Mutual Societies Annual Return Form (AR30)

For societies registered under the Co-operative and Community Benefit Societies Act 2014

Society name:

Funeral Services Limited

Important information you should read before completing this form

You must use this form if you are a:

- registered society (previously referred to as an 'industrial and provident society')
- co-operative society
- community benefit society

registered under the Co-operative and Community Benefit Societies Act 2014.

You must submit this form and the society's accounts within 7 months of the end of your financial year. Failure to submit is an offence for which the society may be prosecuted.

Please note:

- we have an information note that may assist you in completing this application
- any personal details you give on the form will be placed on the society's public file.
- it is important you give accurate and complete information and disclose all relevant information. If you do not, it may take us longer to process your annual return.

Please keep a copy of the form and supporting documents for future reference.

Terms in this form

'FCA', 'PRA', 'us' and 'we' refer to the Financial Conduct Authority or Prudential Regulation Authority.

'You' refers to the person signing the form on behalf of the society.

'The 2014 Act' is the Co-operative and Community Benefit Societies Act 2014

Mutuals Registration
19 JUL 2018
Received

BANK OF ENGLAND
PRUDENTIAL REGULATION AUTHORITY

FCA
FINANCIAL CONDUCT AUTHORITY

Mutual Societies Annual Return Form (AR30)

For societies registered under the Co-operative and Community Benefit Societies Act 2014

Filling in the form

1 If you are using your computer to complete the form:

- use the TAB key to move from question to question and press SHIFT TAB to move back to the previous question; and
- print the completed form and arrange for it to be signed by all relevant individuals.

2 If you are filling in the form by hand:

- use black ink;
- write clearly; and
- arrange for it to be signed and dated by all relevant individuals.

3 If you make a mistake, cross it out and initial the changes; do not use correction fluid.

4 If you:

- leave a question blank;
- do not get the form signed; or
- do not attach the required supporting information

without telling us why, we will treat the application as incomplete. This will increase the time taken to assess your application.

5 If there is not enough space on the form, you may use separate sheets of paper. Clearly mark each separate sheet of paper with the relevant question number. Any separate sheets should be signed by the signatories to the form.

6 Email a scanned copy of the signed form and supporting documents to

mutualsannrtns@fca.org.uk

or send it by post to:

Mutuals Team
Financial Conduct Authority
25 The North Colonnade
Canary Wharf
LONDON
E14 5HS

7. Please make sure you include:

- this form
- a set of printed accounts – signed by two members and the secretary (3 signatures in total)
- an audit report or accountant's report where required; and
- any supporting documents.

1 Details of society

1.1 Details of the society

Register number	30808R
Registered office address	1 Angel Square Manchester
Postcode	M60 0AG

1.2 Year end date (dd/mm/yyyy)

See Note 1.2

0 6 / 0 1 / 2 0 1 8

Committee of management

If you are a club you do not need to give a year of birth in questions 1.3-1.6.

The names of the members of the Committee at the date on which the return is signed should be entered below in BLOCK CAPITALS.

1.3 Details of Chairman

Name	N/A
Address	
Postcode	
Year of birth	
Business occupation and other directorships	

1.4 Details of Treasurer

Name	N/A
Address	
Postcode	
Year of birth	
Business occupation and other directorships	

1.5 Details of Secretary

Name	Caroline Sellers
Address	1 Angel Square Manchester
Postcode	M60 0AG
Year of birth	1972
Business occupation and other directorships	Chartered Secretary

1.6 Details of Members of the Committee

Name	Address	Year of birth	Business occupation and other directorships
Alison Close	1 Angel Square, Manchester, M60 0AG	1975	See Appendix A
Robert MacLachlan	1 Angel Square, Manchester, M60 0AG	1965	See Appendix A

Please use separate sheets of paper if you need more space, following the instructions provided in section 5 above.

Please indicate how many separate sheets of paper you have used

1

Please continue, answering all questions.

1.7 Are any members of the society's committee disqualified as directors under the Company Director Disqualification Act 1986?

☒ No
☐ Yes

1.8 Does the society carry out any activity which is regulated under the Financial Services and Markets Act 2000? (e.g. accepting deposits in a form other than withdrawable shares; offering insurance products; undertaking residential mortgage business). If 'yes' please state the society's Financial Services Register firm reference number

☒ No
☐ Yes

Financial Services Register firm reference number

1.9 Is the society a subsidiary of another society?

☐ No
☒ Yes

1.10 Does the society have one or more subsidiaries?

☒ No
☐ Yes

1.11 Is the society currently accepted by the HM Revenue and Customs as a charity for tax purposes?

☒ No
☐ Yes

Please confirm you have attached a copy of the letter from HM Revenue and Customs confirming charitable tax status:

☐ Yes

1.12 Is this society a charity registered with the Office of the Scottish Charity Regulator (OSCR)?

☒ No
☐ Yes ▸ provide your Scottish Charity number below

1.13 Is the society registered with one of the following (please tick)?

☐ Homes and Communities Agency
☐ The Welsh Ministers
☐ Scottish Housing Regulator

If so, please provide your register number

All societies must answer the following questions:

- if a **bona fide co-operative society** go to question 1.14
- if **existing for the benefit of the community** go to question 1.19

Bona fide co-operative society

1.14 How did members benefit from the business, industry or trade of the society during the year?

The purpose of Co-operative Group Holdings (2011) Limited (the 'Society') is the legal entity for the Co-operative Group's Funeralcare business, the UK's leading funeralcare business. The Society's ultimate parent is Co-operative Group Limited (the 'Group') and its strategy is aligned with the Group which is a registered Society under the Co-operative and Community Benefit Societies Act 2014. Group Members derive benefit in the form of a membership award proposition that gives members 5% cash back on their own brand purchases and a 1% donation to a local cause of their choice.

1.15 Is membership of the society required to obtain the benefits offered by it?

☒ Yes
☐ No

1.16 In what way did members participate in an ongoing basis in the society's primary business during the year?

Members participate by voting on motions at the Society's Annual General Meeting such as receiving and adopting the annual report and accounts and appointing the Society's Auditor.

1.17 How did members democratically control the society?

The Society's ultimate parent is Co-operative Group Limited ('Group'). The Group is owned and democratically controlled by its individual and independent Society members. Members of the Group exervices democratic control by voting on motions at the Group's Annual General Meeting and by electing Member Nominated Directors to the Board and representatives to the National Members' Council.

1.18 How did the society use any surplus/profit?

If the society distributed the surplus/profit to members please explain how this was done.

The Society paid a dividend of £34,104,533.33 to Co-operative Group Holdings (2011) Limited and £17,052,266.67 to Co-operative Group Limited.

Please use separate sheets of paper if you need more space (see section 5 above)

Please indicate how many separate sheets of paper you have used.

Continue to 2.1

Community benefit society

1.19 Who are the community the society benefited?

N/A

1.20 How did the society benefit that community during the year?

N/A

1.21 How did the society use any surplus/profit?

N/A

Please use separate sheets of paper if you need more space (see section 5 above).

Please indicate how many separate sheets of paper you have used.

Continue to 2.1

2 Statistics

Account details

2.1 You must enter the figures below

See notes for help on items E-T. Enter NIL where applicable

A	Members at beginning of year	2
B	Members ceased during year	NIL
C	Members admitted during year	NIL
D	Members at end of year	2
E	Turnover for year	£310,631,000
F	Total of income and expenditure (receipts and payments added together)	£61,945,000
G	Net surplus/(deficit) for year	£55,000,000
H	Fixed assets	£1,364,415,000
I	Current assets	£327,695,000
J	Total assets (equal to amount in row O, below)	£1,692,110,000

K	Current liabilities	£147,603,000
L	Share capital	
M	Long-term liabilities	£1,080,279,000
N	Reserves	£464,228,000
O	Total liabilities, share capital & reserves (K+L+M+N) (equal to amount in J above)	£1,692,110,000

All societies (excluding clubs) must complete boxes P-T

P	Investments in other registered societies	
Q	Loans from members	
R	Loans from Employees' Superannuation Schemes	
S	Dividends on sales	
T	Share interest	

2.2 Names of subsidiaries as defined in sections 100 and 101 of the Co-operative and Community Benefit Societies Act 2014

2.3Names of subsidiaries not dealt with in group accounts (if any) and reasons for exclusions (as approved by the FCA)

The society must have written authority from us to exclude a subsidiary from group accounts

3 The audit

3.1 Type of audit used for the attached accounts.

If the society has used a full professional audit or an accountant's report then the report must be prepared by a registered auditor.

- ☒ Full professional audit ▸ Continue to section 4
- ☐ Accountant's report ▸ Complete questions 3.2 and 3.3
- ☐ Lay audit ▸ Complete questions 3.2 and 3.3
- ☐ Unaudited ▸ Complete questions 3.2 and 3.3

3.2 Do the society's registered rules allow the society not to undertake a full professional audit?

- ☐ No
- ☐ Yes

3.3 Has the membership passed at a general meeting a resolution allowing the society not to undertake a full professional audit for the year of account in question? (In accordance with section 84 of the Co-operative and Community Benefit Societies Act 2014)

- ☐ No
- ☐ Yes

4 Accounts and signature

Accounts

4.1 Date on which the accounts and balance sheet will be/were laid before the AGM (dd/mm/yyyy)

16 / 07 / 2018

4.2 Has your society produced accounts to the minimum standard required?

☒ Yes ▸ you must confirm that you have attached the accounts and the audit/accountant's report bearing the original signatures of the auditor (if required by law), the secretary and the two committee members. ☒ Attached

☐ No ▸ you must produce accounts to the minimum standard required, see notes for details.

Signature – all societies to complete

4.3 The Secretary of the society must sign and date below

I certify that the information in this form is correct to the best of my knowledge and belief.

Name	Caroline Sellers
Signature	
Phone number	01616923579
Email	laura.perkins@coop.co.uk
Date	16.07.2018

Appendix A Funeral Services Limited 30808R

Name	Appointment/Role	Company/Society	Company/Society Number
Alison Close	Commercial Director	Co-operative Group Limited	525R
Alison Close	Director	Co-operative Legal Services Limited	5671209
Alison Close	Director	Funeral Services (Ireland) Limited	NI43488
Alison Close	Director	Funeral Services Northern Ireland Limited	3983186
Alison Close	Director	The Co-operative Trust Corporation Ltd	6323818
Robert MacLachlan	Managing Director Funeralcare	Co-operative Group Limited	525R
Robert MacLachlan	Director	Federal Retail and Trading Services Limited	09166412
Robert MacLachlan	Director	Funeral Services Northern Ireland Limited	3983186

Funeral Services Limited

Financial statements

Registered number 30808R

Period ended 6 January 2018

Corporate Information

Directors
A Close
R MacClachlan

Secretary
C Sellers

Auditors
Ernst & Young LLP, Statutory Auditor
Chartered Accountants
2 St Peter's Square
Manchester
M2 3EY

Bankers
The Co-operative Bank p.l.c.
1 Balloon Street
Manchester
M60 4EP

Registered Office
1 Angel Square
Manchester
M60 0AG

Contents

Statement of directors' responsibilities in respect of the financial statements

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

Registered Society Law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The Funeral Services Limited ("the Society") financial statements are required by law to 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 the Society financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Society will continue in business.

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

Independent auditor's report to the members of Funeral Services Limited

Opinion

We have audited the financial statements of Funeral Services Limited (the Society) for the 53-week period period ended 6 January 2018 which comprise the Profit and loss account, the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the Society's affairs as at 6 January 2018 and of its profit for the 53-week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 101 "Reduced Disclosure Framework";
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

Basis of 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 below. 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Society's ability to continue to adopt the going concem basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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

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

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

- the Society has not kept proper books of account; or
- the Society has not maintained a satisfactory system of control over its transactions; or
- the financial statements are not in agreement with the Society's books of account; or
- we have not received all the information and explanations we need for our audit.

Responsibilities of directors

As explained more fully in the Statement of directors' responsibilities set out on page 1 the directors are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Use of our report

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

This report is made solely to the Society's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Society'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.

Jennifer Hazlehurst (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

29 June 2018

Profit and loss account
for the period ended 6 January 2018

	Notes	For period ended 6 January 2018 £'000	For period ended 31 December 2016 £'000
Revenue	2	**310,631**	305,143
Cost of sales		**(31,563)**	(35,834)
Gross profit		**279,068**	**269,309**
Administrative expenses		**(217,123)**	(202,447)
Operating profit	2	**61,945**	**66,862**
Property and business disposals	2	**(494)**	28,974
Other income		**1,834**	-
Profit on ordinary activities before taxation		**63,285**	**95,836**
Taxation	5	**(8,285)**	4,912
Profit for the period		**55,000**	**100,748**

All amounts relate to continuing activities.

Statement of comprehensive income
for the period ended 6 January 2018

The Society has no recognised income or expenses in the current or prior period other than those included in the income statement shown above, therefore a separate Statement of comprehensive income has not been presented. The total comprehensive income for the period ended 6 January 2018 was £55,000k (period ended 31 December 2016: £100,748k).

The notes on pages 7 to 17 form an integral part of these financial statements.

Balance sheet
as at 6 January 2018

	Notes	As at 6 January 2018 £'000	As at 6 January 2018 £'000	As at 31 December 2016 £'000	As at 31 December 2016 £'000
Non-current assets					
Property, plant and equipment	6	**186,304**		160,446	
Intangible assets	7	**43,211**		44,356	
Other investments	8	**1,075,948**		871,832	
Trade and other receivables	10	**58,952**		45,823	
Total non-current assets			**1,364,415**		1,122,457
Current assets					
Inventories	9	**4,313**		4,650	
Trade and other receivables	10	**178,253**		199,711	
Cash and cash equivalents		**145,129**		123,089	
Total current assets			**327,695**		327,450
Total assets			**1,692,110**		1,449,907
Non-current liabilities					
Trade and other payables	11	**(1,069,270)**		(929,169)	
Provisions	12	**(2,647)**		(2,820)	
Deferred tax liabilities	13	**(8,362)**		(77)	
Total non-current liabilities			**(1,080,279)**		(932,066)
Current liabilities					
Trade and other payables	11	**(147,367)**		(57,049)	
Provisions	12	**(236)**		(406)	
Total current liabilities			**(147,603)**		(57,455)
Total liabilities			**(1,227,882)**		(989,521)
Equity					
Called up share capital	14	**-**		-	
Retained earnings		**(464,228)**		(460,386)	
Total equity			**(464,228)**		(460,386)
Total equity and liabilities			**(1,692,110)**		(1,449,907)

These financial statements were approved by the Board of Directors on 29 June 2018 and were signed on its behalf by:

A Close
Director

R MacLachlan
Director

C Sellers
Secretary

Statement of changes in equity
for the period ended 6 January 2018

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 31 December 2016	-	**460,386**	**460,386**
Profit for the period	-	**55,000**	**55,000**
Total comprehensive income for the period	-	**55,000**	**55,000**
Dividend paid	-	**(51,158)**	**(51,158)**
Balance at 6 January 2018	-	**464,228**	**464,228**
Balance at 2 January 2016	-	426,532	426,532
Profit for the period	-	100,748	100,748
Total comprehensive income for the period	-	100,748	100,748
Dividend paid	-	(66,894)	(66,894)
Balance at 31 December 2016	-	460,386	460,386

All items are shown net of tax.

Notes
(forming part of the financial statements)

1 Accounting policies

Reporting entity

Funeral Services Limited ("the Society") is a Society domiciled in England and Wales. The address of the Society's registered office is 1 Angel Square, Manchester, M60 0AG.

Accounting date

The financial statements for the period are prepared for the 53 weeks to 6 January 2018. The Trading Group (Co-operative Group Limited, "Group" - see Note 16) subsidiaries prepare their accounts for the first Saturday of January unless 31 December is a Saturday. Comparative information is presented for the 52 weeks ended 31 December 2016.

Basis of preparation

The Society meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 6 January 2018 the Society has undergone transition from reporting under IFRSs adopted by the European Union to FRS 101 as issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. This transition is not considered to have had a material effect on the financial statements.

As permitted by FRS 101, the Society has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, non-current assets held for sale, financial instruments, fair value measurements, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions.

The specific exemptions that the Society has taken advantage of are :
- IFRS 7 Financial instrumetns: Disclosures
- Para 91-99 of IFRS 13 Fair Value Measurements
- Para 38 of IAS 1 Presentation of Financial Instruments
- Para 10 (d), 10 (f), 39 (c), 134-1356 of IAS 1 Presentation of Financial Instruments
- IAS 7 Cash flows
- Para 30-31 of IAS 8 Accounting policies, changes in accounting estimates and errors
- Para 17 of IAS 24 Related party disclosures
- IAS 24 Intra-group transactions

FRS 101 is effective for accounting periods beginning on or after 1 January 2015. The Society converted to FRS 101 on 1 January 2017. There have been no financial impact as a result of the conversion.

The Society financial statements have been prepared in accordance with the Co-operative and Community Benefit Societies Act 2014 and Financial Reporting Standard 101 'Reduced Disclosure Framework' and in accordance with applicable accounting standards and are prepared on the historical cost basis. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Going concern

The financial statements have been prepared on a going concern basis as the Directors, having reviewed forecast trading for the forthcoming twelve months and current funding arrangements, believe this to be appropriate.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Property, plant and equipment and depreciation

(i) Owned assets

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Fixed assets in the course of construction are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Society's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is provided to write off the cost less the estimated residual value of property, plant and equipment by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	2.0% per annum
Hardware & Software	-	20% - 33.3% per annum
Plant and machinery	-	7.5% - 33.0% per annum
Fixtures and fittings	-	12.5% per annum
Motor vehicles	-	11.1% - 25% per annum

The residual value, if not insignificant, is reassessed annually.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

No depreciation is provided on freehold land.

(ii) Leased assets

Leases where the Society assumes substantially all the risks and rewards of ownership are classified as finance leases. The owner-occupied property acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses.

Property held under operating leases that would otherwise meet the definition of investment property may be classified as investment property on a property-by-property basis. Where such leases are treated as investment properties, the assets are held at fair value and the leases are accounted for as finance leases.

Intangible assets

(i) Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries, associates, and joint ventures. In respect of business acquisitions that have occurred since 11 January 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

(ii) Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. Goodwill is tested annually for impairment and is not subject to amortisation. Where there is indication of impairment an impairment review will be performed.

(iii) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Impairment

The carrying amount of the Society's assets, other than inventories are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. For tangible assets such as land and buildings and motor vehicles the estimate is based on reference to market valuations where available. In the case of goodwill the recoverable amount is determined by calculation of the net present value of expected future cashflows.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount of the Society's assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of these assets, an impairment loss is reversed if there has been a change in the estimates based on an event subsequent to the initial impairment used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss recognised for goodwill shall not be reversed in a subsequent period.

(ii) Website

In Accordance with IAS 38 costs of developing our website are capitalised to the extent that they provide future economic benefit. Such assets are amortised over a period not exceeding 5 years with an annual review to ensure the carrying value is still reflective of future economic benefit.

Prepaid funeral plans (plans)

On initiation of a funeral plan, the initial plan investment is recorded on the balance sheet as the plan value less the proportion of revenue recognised upfront on initial delivery of the funeral plan guarantee contract and paperwork. Investments are held in insurance policies or cash based trusts and attract interest and bonus payments throughout the year dependent on market conditions. When the money is invested in the funds discussed above, a corresponding credit is also recognised on the Balance sheet being deferred income to be realised on delivery of the funeral service covered by each of these funeral plans. The plan investment is a financial asset recognised at fair value through profit and loss ("FVTPL") and as such is revalued every financial year using valuations provided by the insurance policy providers or the Trust cash balances. Under the FVTPL treatment the asset is revalued annually and any income accretion is taken to Finance Income in the Income Statement; however assessment is then made under IAS18 as to whether this finance income has been earnt and since the funeral has yet to be delivered and the Society has yet to perform its obligations in respect of this matter, the income is not deemed to have been earnt and so is reversed out of finance income and held as further deferred income on the balance sheet. In certain circumstances a refund can be requested prior to delivery of the funeral. A cancellation provision is held in respect of this to reflect the risk that initial upfront revenue recognised is later refunded. Separately management performs an assessment as to whether Funeral Plan deferred income is considered sufficient to cover the future obligation to deliver funerals as arranged under the funeral plans. Should deferred income not be deemed sufficient then a contract loss provision would be recognised within the financial statements.

Funeral benefit options (FBOs)

FBOs are attached to Guaranteed Over 50's life insurance plans (GOFs) sold by the Co-operative Group Limited's third party insurance partners. An FBO is the assignment of the sum assured proceeds of a GOF policy to the Society for the purposes of undertaking their funeral. In exchange the GOF customer is awarded a discount on the price of the funeral. No revenue is recognised by the Society at the point of assignment and instead an element of the costs that have been incurred in obtaining the FBO are deferred onto the Balance sheet as a prepayment. These are then expensed at the point of redemption when the revenue is recognised. Any plans that are cancelled are written off at the point at which the Society are made aware of the cancellation. Provision is also made to cover the expected cancellations of FBOs. No investment or liability is recognised for FBOs as the option does not guarantee a funeral and the liability for which remains with the insurance partner. Any difference between the funeral price and the sum assured at the point of redemption is the liability of the deceased estate or whoever takes responsibility for arranging the funeral.

Financial assets and Liabilities

i) Recognition of financial assets

Financial assets are recognised on the trade date which is the date it commits to purchase the instruments. Loans are recognised when the funds are advanced. All other financial instruments are recognised on the date that they originated.

ii) Derecognition of financial assets and financial liabilities

Financial assets are derecognised when they are qualifying transfers and:
• the rights to receive cash flows from the assets have ceased; or
• the Society has transferred substantially all the risks and rewards of ownership of the assets.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing liability is replaced by the same counterparty on substantially different terms or the terms of an existing liability are substantially modified, the original liability is derecognised and a new liability is recognised, with any difference in carrying amounts recognised in the income statement.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

Pensions and other post-retirement benefits

The Society's employees were members of a Group wide pensions scheme, the Co-operative Group Pension (Average Career Earnings) Scheme (the Pace Complete Scheme). This Pace Complete Scheme is a defined benefit scheme. The Society contributed to the Pace Complete Scheme in respect of its employees who were members of the Scheme up until the end of October 2015 when it was closed to future accrual. However, the Society is unable to identify its share of the underlying assets and liabilities of the scheme and therefore contributions to the scheme up until the end of October were accounted for as if it were a defined contribution scheme. There is no contracted agreement or stated Group policy for charging the net defined benefit cost for the plan as a whole measured in accordance with IAS 19 to individual Group entities, therefore Funeral Services Limited, in its individual financial statements, cannot recognise the net defined cost so charged. Refer to disclosure of information relevant to the scheme on note 4.

A defined contribution scheme is a pension plan under which the Society pays contributions into a separate entity and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets. Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Inventories

Inventories and work in progress are stated at the lower of cost, including attributable overheads, and net realisable value. The cost of finished goods and work in progress includes the cost of materials and direct labour.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis. All borrowing costs are expensed when occurred except when they are directly attributable to the acquisition, construction or production of a qualifying asset. If this is the case, they are included in the cost of the asset.

Taxation

(i) Income tax

Income tax on the profit or loss for the period comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

(ii) Deferred taxation

Deferred tax is provided, with no discounting, using the balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profits and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. In the case of investment properties it is assumed that uplifts on valuation principally reflect future rentals.

Revenue

Revenue represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the period.

All revenue is derived from the Society's principal activity of funeral directors and associated services in the United Kingdom.

The provision of a funeral is principally a service-based supply with a relatively small element of goods. Revenue for a funeral is recognised at the point the funeral is carried out. In the supply of monumental masonry, revenue is recognised at the point the masonry is fitted into place.

Funeral Plan revenue is recognised on point of redemption on funeral benefit option plans.

Funeral Plan revenue is recognised net of value added tax on lump sum plans. On inception of a funeral plan investment an element of the monies received are recognised upfront as commission income. The remaining funeral plan revenue, together with accretion income earned whilst invested, is recognised net of value added tax on point of redemption of the funeral plan i.e. when the funeral is delivered.

Operating Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Share capital

Where the Board has an unconditional right to refuse redemption of co-operative share capital, such shares are treated as equity.

Provisions

A provision is recognised in the balance sheet when the Society has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2 Operating profit

	For period ended 6 January 2018 £'000	For period ended 31 December 2016 £'000
Revenue is analysed as follows:		
At need funerals	**279,866**	277,782
Pre need funerals	**30,765**	27,361
	310,631	305,143

Profit on ordinary activities before taxation is stated after charging / (crediting):

Depreciation	**18,958**	17,670
Amortisation of intangibles	**1,231**	1,200
Gain on sale of property, plant, equipment and shares - Crematoria	**-**	(30,107)
Loss / (Gain) on sale of property, plant and equipment - Others	**208**	(892)
Impairment of property, plant and equipment	**286**	920
Disposal of business	**-**	1,104
Operating lease rental charges	**7,919**	7,109
Cost of inventory consumed	**14,921**	15,910
Staff costs (see note 3)	**116,131**	109,866
Provision for doubtful debts	**2,984**	1,420

The auditor's remuneration of £44,000 (2016: £43,000) is borne by the ultimate parent undertaking. The Society is exempt by virtue of s494 of the Companies Act 2006 from further disclosures in relation to auditors' remuneration as it is a wholly owned subsidiary of the Co-operative Group Limited for which consolidated financial statements are prepared disclosing non-audit fee information on a group wide basis.

3 Staff numbers and costs

The average number of persons employed by the Society (including Directors) during the period, analysed by category, was as follows:

	Number of employees for period ended 6 January 2018	Number of employees for period ended 31 December 2016
Full-time	**2,402**	2,400
Part-time	**1,794**	1,853
	4,196	4,253

The aggregate payroll costs of these persons were as follows:

	For period ended 6 January 2018 £'000	For period ended 31 December 2016 £'000
Wages and salaries	**99,833**	94,564
Social security costs	**8,729**	8,214
Other pension costs (see note 4)	**7,569**	7,088
	116,131	109,866

	For period ended 6 January 2018 £'000	For period ended 31 December 2016 £'000
Directors emoluments	556	595
Society pension contributions to personal pension schemes	3	93
	559	688

4 Pension Scheme

The Society is a wholly owned subsidiary of Co-operative Group Ltd ("Group") which operated a defined benefit scheme (the Pace Complete scheme) up until the end of October 2015 when it was closed to future accrual. The assets are held in a separately administered trust. Until December 2013, the Pace scheme was defined as a Group plan, as all participating entities were under the common control of Co-operative Group Limited (the sponsoring employer). Following the recapitalisation of The Co-operative Bank plc in December 2013, the various entities participating in the Pace plan are no longer under common control of the Group and as a result, the Pace scheme became a multi employer scheme. Full details of the Pace plan for the period ending 6 January 2018 are disclosed in the Group's consolidated financial statements for that period.

This Society is neither the sponsoring entity nor legally defined as a participating employer of the Pace Complete scheme. However, as the Society either currently employs or has historically employed members of the Pace scheme, the charge made to the Society up until the end of October 2015 by the ultimate parent Society for employment costs includes a charge in respect of the Pace scheme at an agreed percentage of the pensionable wage. The agreed percentage of pensionable wage is determined by an independent qualified actuary. The amount recognised as an expense in respect of the Pace scheme for this Society was £7,569,015 (2016: £7,088,000). This is included in the staff costs as disclosed in note 3.

As the Pace Complete Scheme was closed to future accrual at the end of October 2015, the Pace DC scheme was expanded. The employer contributions made by the Society have been charged to the income statement when incurred.

5 Taxation

Analysis of charge/credit in period	**For period ended 6 January 2018 £'000**	**For period ended 6 January 2018 £'000**	For period ended 31 December 2016 £'000	For period ended 31 December 2016 £'000
UK corporation tax				
Current tax on income for the period	**-**		-	
Adjustments in respect of prior periods	**-**		-	
Total current tax		**-**		-
Deferred tax (see note 13)				
Deferred tax - current period items	**(1,464)**	**-**	1,903	-
Origination/reversal of timing differences	**(6,824)**		2,854	
Deferred tax - effect of rate change on closing balance	**3**	**-**	155	-
Tax on profit on ordinary activities		**(8,285)**		4,912

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2016: lower) than the standard rate of corporation tax in the UK. The differences are explained below.

	For period ended 6 January 2018 £'000	For period ended 31 December 2016 £'000
Current tax reconciliation		
Profit before tax	**63,285**	95,836
Tax at 19.25% *(2016: 20%)*	**(12,182)**	(19,167)
Effects of:		
Expenses not deductible for tax purposes	**(19)**	(35)
Depreciation and amortisation on non-qualifying assets	**(1,454)**	(1,416)
Adjustments to tax charge in respect of previous periods	**(6,824)**	2,854
Restatement of deferred tax to 17.02% (2016: 17.18%)	**164**	(56)
Taxable dividends paid	**9,847**	13,379
Group relief not paid for	**2,256**	3,200
Profit on disposal of fixed assets	**(79)**	-
Capital gains not subject to tax	**6**	6,153
Total income tax (charge)/income (see above)	**(8,285)**	4,912

The Finance Act 2015 will reduce the main rate of corporation tax to 19% from 1 April 2017 and the Finance Act 2016 will further reduce the main rate of corporation tax to 17% from 1 April 2020. This will reduce the Society's future current tax charge accordingly. Each deferred tax balance has been measured individually based on the tax rate at which it is expected to unwind (either 17% or 19%). This results in a blended deferred tax rate of 17.02% at the balance sheet date.

The majority of the adjustment in respect of previous periods consist of changes in estimated capital allowance claims from the provision to the submission of the return. Typically changes in capital allowance estimates impact both deferred and current tax, however the entity claimed a reduced amount of group relief (for which no consideration was paid) in compensation for the changes in capital allowances, therefore meaning there was no current tax impact arising.

6 Property, plant and equipment

	Freehold land and buildings	Plant and machinery	Fixtures and fittings	Motor vehicles	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 31 December 2016	127,372	232	81,429	66,486	5,083	280,602
Additions	6,753	16	31,664	5,414	2,079	45,926
Transfer of previously written off assets[1]	-	-	-	2,650	-	2,650
Disposals	(209)	-	(1,284)	(1,689)	-	(3,182)
Transfers from assets under construction	90	-	402	-	(492)	-
Intra-group statutory transfer	(266)	-	(144)	(12)	-	(422)
At 6 January 2018	**133,740**	**248**	**112,067**	**72,849**	**6,670**	**325,574**
Depreciation						
At 31 December 2016	37,826	193	42,529	39,608	-	120,156
Charge for the period	2,270	23	10,042	6,623	-	18,958
Transfer of previously written off assets[1]	-	-	-	2,650	-	2,650
Disposals	(40)	-	(918)	(1,664)	-	(2,622)
Impairment[2]	23	-	263	-	-	286
Intra-group statutory transfer	(60)	-	(95)	(3)	-	(158)
At 6 January 2018	**40,019**	**216**	**51,821**	**47,214**	**-**	**139,270**
Net book value						
At 6 January 2018	**93,721**	**32**	**60,246**	**25,635**	**6,670**	**186,304**
At 31 December 2016	89,546	39	38,900	26,878	5,083	160,446
Capital work in progress included above	**-**	**-**	**-**	**-**	**4,093**	**4,093**

[1] In the prior period, there was a write off of fixed assets with nil net book value. The write off included some vehicles which were still in use and were added back onto the fixed asset register in the current period.

[2] Impairments relate to individual stores where the carrying value exceeded the fair value less costs to sell and the value in use. The impairment loss on freehold land and buildings and fixtures and fittings arose in connection with the refit of funeral homes that took place during the financial year. The refit programme is estate-wide and there are more funeral homes expected to be refitted during the next financial year.

Freehold land and is not depreciated. Freehold land was £16,710k as at 6 January 2018.

The Society has assets in use which are fully written down with nil NBV. At the beginning of the period, the cost of fully written-down assets was £13,027k.

7 Intangible Assets

	Goodwill	Website	Total
	£'000	£'000	£'000
Cost			
At 31 December 2016	42,370	6,013	48,383
Additions	-	86	86
At 6 January 2018	**42,370**	**6,099**	**48,469**
Amortisation			
At 31 December 2016	819	3,208	4,027
Charge for the period	-	1,231	1,231
At 6 January 2018	**819**	**4,439**	**5,258**
Net book value			
At 6 January 2018	**41,551**	**1,660**	**43,211**
At 31 December 2016	41,551	2,805	44,356

The Society tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the goodwill and intangible assets allocated CGUs are determined by value in use calculations. To prepare value in use calculations, the Society uses cash flow projections for a 10 year period then into perpetuity from year 11. 2018-2020 forecasts are based on the board approved three year plan with cash flows beyond this period are extrapolated at the 2019 cash flows to reflect the risk of declining death rate in the United Kingdom offset by improved cost management in the business. Expected capital spend for refurbishments is also included assuming an 8 year refit cycle costing £40,000 per branch. Group Corporate costs have also been allocated to each CGU. These calculations are then discounted back to present value, using the post-tax discount rate of 7.9%. The post-tax discount rate has been adjusted for Society and market specific risks which the Directors consider to be appropriate.

The key assumptions for these forecasts are those regarding revenue growth and gross margin which management estimates based on past experience adjusted for current market trends and expectations of future changes in the market. Based on the calculations on a value in use basis the calculated headroom on the net book value of goodwill is £242m (2016: £225m).

Post Investment Appraisal (PIA) reviews are done for the website asset. The last PIA was prepared in June 2016 and showed no impairment of the website asset. The key assumptions that drive the PIA are incremental cash flows on expected future Funeral Plan sales volumes generated from the website, discounted for FSL's cost of capital.

Amortisation charges of £1,231k (2016: £1,200k) are recognised in administrative expenses within the income statement.

8 Investments

	As at 6 January 2018 £'000	As at 31 December 2016 £'000
At beginning of year	871,832	752,957
New Funeral Plan additions	245,721	163,171
Existing Funeral Plans redeeemed and cancelled	(144,497)	(67,493)
Interest and Bonus applied	102,892	23,197
At end of year	**1,075,948**	871,832

The Society holds investments on the balance sheet in respect of Funeral Plan policies which are invested in either individual whole of life policies, trusts or life assurance products. The investments are subject to an annual headroom analysis. The most recent work was performed in September 2017 and reported headroom of £141m (2016: £146m). The reported headroom is subject to key assumptions and the headroom may increase or decrease if key assumptions change.

9 Inventories

	As at 6 January 2018 £'000	As at 31 December 2016 £'000
Raw materials and consumables	**463**	130
Work in progress	**83**	162
Finished goods	**3,767**	4,358
	4,313	4,650

10 Trade and other receivables

	As at 6 January 2018 £'000	As at 31 December 2016 £'000
Non-current assets:		
Funeral benefit option deferred costs	**10,666**	11,145
Lump sum deferred costs	**16,416**	-
Funeral Plan debtors	**31,870**	34,678
	58,952	45,823

The FBO deferred cost above is shown net of a 50% cancellation provision of £10,666k (2016: £11,145k)

Expected obligations of funeral plan redemptions		
Between two and five years inclusive	**20,274**	15,759
Over five years	**38,678**	30,064
	58,952	45,823
Current assets:		
Trade receivables	**47,848**	23,622
Amounts owed by group undertakings	**128,257**	174,245
Prepayments and accrued income	**2,148**	1,844
	178,253	199,711

All of the above financial assets are classified as loans and receivables. Trade receivables are stated net of a bad debt provision of £5.0m (2016: £3.4m). The provision is calculated based on a detailed customer-by-customer review of potential risk of default and any adjustment to the level of provision is recognised within the income statement in operating profit.

Trade receivables include amounts totalling £10.1m (2016: £9.3m), which are overdue but not considered to be impaired, age analysed as follows:

	As at 6 January 2018 £'000	As at 31 December 2016 £'000
Amounts overdue:		
Less than 3 months	3,422	2,947
3 to 6 months	1,275	1,239
More than 6 months	5,437	5,083
	10,134	9,269

Amounts overdue but not impaired typically comprise high volume/low value balances for which the trading business do not seek collateral but continue to work with counterparties to secure settlement. No other debtors are overdue.

Amounts owed by group undertakings are unsecured, interest-free and repayable on demand.

11 Trade and other payables

	As at 6 January 2018 £'000	As at 31 December 2016 £'000
Non-current liabilities:		
Funeral Plan deferred income	1,036,501	896,083
Accruals and deferred income	32,769	33,086
	1,069,270	929,169
Expected obligations of funeral plan redemptions		
Between two and five years inclusive	362,678	293,248
Over five years	706,592	635,921
	1,069,270	929,169
Current liabilities:		
Funeral plans	**102,511**	18,287
Trade payables	**35,762**	24,834
Other payables including taxation and social security	**775**	-
Accruals and deferred income	**8,319**	13,928
	147,367	57,049

12 Provisions

	Cancellation Provision £'000	Deferred Consideration Provision £'000	Dilapidations Provision £'000	Rent Free Period Provision £'000	As at 6 January 2018 Total £'000	As at 31 December 2016 Total £'000
At beginning of the period	2,520	31	375	300	**3,226**	2,901
Additional provisions made in the period	-	-	-	94	**94**	937
Amounts used during the period	(267)	-	(170)	-	**(437)**	(612)
At end of the period	**2,253**	**31**	**205**	**394**	**2,883**	3,226
Non-current					**2,647**	2,820
Current					**236**	406
					2,883	3,226

The Society makes a cancellation provision at the point of sale for Lump Sum and Fixed Monthly Payment products in the funeral planning product portfolio. If customers cancel a policy this provsion is released to offset the revenue reversed in the month that the cancellation occurs as there is an obligation to refund all monies originally paid less an administration fee.

The dilapidation provision was created in the period ended 2 January 2010 as a result of the closure of several trading sites where significant remedial repair work was identified. We continue to review our estate and make provision for dilapidations we are likely to have to make in accordance with our lease obligations.

A provision has been made to reflect the benefit accruing from rent free periods at the inception of leases.

13 Deferred Taxation

Deferred income taxes are calculated on all temporary differences under the liability method using a blended effective tax rate of 17.02% (2016: 17.11%).

	£'000
Deferred taxation liability	
At 31 December 2016	**(77)**
Income statement charge / credit in the period	**(8,285)**
At 6 January 2018	**(8,362)**
Comprising:	
Other temporary differences	**213**
Capital allowances on fixed assets	**(429)**
Unrealised gains on investment properties, rolled-over gains and historic business combinations	**(8,146)**
At 6 January 2018	**(8,362)**

14 Called up share capital

	As at 6 January 2018 £	As at 31 December 2016 £
Allotted, called up and fully paid		
Ordinary shares of £1 each	**3**	2

15 Commitments and contingent liabilities

(i) Capital expenditure committed by the Society at period end was £426,000 (period ended 31 December 2016: £3,844,529)

(ii) The future minimum lease payments under non-cancellable operating leases are as follows:

	As at 6 January 2018	As at 31 December 2016
	Land and buildings £'000	Land and buildings £'000
Operating leases which expire:		
Within one year	**7,872**	6,883
In the second to fifth years inclusive	**16,100**	15,061
Over five years	**23,260**	24,370
	47,232	46,314

(iii) in accordance with Schedule 1 Part 1 of Co-operative Group Limited £355.0m (2016: £355.0m) facilities agreement dated 12th February 2016 Funeral Services Limited has been identified as a Guarantor under this facility. This facility was undrawn as at 6 January 2018 (2016 £nil).

16 Group Entities

Ultimate parent company

The Society is a wholly owned subsidiary of Co-operative Group Limited, a Registered Society registered in England and Wales. This is the smallest and largest group of which the Society is a member and for which consolidated accounts are prepared. A copy of the group accounts can be obtained from the Secretary, Co-operative Group Limited, 1 Angel Square, Manchester, M60 0AG.

17 Related parties

Identity of related parties

The Society has a related party relationship with its Directors and key management.

The directors emoluments are disclosed in Note 3.

Other related party transactions

Transactions with other Trading Group subsidiaries

The Society is involved in a Group set-off scheme whereby the bank accounts within the Trading Group are netted off against each other and any interest payable or receivable is settled or received by the ultimate parent Society Co-operative Group Limited.

18 Accounting estimates and judgements

Critical accounting judgements in applying the Society's accounting policies

Goodwill
For the purposes of impairment testing of goodwill, the Society has several cash-generating units. Components of goodwill range from individual cash generating units, where branches were acquired individually, to groups of cash generating units, where groups of branches were acquired as part of one transaction. Impairment testing is carried out at the level at which management monitor these components of goodwill. Discount rates are based on the parent Society cost of capital which is 7.9% (period ended 31 December 2016: 8.3%).There was no impairment charge in the current period (period ended 31 December 2016: £nil) following a review of the recoverable amount based on discounted future cash flows expected to be generated from the branch.

Provisions
The Society makes a cancellation provision at the point of sale for Lump Sum and Fixed Monthly Payment products in the funeral planning product portfolio. If customers cancel a policy this provsion is released to offset the revenue reversed in the month that the cancellation occurs as there is an obligation to refund all monies originally paid less an administration fee. The cancellation provision is based on the historic analysis (typically 7/8 years) by sales channel and by payment method.

Property, plant and equipment
The carrying amount of property, plant and equipment is reviewed at each balance sheet date and if there is any indication of impairment, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any associated goodwill allocated to cash generating units, and then to reduce the carrying value of other fixed assets. The recoverable amount is the greater of the fair value less costs to sell and value in use. The value in use of an asset is estimated by taking the Society's three-year plan and discounting the cash flows associated with that asset at a post tax rate of 7.9%.

Cash flows beyond three years use a steady growth rate. Fair value less costs to sell are measured using internal valuations based on the rental yield of the property. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent of the asset's carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.