.1m (2022/23: £232.2m) and net current liabilities (after adjusting for funeral bond accrued income due in more than one year) of £16.8m (2022/23: £7.6m).

The economic challenges that have been encountered in the past few years have not disappeared, but positive signs are showing in stabilising interest rates and inflation reducing to more controlled levels. The Society continues to monitor its position carefully in terms of its cost base and the pricing that it passes on to customers. The Directors have considered the impact of these economic headwinds on all of the Society's operations and future prospects as part of their strategic plan and budgeting, and specifically for the forecasting underpinning their going concern assessment period to 17 May 2025 (the going concern assessment period).

The Society has relatively low levels of external financing, in comparison to its asset base, with current funding facilities consisting of a £5.0m Revolving Cash Facility (RCF) with one bank which runs until 10 June 2025 (with one covenant compliance requirement relating to 'net leverage') and an overdraft facility for £10.0m with a different bank, which is agreed annually and runs from July to June for each renewal year. This overdraft has been in place since 2017 and has been annually renewed since then. This is currently committed to 30 June 2024 and the bank have indicated their willingness to renew again but this has not yet been confirmed. At the year end the RCF was £5.0m drawn, £7.4m of the overdraft was utilised and a cash balance of £4.2m was held. As at 23 March 2024 the Society has a fully drawn RCF facility of £5.0m overdrawn bank balance of £3.7m and cash held was £3.7m.

Whilst the Society has generated cash on its trading activities, there has been an overall reduction in cash during the 2023/24 financial year due to the continued investment in future growth. This has enabled the Board and Senior Leadership Team to continue to deliver its strategic and operational plans for returning to sustainable profit. The Board approved an investment budget which included significant capital expenditure based on the Society receiving additional funding. The Society is in discussions with various lenders and expects to have agreed additional funding in the near future. The Board have also approved a property portfolio plan that involves disposals of assets to fund further investment, of which £3.9m of proceeds have been realised to date. However, as at the date of approval of these financial statements this additional funding has not been committed. Until the additional funding is committed then the Board will restrict the discretionary investment activities.

As a result of this, the Society has prepared forecasts for the going concern assessment period which take into consideration scenarios of receiving further financing and investment spend and excluding such significant inflows and outflows. The forecasts assume revenue growth which comprises both volume growth and price growth, consistent gross margin percentages and further operating cost increases in line with current inflation forecasts for the specific related costs. It also assumes the renewal of the overdraft facility at existing levels at the end of term on 30 June 2024. Management have also considered the realisation of potential benefits from a review of the operating model and increasing energy costs. Within this base case forecast the Society will continue to fully utilise the RCF and some of the overdraft throughout the going concern assessment period and will meet the RCF covenant requirement. Given the uncertain trading environment the Society currently faces across its various business streams, the Society has also modelled severe but plausible downside scenarios whereby certain assumptions around volume growth and margins on the trading business are decreased and costs are increased. Although reducing potential profitability, the forecasts show continued cash generation and meeting of funding covenants in these scenarios.

The Society is currently in discussions with its lenders to secure additional long-term funding and renewing its overdraft facility. The Society believes that it will obtain such funding, within any necessary timeframe, based on its current discussions, previous history of cash generation, future plans and its strong balance sheet and property asset base. However, as the overdraft facility is uncommitted beyond 30 June 2024 and the RCF expires shortly after the end of the going concern period under review, the lack of required committed facilities at the date of approval of the financial statements and the risk that covenants are not met if our severe but plausible downside scenarios are exceeded represents a material uncertainty that may cast significant doubt on the Society's ability to continue as a going concern.

Notwithstanding the above, the Directors believe that the Society will have adequate resources and financing facilities to continue to operate and meet liabilities as they fall due, until the end of the going concern assessment period to 18 May 2025, and should additional facilities be required they would be able to secure them as necessary in advance of such requirements. As such, the Directors continue to adopt the going concern basis in preparing the financial statements. These financial statements do not include any adjustments to the balance sheet values of assets or their recoverable amounts or to provide for further liabilities which may arise if the going concern basis of preparation is inappropriate.

Significant accounting policies

Accounting policies relating to specific areas of the financial statements can be found in their relevant sections.

Provisions

The Group makes provision for liabilities and charges when it has a legal or constructive obligation arising from a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not discounted on the basis of materiality.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's contractual provisions of the instrument.

Use of non-GAAP profit measures – underlying trading profit

The Directors believe that an underlying trading profit measure provides additional useful information for members on underlying trends and performance. This measure is used for internal performance analysis. Underlying profit is not defined by UK GAAP and therefore may not be directly comparable with other societies' or companies' adjusted profit measures. It is not intended to be a substitute for, or superior to, UK GAAP measurements of profit.

Underlying trading profit is calculated by reference to profit before interest, distributions and taxation, adjusted for impairments of investment and trading properties, and exceptional items.

Exceptional items

The Society classifies certain one-off charges or credits that have a material impact on the financial results as exceptional items. These significant items are separately disclosed by virtue of their size or incidence to enable a full understanding of the Society's financial performance. Transactions which may give rise to exceptional costs/gains are principally re-organisation/restructuring costs, significant changes to pension arrangements and any surplus/deficit arising in respect of discontinuance of operations.

In determining underlying trading profit, it is considered appropriate to adjust for exceptional items as these gains or losses can have a significant impact on both absolute profit and profit trends.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Borrowing costs

All borrowing costs are recognised in the Revenue Account in the period in which they are incurred.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Society makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Information about areas of estimation, uncertainty and critical judgements used in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes.

	Note
Deferred taxation – estimation of deferred tax liability in relation to revalued investment property	*3.1*
Measurement of the recoverable amounts from cash-generating units – estimation of future cash flows and selection of pre-tax discount rate	*4.1 and 4.2*
Valuation of investment properties – inherently subjective nature of valuations which includes estimation of future rental income, cash flows and determination of rental yield, specific to each property	*4.2*
Stock valuation – estimation of stock provision which requires judgement	*4.4*
Measurement of pension obligations – inherent uncertainty in use of assumptions	*5.4*

Notes to the Financial Statements

KEEPING IT SIMPLE

The 'keeping it simple' boxes are included as additional disclosure to help readers' understanding and interpretation.

Section 1 – Turnover

IN THIS SECTION

This section provides information used to establish the turnover of the Society.

KEEPING IT SIMPLE – TURNOVER

Turnover represents the amount of money customers pay or are liable to pay at the point of sale and delivery, less VAT, colleague discount and agency fees.

Accounting policy:

Turnover includes cash sales, goods and services sold on credit, commissions and property rental income and arises wholly in the United Kingdom.

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, VAT and other sales tax or duty. Turnover is recognised when:

- The significant risks and rewards of ownership have been transferred to the buyer
- The Group retains no continuing involvement or control of the goods
- The amount can be measured reliably
- It is probable the future economic benefits will flow to the entity, and
- When the specific criteria relating to each of the Group's sales channels have been met, as described below:
  - **a) Retail sales**
    Sales of goods are recognised on sale to the customer, which is considered point of delivery. Retail sales are usually by cash, credit or debit card.
  - **b) Funeral plan income**
    Income from funerals conducted under a third-party, pre-paid funeral plan is recognised when the funeral takes place.
  - **c) Investment property rental income**
    Rental income from operating leases, excluding charges for insurance and maintenance, is recognised on a straight-line basis over the period of the lease, even if payments are not made on this basis.
  - **d) Agency fees and commissions**
    Turnover includes amounts in relation to commission receivable in respect of sales made on an agency basis, principally relating to travel and concession sales, and is recognised at the point of sale.
  - **e) Rendering of services**
    Turnover from a contract to provide security services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract.

1.1 SEGMENTAL REPORTING

KEEPING IT SIMPLE – SEGMENTAL REPORTING

The segmental report details the breakdown of turnover between the Society's different business activities, in this case retail and property.

	2024 £000	2023 £000
Turnover		
Retail	386,593	368,485
Property	9,039	9,033
	395,632	**377,518**

Section 2 – Expenses

IN THIS SECTION

This section contains details of costs incurred by the Society during the year, transactions with Directors, finance costs/income and payments to and on behalf of members.

2.1 EXPENSES

KEEPING IT SIMPLE – COST OF SALES

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

KEEPING IT SIMPLE – OPERATING EXPENSES

Operating expenses are the costs we incur in providing the goods and services we deliver to our customers. This includes the amount we pay our colleagues and the costs of running our retail outlets.

	2024 £000	2023 £000
Cost of sales	**284,300**	**272,686**
Personnel (note 2.1.1)	62,926	60,866
Occupancy costs	19,892	17,717
Profit on sale of fixed assets	38	(469)
Hire of plant and machinery	110	121
Vehicle contract hire/lease	472	462
Depreciation and other amounts written off tangible fixed assets (note 4.2)	6,904	7,003
Amortisation of intangible fixed assets (note 4.1)	2,265	2,439
Auditors' remuneration		
– Fees payable for the audit of consolidated financial statements	147	129
– Fees payable for the audit of the Society and its subsidiaries	28	25
Directors' fees (note 2.1.3)	161	155
Other expenses	22,352	21,907
Operating expenses	**115,295**	**110,355**

The Society incurred restructuring costs of £466,000 (2023: £1,196,000) as a result of changes made to the organisational structure to facilitate delivery of its new strategy.

2.1.1 COLLEAGUES

	2024 Number	2023 Number
The average number of persons employed by the Society during the year was:		
Full time	787	845
Part time	2,769	2,941
	3,556	**3,786**

	2024 £000	2023 £000
The cost incurred in respect of these employees was:		
Wages and salaries	55,736	53,865
Social security costs	3,440	3,334
Other pension costs	3,750	3,667
	62,926	**60,866**

2.1.2 KEY MANAGEMENT COMPENSATION

KEEPING IT SIMPLE – KEY MANAGEMENT COMPENSATION

This is the amount we pay to the Society's Senior Leadership Team.

	2024 £000	2023 £000
Key management includes members of the Senior Leadership Team.		
The compensation paid or payable to key management for employee services is shown below:		
Salary	1,226	949
Taxable benefits	75	69
Pension contributions	64	34
	1,365	**1,052**

Last year total payments of £420,000 were made in respect of termination of office. This brings total key management compensation for the 2022/23 year to £1,472,000.

Seven members of the Senior Leadership Team in service at the year end participated in the Society stakeholder pension scheme.

The remuneration of the Chief Executive Officer (who is also the highest paid employee in service at the year end) included above is set out below.

	2024 £000	2023 £000
Salary	330	247
Taxable benefits	6	6
Pension contributions	20	13
	356	**266**

The emoluments of the members of the Senior Leadership Team in service during the year fell in the following £10,000 brackets:

	2024 Number	2023 Number
Less than £10,000	1	2
£10,000 – £20,000	–	2
£20,000 – £30,000	–	1
£30,000 – £40,000	1	–
£70,000 – £80,000	–	1
£100,000 – £110,000	1	–
£130,000 – £140,000	2	–
£140,000 – £150,000	1	–
£160,000 – £170,000	–	1
£170,000 – £180,000	1	–
£240,000 – £250,000	–	1
£250,000 – £260,000	–	1
£260,000 – £270,000	–	1
£270,000 – £280,000	1	–
£350,000 – £360,000	1	–

2.1.3 TRANSACTIONS WITH DIRECTORS

KEEPING IT SIMPLE – TRANSACTIONS WITH DIRECTORS

This section shows any payments made to Directors for their role in the Society.

	2024 £000	2023 £000
Directors' emoluments		
The total remuneration of the Directors for their Board duties was as follows:		
Fees	161	155
The number of Directors whose emoluments fell in each £5,000 bracket was as follows:	**2024 Number**	**2023 Number**
£0 – £5,000	3	–
£5,001 – £10,000	13	12
£10,001 – £15,000	3	4

2.2 FINANCE COSTS/INCOME

KEEPING IT SIMPLE – FINANCE COSTS/INCOME

This is the amount of money we have paid out or received from our investments. We include interest received on bank accounts and pension obligations and interest paid on overdraft and loan facilities used. Investment income relates to pre-paid funeral plans.

	2024 £000	2023 £000
INTEREST RECEIVABLE AND SIMILAR INCOME		
Interest receivable (note 4.3)	41	39
Investment income (note 4.3)	–	2,032
	41	**2,071**

	2024 £000	2023 £000
INTEREST PAYABLE		
Interest payable	533	146
Investment interest paid (note 4.3)	203	–
	736	**146**

	2024 £000	2023 £000
OTHER FINANCE EXPENSE		
Interest expense on pension obligations (note 5.4)	51	198

2.3 PAYMENTS TO AND ON BEHALF OF MEMBERS

KEEPING IT SIMPLE – PAYMENTS TO AND ON BEHALF OF MEMBERS

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

	2024 £000	2023 £000
GRANTS/DONATIONS		
Member and Community Services' expenditure	165	453
Donations	–	6
	165	**459**

Section 3 – Taxation

IN THIS SECTION

This section shows the current tax and deferred tax charged during the year.

3.1 CURRENT TAX AND DEFERRED TAX

KEEPING IT SIMPLE – CURRENT TAX

This section shows the adjustments we make to our profits or losses to calculate how much tax we have to pay.

KEEPING IT SIMPLE – DEFERRED TAX

Deferred tax arises because financial accounting rules and tax accounting rules are different.

A deferred tax asset is generally a tax saving which will be made in the future as a result of transactions which have already occurred. A deferred tax liability recognises tax which may be payable in the future as a result of events which have already occurred.

Accounting policy:

Taxation expense for the period comprises current and deferred tax recognised in the year. Tax is recognised in the Revenue Account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

TAXATION

	£000	2024 £000	£000	2023 £000
Current tax:				
Adjustment in respect of prior years	–		(291)	
UK current tax credit		–		(291)
Deferred tax:				
Timing differences arising in the year	(1,669)		(2,941)	
Adjustment in respect of prior years	(100)		(292)	
UK deferred tax credit		(1,769)		(3,233)
Total UK tax credit		(1,769)		(3,524)

	2024 £000	2023 £000
Charged through the Group Revenue Account	(1,769)	(3,541)
Charged directly through the Revenue Reserve	–	17
Total UK tax charge	**(1,769)**	**(3,524)**

3.1 CURRENT TAX AND DEFERRED TAX (CONTINUED)

TAX RECONCILIATION

The current tax charge assessed for the year is lower (2023: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	£000	2024 £000	£000	2023 £000
Loss before tax	(9,544)		(8,807)	
Tax due if paid at the applicable UK corporation tax rate 23.93% (2023: 19%)	(2,284)		(1,673)	
Adjustments relating to current tax:				
Adjustment to tax charge in prior period	–		(291)	
Expenses not deductible for tax purposes	242		207	
Expenses not deductible relating to property revaluations	657		339	
Expenses not deductible relating to pension scheme	–		59	
Impact of depreciation (in excess of)/lower than capital allowances	(856)		527	
Impact of super deduction for capital allowances	(8)		(93)	
Accelerated capital allowances	361		446	
Short-term timing differences in relation to accounting provisions	(27)		(150)	
Short-term timing differences in relation to pension scheme contributions	(92)		23	
Short-term timing differences in relation to funeral plans	136		108	
Effect of tax relief on pension contributions	(489)		(399)	
R&D expenditure credits	–		(9)	
Impact of funeral plan tax credits	–		(1,107)	
Capital gains	–		9	
Tax losses carried forward	2,360		1,713	
UK current tax credit		**–**		**(291)**
Adjustments relating to deferred taxation:				
Adjustment in respect of prior period	(100)		(292)	
Movement in deferred tax liability in relation to revalued property	(183)		(54)	
Impact of ineligible depreciation	894		(694)	
Short-term timing differences in respect of pension scheme contributions	96		(30)	
Short-term timing differences in relation to funeral plans	(142)		(142)	
Capital gains	103		36	
Other short-term timing differences	28		197	
Unrelieved tax losses arising in the period	(2,465)		(2,254)	
UK deferred tax credit		**(1,769)**		**(3,233)**
Total UK tax credit		**(1,769)**		**(3,524)**

Tax policy

The Society adopted a tax policy on 18 April 2015. A copy is available on our website at www.eastofengland.coop/about-us/responsible-business/our-policies-(1)/tax. The disclosure made in these financial statements complies with the commitments made in that tax policy.

Tax rates

The Society is subject to the standard rate of corporation tax, which changed from 19% to 25% on 1 April 2023 which was during the financial year. The standard rate of 23.93% applicable for the year has therefore been calculated on a time apportioned basis. All deferred tax assets and liabilities are measured at the new rate of 25%.

Expenses not deductible for tax purposes

Some expenses incurred by the Society may be entirely appropriate charges for inclusion in its financial statements but are not allowed as a deduction against taxable income when calculating the Society's tax liability. The most significant example of this is accounting depreciation or losses incurred on assets that do not qualify for capital allowances (generally land and buildings). Other examples include some legal expenses and some repair costs.

Expenses not deductible/income not taxable relating to property revaluations

The Society's property portfolio has been revalued during the year and the overall value has fallen slightly. As this is not a realised loss it does not give rise to a current tax credit. Instead, a deferred tax provision is maintained to recognise the future liability to tax on capital gains.

3.1 CURRENT TAX AND DEFERRED TAX (CONTINUED)

Expenses not deductible relating to pension scheme
During the year, the Society has recognised other finance expenses of £96,000 (2023: £198,000) relating to movements in the defined benefit pension scheme. Although these expenses have reduced accounting profits, they are not recognised for tax purposes.

Accelerated capital allowances
The accounting treatment of expenditure on fixed assets differs from the taxation treatment. For accounting purposes, an annual rate of depreciation is applied by the Society. For taxation purposes, the Society is able to claim capital allowances, a tax relief provided in law.

Short-term timing differences in relation to accounting provisions
Accounting provisions which are general in nature are not allowed for tax purposes until utilised. This gives rise to a short-term timing difference which is recognised in deferred tax.

Short-term timing differences in relation to funeral plans
The Society's transition to new accounting standards on 25 January 2015 led to an accelerated recognition of profit on funeral plan sales. To assist companies in this position, HM Revenue & Customs (HMRC) allowed for some tax liabilities, which arise specifically as a result of transition, to be spread over a 10-year period. This relief resulted in a deferred tax liability being recognised at our transition date, which is being released to the Revenue Account over 10 years.

Adjustments to tax charge/credit in prior years
Adjustments to tax charge/credit in earlier years arise because the tax charge/credit in the financial statements is estimated before the detailed corporation tax calculations are prepared. Additionally, HMRC may not agree with the tax return that was submitted for a year and the tax liability/asset for a previous year may be adjusted as a result.

Capital gains and losses
During the year the Society disposed of a small number of investment properties which will result in an overall capital gain for tax purposes. The gain has been fully offset by brought forward capital losses. The deferred tax asset in relation to capital losses has therefore decreased.

Tax relief on pension contributions
During the financial year ended 25 January 2014, the Society took steps to improve the security of the members of our two former defined benefit pension schemes. To do this, we placed a variety of trading and investment properties into the East of England Scottish Limited Partnership, directing rental income into the pension scheme as a form of cash contribution. The mechanics of this asset backed pension scheme result in the Society seeing tax relief on extra pension contributions of £2,042,251 (2023: £2,098,230).

Tax losses
During the financial years 2022/23 and 2023/24 the Society made significant accounting and tax losses due to increased energy costs. The increase in energy costs is considered temporary and the Society has a plan to return to profitability within the next few years. The carried forward tax losses have therefore been recognised as a deferred tax asset for utilisation against future profits.

DEFERRED TAX

	Balance as at 29 January 2023 £000	Revenue Account £000	Current year deferred tax charge OCI / Reserves £000	Adjustment in respect of prior years £000	Balance as at 27 January 2024 £000
Capital allowances	(2,542)	(894)	–	(2,061)	(5,497)
Short-term difference in relation to funeral plans	(281)	142	–	–	(139)
Other short-term timing differences	450	(28)	–	–	422
Capital losses	237	(103)	–	(56)	78
Tax losses	4,397	2,465	–	2,217	9,079
Deferred tax liability in relation to revalued property	(5,340)	183	–	–	(5,157)
Deferred tax liability relating to pension scheme	(3,967)	(96)	2,702	–	(1,361)
Total deferred tax liability (note 5.3)	**(7,046)**	**1,669**	**2,702**	**100**	**(2,575)**

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Section 4 – Assets

IN THIS SECTION

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

KEEPING IT SIMPLE – ASSETS

An asset is something which is used by the Society to generate a financial benefit. For example, stock is an asset because we will sell it to generate income. Similarly, we use our properties to enable our retail outlets to trade and generate income.

4.1 FIXED ASSETS – INTANGIBLE

KEEPING IT SIMPLE – FIXED ASSETS – INTANGIBLE

An intangible asset is an asset which cannot be physically touched, for example software or licences.

Accounting policy:

Goodwill

Business combinations are accounted for by applying the purchase method.

The cost of the business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated into goodwill.

Goodwill represents the excess of the fair value and the directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

On acquisition, goodwill is allocated to cash-generating units (CGUs) that are expected to benefit from the combination.

Goodwill is amortised over its expected useful life. Where the Group is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding 10 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the Revenue Account.

In accordance with Section 35 of FRS 102, Section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations effected prior to the date of transition.

Other intangible assets

Intangible assets, other than goodwill, are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method, to allocate the depreciable amount of the assets over their useful economic lives at the following principal rates:

- Software 20 to 33.3%

The assets are reviewed for impairment if the factors detailed below indicate that the carrying value may be impaired:

- Technological advancement
- Changes in market price

Costs associated with maintaining computer software are recognised as an expense as incurred.

Intangible assets acquired as part of a business combination are measured at fair value at the acquisition date.

	Goodwill £000	Software £000	Total £000
FIXED ASSETS – INTANGIBLE			
Cost			
At 29 January 2023	**17,282**	**12,240**	**29,522**
Additions	–	831	831
At 27 January 2024	**17,282**	**13,071**	**30,353**
Amortisation			
At 29 January 2023	**11,612**	**8,218**	**19,830**
Charge for the year	966	1,299	2,265
At 27 January 2024	**12,578**	**9,517**	**22,095**
Net book value at 27 January 2024	**4,704**	**3,554**	**8,258**
Net book value at 28 January 2023	**5,670**	**4,022**	**9,692**

Included within software is £301,000 (2023: £224,000) related to assets in the course of construction.

4.2 FIXED ASSETS – TANGIBLE

KEEPING IT SIMPLE – FIXED ASSETS – TANGIBLE

These are the sites that the Society trades from and the fixtures and fittings within these sites. Also included are vehicles used within the Society's business.

Tangible fixed assets also includes investment property, which is property held by the Society which is not used by one of our trading businesses.

Accounting policy:

Fixed assets, excluding investment properties, are stated at cost (being the original purchase price together with costs directly attributable to bringing the asset to its working condition for its intended use) less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated using the straight-line method to allocate the depreciable amount of the assets over the expected useful economic lives at the following principal rates:

- Freehold buildings 2%
- Fixtures, fittings and plant 5 to 33.3%
- Transport 15 to 40%

Depreciation is not provided on freehold land.

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed annually and adjusted if appropriate.

Repairs, maintenance and minor inspection costs are expensed as they occur.

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

Freehold properties transferred into the East of England Co-operative Society relating to the former Colchester and East Essex Co-operative Society were valued at their fair values on merger. This carrying value is deemed cost in the case of these properties.

A number of the Group's properties are held for long-term investment and are recognised as investment properties. In accordance with UK GAAP:

A) on acquisition, investment properties are initially measured at cost

B) investment properties are measured at fair value annually with any change recognised in the Revenue Account, and

C) no depreciation or amortisation is provided in respect of freehold investment properties and long leasehold investment properties.

Tangible fixed assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the Revenue Account for the year.

Impairment of fixed assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the Revenue Account for the year.

The recoverable amount of the asset (or asset's CGU) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's CGU) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's CGU) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Revenue Account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation gain. Thereafter any excess is recognised in the Revenue Account.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's CGU) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Revenue Account. Goodwill is allocated on acquisition to the CGU expected to benefit from the synergies of the combination. Goodwill is included in the carrying value of CGUs for impairment testing.

4.2 FIXED ASSETS – TANGIBLE (CONTINUED)

	Land & buildings £000	Investment properties £000	Fixtures, fittings & plant £000	Transport £000	Total £000
FIXED ASSETS – TANGIBLE					
Cost or valuation					
At 29 January 2023	**124,601**	**122,342**	**52,324**	**4,245**	**303,512**
Additions	828	3,114	4,213	–	8,155
Disposals	–	(1,087)	(352)	(66)	(1,505)
Transfers	(216)	236	(82)	–	(62)
Revaluations	–	(1,738)	–	–	(1,738)
At 27 January 2024	**125,213**	**122,867**	**56,103**	**4,179**	**308,362**
Depreciation					
At 29 January 2023	**46,367**	**–**	**31,391**	**3,888**	**81,646**
Charge for the year	2,091	–	4,668	145	6,904
Disposals	–	–	(169)	(66)	(235)
Transfers	(44)	–	(18)	–	(62)
Impairments	1,005	–	–	–	1,005
At 27 January 2024	**49,419**	**–**	**35,872**	**3,967**	**89,258**
Net book value at 27 January 2024	**75,794**	**122,867**	**20,231**	**212**	**219,104**
Net book value at 28 January 2023	**78,234**	**122,342**	**20,933**	**357**	**221,866**

Included within tangible fixed assets is £2,983,000 (2023: £1,000,000) relating to assets in the course of construction, of which £2,528,000 (2023: £227,000) is in investment properties and £455,000 (2023: £773,000) is in fixtures, fittings and plant. There is an impairment charge included within Land & Buildings of £1,005,000 (2023: £617,000).

The net carrying value of assets held under finance leases included in transport is £202,000 (2023: £345,000).

Particulars relating to revalued assets are given below:

	2024 £000	2023 £000
Investment properties		
At valuation	122,687	122,342
At historical cost	122,981	120,718

Revaluation of investment properties

Each year, 20% of the Society's investment properties are valued externally by Roche Chartered Surveyors. The valuation is undertaken in accordance with the Royal Institution of Chartered Surveyors (RICS) – Global Standards – 2020 (which incorporate the International Valuation Standards 2017) and the UK national supplement. Investment properties and properties held for development (non-trading) are valued on a market value basis. The remainder have been valued by the Society's Chief Property Officer, Stuart McDonald MRICS on a consistent basis.

4.3 INVESTMENTS

KEEPING IT SIMPLE – INVESTMENTS

Investments relate to shares held in other businesses. Until 29 July 2022, the Society also held funeral plan investments which were paid into a contract for whole life insurance on the life of the customer for the purpose of providing the funeral and disclosed within investments. On 29 July 2022, the Society transferred its funeral plan business to Ecclesiastical Planning Services Limited.

Accounting policy:

Investments in shares are stated at cost less provision for any impairment in value. Interest and investment income is accounted for on an accruals basis.

4.3 INVESTMENTS (CONTINUED)

	Fixed assets		Interest / investment income	
	2024 £000	2023 £000	2024 £000	2023 £000
INVESTMENTS				
Co-operative Group Limited				
– Shares	757	757	–	–
Other I & P societies				
– Shares	1	1	–	–
Other	–	101	5	3
Short-term deposits	–	–	6	6
Overnight deposit	–	–	30	30
Funeral plans*	–	–	(203)	2,032
	758	**859**	**(162)**	**2,071**

*Includes interest paid in respect of funeral plans cancelled or transferred.

During the year investments of £101,000 were impaired.

On 29 July 2022, the Society transferred its funeral plan business to Ecclesiastical Planning Services Limited ('EPSL'). Until this date, for the purpose of providing the funeral and to comply with the provisions of the Financial Services and Markets Act 2000, all monies received for funeral plans were paid into a contract for whole life insurance on the life of the customer. On 29 July 2022, all such investments held by the Society were transferred to EPSL. As the Society retains the future right to conduct all funeral services associated with these transferred funeral plans, an accrued income asset has been recognised instead of an investment.

4.4 STOCK

KEEPING IT SIMPLE – STOCK

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

Accounting policy:

Stock consists of goods held for resale and is stated at the lower of cost and estimated selling price less costs to sell.

Cost is calculated using the weighted average cost method.

At the end of each reporting period stock is assessed for impairment. If an item of stock is impaired, the identified stock is reduced to its selling price less costs to sell and any charge is recognised in the Revenue Account. If a reversal is required then the impairment charge is reversed and the credit is recognised in the Revenue Account.

	2024 £000	2023 £000
STOCK		
Goods for resale	16,098	15,187

Goods for resale is stated after provision for impairment of £323,000 (2023: £430,000). The movement in the provision is charged/credited to cost of sales each year.

4.5 TRADE AND OTHER DEBTORS

KEEPING IT SIMPLE – TRADE AND OTHER DEBTORS

A debtor is an amount owed by a person or business that has purchased goods or services from the Society but has not yet paid for them.
A pre-payment is an amount paid by the Society in advance of the goods or services being received. Accrued income relates to funeral plan income that the Society is entitled to recognise for accounting purposes, but where no invoices have been raised or cash received.

Accounting policy:

Trade debtors are non-interest bearing and are stated at their nominal value, as reduced by appropriate allowances for estimated irrecoverable amounts. A provision for impairment of trade debtors is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the debt.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade debtor is impaired. The amount of any loss is recognised in the Revenue Account within operating expenses.

Subsequent recoveries of amounts previously written off are credited against operating expenses in the Revenue Account.

Funeral plan accrued income

On 29 July 2022, the Society transferred its funeral plan business to Ecclesiastical Planning Services Limited ('EPSL'). Until this date, for the purpose of providing the funeral and to comply with the provisions of the Financial Services and Markets Act 2000, all monies received for funeral plans were paid into a contract for whole life insurance on the life of the customer. On 29 July 2022, all such investments held by the Society were transferred to EPSL. As the Society retains the future right to conduct all funeral services associated with these transferred funeral plans, an accrued income asset has been recognised. The asset has been apportioned between current and long-term assets based upon the Society's experience of funerals carried out under its pre-payment plans over the last five years.

4.5 TRADE AND OTHER DEBTORS (CONTINUED)

	Due within 1 year		Due after 1 year	
	2024 £000	2023 £000	2024 £000	2023 £000
DEBTORS				
Trade debtors	2,762	2,572	–	–
Corporation tax	–	253	–	–
Other debtors	444	619	–	–
Pre-payments and accrued income	8,209	10,637	56,123	59,060
	11,415	**14,081**	**56,123**	**59,060**

Trade debtors are stated after provision for impairment of £1,732,000 (2023: £902,000). The movement in the provision is charged/credited to operating expenses each year.

Section 5 – Liabilities

IN THIS SECTION

This section shows the liabilities incurred in order for the Society to carry out its trading activities.

KEEPING IT SIMPLE – LIABILITIES

A liability is generated when the Society has carried out an activity which results in an expense that will be paid in the future. This includes amounts owed to suppliers for goods or services the Society has received.

5.1 TRADE AND OTHER CREDITORS

KEEPING IT SIMPLE – TRADE AND OTHER CREDITORS

When the Society receives goods or services which are to be paid for at a later date, a creditor is created. This reflects money which the Society must pay out in the future.

Accounting policy:

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are not interest bearing and are stated at their nominal value.

Funeral plans

Until 29 July 2022, amounts received in advance for funeral plans were recorded as liabilities on the Balance Sheet. The liability was (and continues to be) apportioned between current and long-term liabilities based upon the Group's experience of funerals carried out under its pre-payment plans over the last five years.

	Due within 1 year		Due after 1 year	
	2024 £000	2023 £000	2024 £000	2023 £000
CREDITORS				
Bank loans	5,000	4,000	–	–
Bank overdraft	9,416	6,086	–	–
Trade creditors	12,143	9,928	–	–
Finance leases (note 5.2)	134	141	124	258
Other taxation and social security	1,383	1,460	–	–
Other creditors	1,662	2,007	–	–
Accruals and deferred income	15,292	14,233	–	–
Funeral plans	3,595	3,360	36,710	40,338
	48,625	**41,215**	**36,834**	**40,596**

Bank loan

During the year ended 28 January 2023, the Society renewed its £5m revolving credit facility until June 2025. The facility is secured on specific investment properties and is interest bearing.

5.2 FINANCE LEASE LIABILITIES

Leases where the Group takes on substantially all the risks and rewards of ownership are classified as finance leases. Vehicles acquired under finance leases are stated at an amount equal to the lower of fair value and the present value of the minimum lease payments at the start of the lease, less accumulated depreciation and any impairment losses.

Depreciation is provided on the same basis as for owned assets. Minimum finance lease payments are apportioned between the finance charge and the repayment of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

	2024 £000	2023 £000
Less than one year	134	141
Later than one year and not later than five years	124	258
	258	**399**

5.3 PROVISION FOR OTHER LIABILITIES

	2024 £000	2023 £000
Deferred tax (note 3.1)	2,575	7,046

5.4 PENSION OBLIGATIONS

KEEPING IT SIMPLE – PENSION OBLIGATIONS

The Society runs two types of pension scheme: defined benefit and defined contribution:
- *A defined benefit scheme provides a pension based on a colleague's salary and length of service.*
- *A defined contribution scheme sets the value which will be paid into a pension scheme; the amount of pension this generates is variable and depends on the performance of the investments into which contributions are paid and the annuity rates at the time of retirement.*

Accounting policy:

Defined benefit pension plans

The Group operates a defined benefit pension scheme covering certain full-time and part-time employees, funded by employees' and employer's contributions. The scheme is closed to new members and to future accrual.

A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration.

The liability recognised on the Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Society engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of the plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Society's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'remeasurements of net defined benefit obligations'.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the Revenue Account as 'other finance expense'.

Defined contribution pension plan

The Society also operates a defined contribution plan. A defined contribution plan is a pension plan under which the Society pays fixed contributions into a separate entity. Once the contributions have been paid the Society has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals on the Balance Sheet. The assets of the plan are held separately from the Society in independently administered funds.

5.4 PENSION OBLIGATIONS (CONTINUED)

PENSIONS

Until 20 November 2017, the Group operated two defined benefit pension schemes. These were the Ipswich and Norwich Co-operative Society Limited Employees' Pension Fund and the Colchester and East Essex Co-operative Society Limited Employees' Superannuation Fund. The assets of both schemes were held in separate funds administered by Trustees. Both of these funds were closed to new members and closed to future accrual.

On 20 November 2017, with the consent of a majority of members of the two former schemes, a new defined benefit scheme was established and the rights and benefits of eligible members of the two former schemes were transferred into the East of England Co-op Retirement Benefit Scheme. This scheme is also closed to new members and to future accrual.

The two former schemes were wound up during the year ended 26 January 2019.

During the year ended 27 January 2024, the governance and operation of the East of England Co-op Retirement Benefit Scheme was moved to a platform approach. This simplified way of working delivers continuous, professional governance, along with faster and more cost-effective investment decision-making.

Asset-backed funding arrangement

In August 2013, the Society established the East of England Scottish Limited Partnership (the Partnership) together with the former schemes and transferred to it properties with a value of £65.9m.

On 20 November 2017, the two former schemes transferred their interest in the Partnership to East of England Co-op Retirement Benefit Scheme which is now entitled to an annual distribution of £3.2m for a remaining 15 years, increasing on a compound basis by 2.5% per annum. The properties transferred to the Partnership will revert to the Society's ownership after settlement of any remaining funding deficit on the Scheme at that time.

The Partnership is controlled by the Society and its results are consolidated by the Society. The investment held by the Scheme in the Partnership does not qualify as a plan asset for the purposes of the Society's consolidated financial statements and is therefore not included within the fair value of plan assets.

The value of the properties transferred to the Partnership remains included within the Society's tangible fixed assets on the balance sheet. In addition, the Society retains full operational flexibility to extend, develop and substitute the properties within the Partnership.

East of England Co-op Retirement Benefit Scheme

Since 20 November 2017, the Society has operated a single defined benefit pension fund for its employees (the East of England Co-op Retirement Benefit Scheme). The service cost has been calculated by a qualified actuary using the projected unit credit method. The major assumptions used by the actuary are:

	2024	2023
Rate of increase of pensions in payment		
– prior to 31 August 2008	2.90%	2.90%
– post 31 August 2008	1.90%	1.85%
Rate of increase of pensions in deferment	3.15%	3.20%
Discount rate	5.00%	4.40%
Rate of inflation	3.15%	3.20%

	2024 years	2023 years
Life expectancy		
Male (current age 45)	87.5	87.9
Male (current age 65)	86.2	86.6
Female (current age 45)	90.1	90.5
Female (current age 65)	88.7	89.1

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale involved, may not necessarily be borne out in practice.

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and are thus inherently uncertain, were:

	Value at 27/01/2024 £000	Value at 28/01/2023 £000
Equities and hedge funds	38,539	38,010
Multi-asset credit	–	6,221
Plans	91,615	81,364
Liability-driven investment	37,496	48,582
Cash	925	2,757
Insured annuities	689	742
Total market value of assets	169,264	177,676
Actuarial value of liability	(167,867)	(180,321)
Total surplus/(deficit) in the scheme	**1,397**	**(2,645)**

5.4 PENSION OBLIGATIONS (CONTINUED)

The liability-driven investment holds a mixture of cash, government bonds and swaps, with the aim of hedging inflation and interest rate risk within the pension fund. It currently aims to hedge 70% of the movement in the liabilities.

To develop the expected long-term rate of return on assets assumption, the Society considered the current level of expected returns on risk-free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for the future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

During the year, the Society made pension payments on behalf of the scheme.

Reconciliation of scheme assets and liabilities

	Assets £000	Liabilities £000	Total £000
At 28 January 2023	177,676	(180,321)	(2,645)
Interest income/(expense)	7,709	(7,760)	(51)
Remeasurement gains/(losses)			
Actuarial gains	–	12,233	12,233
Return on plan assets excluding interest income	(11,011)	–	(11,011)
Benefits payments	(7,981)	7,981	–
Expenses paid	(396)	–	(396)
Contribution by employer	3,267	–	3,267
At 27 January 2024	**169,264**	**(167,867)**	**1,397**

Analysis of the amount charged to the Revenue Account

	2024 £000	2023 £000
Interest income	7,709	5,066
Interest on pension liabilities	(7,760)	(5,264)
Total expense recognised in Revenue Account	**(51)**	**(198)**

Return on plan assets

	2024 £000	2023 £000
Interest income	7,709	5,066
Loss return on plan assets less interest income	(11,011)	(77,830)
Total loss return on plan assets	**(3,302)**	**(72,764)**

Stakeholder scheme

The stakeholder pension scheme is a defined contribution plan. The contributions due to the plan during the year were £3,691,000 (2023: £3,673,000). As at 27 January 2024, no unpaid contributions were outstanding (2023: £nil).

OTHER RETIREMENT BENEFITS

The Society has in place an UURBS (pension promise) in respect of the former Chief Executives, into which the Society has paid £nil in the year (2023: £nil). These amounts are fully provided for and the liability calculated each year by external actuaries. The actual assumptions are consistent with those of the defined benefit schemes.

	2024 £000	2023 £000
Benefit obligation at the beginning of the year	1,381	1,878
Interest cost	59	38
Actuarial gains	(53)	(443)
Benefits paid	(95)	(92)
Benefit obligation at the end of the year	**1,292**	**1,381**

Section 6 – Equity

IN THIS SECTION

This section contains details of reserves and the share capital invested by members through their membership and any share accounts held with the Society.

6.1 CAPITAL AND RESERVES

KEEPING IT SIMPLE – CAPITAL AND RESERVES

The Society's share capital is raised via contributions from members, comprising money paid into member share accounts. A dividend distribution, or share of profits, is made to members once a year based on dividend points earned within the period. The value apportioned per point is agreed by the members of the Society. Reserves represent profits earned in earlier years.

Accounting policy:

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Equity instruments issued by the Society are recorded at the proceeds received, net of direct issue costs.

Dividends are paid using dividend vouchers and calculated by reference to dividend points earned rather than as a return on capital invested. They are therefore recorded in the group Revenue Account as an expense of the business rather than directly in reserves as an equity distribution. The dividend vouchers issued during the year are only valid during the financial year of issue and as such only those that have been redeemed have been accounted for as payments at the year end. No liability is therefore held for those dividend vouchers not redeemed at the balance sheet date. Any unredeemed dividends are released to the Revenue Account for the year. Dividend distribution to the Society's members is recognised as a liability in the Society's financial statements in the period in which the dividends are approved by the members at the Annual Members' Meeting.

The members' share capital is maintained at a fixed nominal value and attracts a rate of interest. Share interest is disclosed as a movement in equity and in the Statement of Changes in Equity.

SHARE CAPITAL

Share capital is comprised entirely of equity shares of £1 each, currently attracting interest at rates between 0.5% and 2.5%.

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

Each member is entitled to one vote irrespective of the number of shares held.

Member rights on winding up are contained within the Society rules.

Last year, the Society released £88,000 of members' funds from Share Capital to the Revenue Reserve. This represents the cumulative balance within the share accounts of members who have not purchased goods or services from the Society for a period of at least four years, and with whom the Society has lost contact.

RESERVES

Fair value reserve

This reserve is used to record increases in the fair value of investment properties and decreases to the extent that such decrease relates to a previous increase in the same asset.

Revenue reserve

This reserve includes all current and prior period retained profits and losses except for those included in the fair value reserve.

Section 7 – Other notes

IN THIS SECTION

This section contains details of operating leases, capital commitments, cash flow, related party disclosures, general contingencies, subsidiaries, discontinuance of business and post balance sheet events.

7.1 OPERATING LEASES

Operating leases – leasing from owners

KEEPING IT SIMPLE – OPERATING LEASES – LEASING FROM OWNERS

An operating lease is where rent is paid to the owner of an asset to allow the Society to use it, for example a property.

Accounting policy:

Rentals payable under operating leases are charged to the Revenue Account on a straight-line basis over the term of the lease.

At 27 January 2024, the Group had the following minimum lease payments under non-cancellable operating leases for each of the following periods:

	Land and buildings		Other	
	2024 £000	2023 £000	2024 £000	2023 £000
Operating leases expiring:				
Within one year	1,631	1,499	665	424
Later than one year and not later than five years	5,574	5,051	840	616
After five years	11,829	10,460	–	–
	19,034	**17,010**	**1,505**	**1,040**

Operating leases – leasing to tenants

KEEPING IT SIMPLE – OPERATING LEASES – LEASING TO TENANTS

The Society leases assets to tenants, such as property. The asset is still owned by the Society and the tenant pays rent to use it.

Accounting policy:

Rental income from operating leases, excluding charges for insurance and maintenance, is recognised on a straight-line basis over the period of the lease, even if payments are not made on this basis.

At 27 January 2024, the Group had the following minimum lease receivables under non-cancellable operating leases for each of the following periods:

	Land and buildings	
	2024 £000	2023 £000
Within one year	6,556	6,493
Later than one year and not later than five years	16,337	15,368
After five years	12,639	13,553
	35,532	**35,414**

7.2 CAPITAL COMMITMENTS

KEEPING IT SIMPLE – CAPITAL COMMITMENTS

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

Capital commitments

At 27 January 2024, there were capital commitments of £1.0m (2023: £2.7m) which have not been provided for in the financial statements.

7.3 NOTES TO CASH FLOW STATEMENT

KEEPING IT SIMPLE – CASH FLOW STATEMENT

This is the breakdown of the total cash flow from operating activities shown on the cash flow statement.

	2024 £000	2023 £000
RECONCILIATION OF LOSS NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		
Loss for the financial year	(7,775)	(5,266)
Adjustments for:		
Tax on (loss)/profit on ordinary activities	(1,769)	(3,541)
Distributions	822	1,417
Net interest income	745	(1,727)
Loss before interest, distributions and taxation	**(7,977)**	**(9,117)**
Grants and donations	(165)	(459)
Depreciation	6,904	7,003
Amortisation	2,265	2,439
Loss/(profit) on sale of tangible fixed assets	38	(389)
Loss on disposal of businesses	–	18
Changes in fair value of investment properties	1,738	1,781
Impairment of tangible and intangible fixed assets	1,005	617
Impairment of investments	101	–
Decrease in stocks	(911)	(996)
Decrease/(increase) in debtors	5,350	(964)
Decrease in creditors	(736)	(900)
Dividend paid	(656)	(958)
Pension contributions	(3,360)	(3,323)
UURBS current service costs	59	38
Legal and professional fees relating to pension scheme met from fund assets	394	276
Net cash from operating activities	**4,049**	**(4,934)**

	2023 £000	Cash flow £000	2024 £000
ANALYSIS OF MOVEMENT IN NET FUNDS			
Cash and cash equivalents			
Cash at bank and in hand	(1,756)	(3,413)	(5,169)
Borrowings			
Debt due within one year	(4,141)	(993)	(5,134)
Debt due after one year	(258)	134	(124)
	(4,399)	(859)	(5,258)
Total	**(6,155)**	**(4,272)**	**(10,427)**

MAJOR NON-CASH TRANSACTIONS

During the year, the Society had no major non-cash transactions (2023: £nil).

7.4 GENERAL CONTINGENCIES

In the ordinary course of its business, the Society is subject to commercial disputes and litigation, including customer claims, employee disputes, taxes and other kinds of lawsuits. These matters are inherently difficult to quantify. In appropriate cases, a provision is recognised based on best estimates and Management's judgement but there can be no guarantee that these provisions will result in an accurate prediction of the actual costs and liabilities that may be incurred. These are not expected to have a material impact on the financial position of the Society.

7.5 WHOLLY OWNED SUBSIDIARIES

KEEPING IT SIMPLE – WHOLLY OWNED SUBSIDIARIES

These are separate legal entities that form part of the East of England Co-operative Society which are owned, managed and controlled by the Society.

SUBSIDIARY SOCIETIES AND COMPANIES

The subsidiaries of the Society are listed below:

Ardencrest Limited (27074R)
A Co-operative and Community Benefit Society holding investment properties.

East of England Co-operative Society (Trustees) Limited (11059352)
A company holding the trusteeship of the East of England Co-op Retirement Benefits Scheme.

Anglian Convenience Stores Limited (03244781)◊
A dormant company formerly operating the Anglian Convenience Stores business.

H.L. Perfitt Limited (01012287)*
A company operating the H.L. Perfitt stonemasonry business.

East of England (SLP) General Partner Limited (SC436963)*
A company registered in Scotland, established to administer the East of England Scottish Limited Partnership.

East of England Scottish Limited Partnership (SL011854)
A property holding partnership registered in Scotland, established in connection with the Society's defined benefit pension schemes (see note 5.4).

Ben's Limited (05741336)
A dormant company formerly operating three supermarkets. The company was dissolved on 2 February 2023

East of England Co-op Travel Limited (10588432)*
A company operating the Society's travel business.

DORMANT COMPANY EXEMPTION

Subsidiaries marked ◊ have taken advantage of the exemption from preparing accounts for a dormant subsidiary available under s394A of the Companies Act 2006 for the period ended 27 January 2024.

SUBSIDIARY EXEMPTION

Subsidiaries marked * have taken advantage of the exemption from an audit for the period ended 27 January 2024 available under s479A of the Companies Act 2006 as the Society has given a statutory guarantee of all of the outstanding liabilities of the subsidiaries as at 27 January 2024.

Member and Community Services' Expenditure Statement (unaudited)

	2024 Net Expenditure £
Community engagement events and projects	
Community funding	165,000
Member and Community Services' expenditure (note 2.3)	**165,000**

Donations totalling £359,000 were made to organisations during the financial year from the Society's Community Cares Fund. The Community Cares Fund is supported by members who kindly donate their dividend towards good causes.

This statement does not form part of the financial statements.

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