

Annual Return (AR30) form

Section 1 – About this form

An Annual Return must be completed by all societies registered under the Co-operative and Community Benefit Societies Act 2014 ('the Act') (including any societies previously registered under the Industrial and Provident Societies Act 1965) or the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969 ('the Act') (including any societies previously registered under the Industrial and Provident Societies Act 1969). The Annual Return must include:

- this form;
- a set of the society's accounts; and
- where required, an audit report or report on the accounts.

A society must submit the Annual Return within 7 months of the end of the society's financial year. Failure to submit on time is a prosecutable offence.

Please note that this form, including any details provided on the form, will be made available to the public through the Mutuels Public Register

<https://mutuals.fca.org.uk>.

For guidance on our registration function for societies under the Co-operative and Community Benefit Societies Act 2014, which includes guidance on the requirement to submit an Annual Return, please see here:

<https://www.fca.org.uk/publication/finalised-guidance/fg15-12.pdf>

Section 2 – About this application

Society name	Chelmsford Star Co-operative Society Ltd
Register number	973R
Registered address	220 Moulsham Street, Chelmsford, Essex
Postcode	CM2 0LS

2.1 What date did the financial year covered by these accounts end?

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Section 3 – People

3.1 Please provide the names of the people who were directors of the society during the financial year this return covers. Some societies use the term 'committee member' or 'trustee' instead of 'director'. For ease of reference, we use 'director' throughout this form.

Name of director	Month and year of birth	
Pauline Dodd	August	1946
Anthony Price	January	1952
Judith Saunders	December	1952
Stephen Birmingham	August	1962
Nicole Gay	February	1951
Jane Milbank	September	1953
Roger Simons	August	1944
Ben Stops	September	1983
Susan Sullivan	February	1958
Michael Whalley	November	1940

Continue on to a separate sheet if necessary.

3.2 All directors must be 16 or older. Please confirm this is this case:

All directors are aged 16 or over ☒

3.3 Societies are within the scope of the Company Directors Disqualification Act 1986 (CDDA). Please confirm that no director is disqualified under that Act:

No director is disqualified ☒

3.4 Please state any close links which any of the directors has with any society, company or authority. 'Close links' includes any directorships or senior positions held by directors of the society in other organisations.

Stephen Birmingham	Co-operative Loan Fund (Trustee) Euler Herms Trade Indemnity Limited Pension Fund (Trustee)
Judy Saunders	Chair of Chelmsford Star Co-operative Party Chelmsford Fairtrade Committee
Roger Simons	Hatfield Broad Oak Non-Ecclesiastical Charities (Trustee)
Susan Sullivan	Chelmers Village Hall (Trustee) Chelmsford City Councillor – Springfield North Ward Springfield Parish Council (Chairman) Springfield United Charities (Trustee) Beaulieu Community Trust (Trustee) Arts Council England – South East Regional Council
Michael Whalley	Anglo European School (Trustee) Great Baddow & Galleywood The Environmental Group (Chair)

3.5 Please provide the name of the person who was secretary at the end of the financial year this return covers. Societies must have a secretary.

Name of secretary	Month and year of birth	
Ellen Tredwin	July	1983

Section 4 – Financial information

4.1 Please confirm that:

- accounts are being submitted with this form ☒
- the accounts comply with relevant statutory and accounting requirements ☒
- the accounts are signed by two members and the secretary (3 signatures in total) ☒

4.2 Based on the accounts, please provide the information requested below for the financial year covered by this return.

Number of members	87,368
Turnover	83,601,696
Assets	34,366,900
Number of employees (if any)	884
Share capital	10,324,008
Highest rate of interest paid on shares (if any)	3.5% (1.75% maximum interest, plus a maximum loyalty bonus of 1.75%)

4.3 What Standard Industrial Classification code best describes the society's main business? Where more than one code applies, please select the code that you feel best describes the society's main business activity. You will find a full list of codes here: <http://resources.companieshouse.gov.uk/sic/>

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Section 5 – Audit

Societies are required to appoint an auditor to audited unless they are small or have disapplied this requirement. For further guidance see chapter 7 of our guidance: <https://www.fca.org.uk/publication/finalised-guidance/fg15-12.pdf>

5.1 Please select the audit option the society has complied with:

- Full professional audit ☒
- Auditor's report on the accounts ☐
- Lay audit ☐
- No audit ☐

5.2 Please confirm the audit option used by the society is compliant with the society's own rules and the Act

We have complied with the audit requirements ☒

5.3 Please confirm any audit report (where required) is being submitted with this Annual Return

Yes ☐

Not applicable ☒

The information below impacts the level of audit required of the society's accounts. Please provide answers to the following questions.

5.4 Is this society accepted by HM Revenue and Customs (HMRC) as a charity for tax purposes?

Yes ☐

No ☒

5.5 If the society is registered with the Office of the Scottish Charity Regulator (OSCR) please provide your OSCR registration number.

Not applicable ☒

OSCR number:	
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5.6 Is the society a housing association?

No ☒ Go to **section 6**

Yes ☐ Go to question **5.7**

5.7 Please confirm which housing regulator you are registered with, and provide the registration number they have given you:

		Registration number
Homes and Communities Agency	<input type="checkbox"/>	
Scottish Housing Regulator	<input type="checkbox"/>	
The Welsh Ministers	<input type="checkbox"/>	
Department for Communities (Northern Ireland)	<input type="checkbox"/>	

Section 6 – Subsidiaries

6.1 Is the society a subsidiary of another society?

Yes ☐

No ☒

6.2 Does the society have one or more subsidiaries? (As defined in sections 100 and 101 of the Act)

Yes ☒ Continue to question 6.3

No ☐ Continue to Section 7

6.3 If the society has subsidiaries, please provide the names of them below (or attach an additional sheet)

Registration Number	Name
29614R	Star Holdings Chelmsford Limited

6.4 Please provide below (or on a separate sheet) the names of subsidiaries not dealt with in group accounts (if any) and reasons for exclusions: (the society must have written authority from us to exclude a subsidiary from group accounts)

Registration Number	Name	Reason for exclusion

Section 7– Condition for registration

All societies are registered meeting one of two conditions for registration. These are that the society is either:

- a bona fide co-operative society ('co-operative society'); **or**
- are conducting business for the benefit of the community ('community benefit society').

A society must answer the questions set out in either Section 7A or Section 7B of this form, depending on which condition of registration it meets.

If you are not sure which condition for registration applies to the society please see chapters 4 and 5 of our guidance:

<https://www.fca.org.uk/publication/finalised-guidance/fg15-12.pdf>

Section 7A - Co-operative societies

Co-operative societies must answer the following questions in relation to the financial year covered by this return.

7A.1 What is the business of the society? For example, did you provide housing, manufacture goods, develop IT systems etc.

**Retail (Food convenience, fuel and Departmental stores.
Provision of Funeral services
Investment property portfolio**

7A.2 Please describe the members' common economic, social and cultural needs and aspirations. In answering this question, please make sure it is clear what needs and aspirations members had in common.

As a co-operative our members commit to the co-operative values and principles. These include voluntary and open membership, member economic participation and concern for the community.

7A.3 How did the society's business meet those needs and aspirations?

You have described the society's business answer to question 7A.1, and in question 7A.2 you have described the common needs and aspirations of members. Please now describe how during the year that business met those common needs and aspirations.

Voluntary & open membership: within the year 2,738 people joined the society's membership scheme. Membership is open to anyone over the age of 16.

Member economic participation: members earn points based on their purchases from the society's trading outlets. The conversion rate of the points is approved by members at the AGM. Points are converted at this rate, as a dividend, which is available to members to redeem in stores the day after the AGM.

Concern for the community: Within the year 93 withdrawals were made by our community card groups. These funds have been raised by supporters of the groups earning points on their purchases within the society's trading outlets.

7A.4 How did members democratically control the society? For example, did the members elect a board at an annual general meeting; did all members collectively run the society.

At least 3 directors are elected every year. Any member who has reached the minimum membership duration and spend is eligible to stand.

The are 10 elected members on the board.

Every member has the opportunity to vote for the representative that they wish to represent them on the board.

The society continues to hold contested elections for Board positions.

7A.5 What did the society do with any surplus or profit? For instance, did you pay a dividend to members (and if so, on what basis); did money get reinvested in the business; put into reserves; used for some other purpose?

Members received a dividend payment based on points accrued on purchases, during the financial year.

The Society's distribution of profit is made up of dividend on purchases, interest on members share capital, allocation to the development of the membership function and community grants and donations supporting activities within the community.

Section 7B - Community benefit societies

Community benefit societies must answer the following questions in relation to the financial year covered by this return.

7B.1 What is the business of the society? For example, did you provide social housing, run an amateur sports club etc.

7B.2 Please describe the benefits to the community the society delivered? Here we are looking to see *what* the benefits to the community were. Community can be said to be the community at large. For example, did you relieve poverty or homelessness through the provision of social housing.

7B.3 Please describe how the society's business delivered these benefits? The business of the society must be conducted for the benefit of the community. Please describe *how* the society's business (as described in answer to question 7B.1) provided benefit to the community.


7B.4 Did the society work with a specific community, and if so, please describe it here? For instance, were the society's activities confined to a specific location; or to a specific group of people? Please note that in serving the needs of any defined community, the society should not inhibit the benefit to the community at large.

7B.5 What did the society do with any surplus or profit? For instance, did you donate the money; did money get reinvested in the business; put into reserves; used for some other purpose?

7B.6 Please state any significant commercial arrangements that the society has, or had, with any other organisation that could create, or be perceived as creating, a conflict of interest. Please tell us how you ensured that any such conflict of interest did not prevent the society from acting for the benefit of the community.

Section 8– Declaration

The secretary of the society must complete this section.

Name	Ellen Tredwin
My signature below confirms that the information in this form is accurate to the best of my knowledge	
Signature 	
Position	Secretary
Date	22-08-19

Section 9 – Submitting this form

Please submit a signed, scanned version of this form along with your accounts and any auditor's report by email to: mutualsannrtns@fca.org.uk.

Or you can post the form to:

Mutual Societies
Financial Conduct Authority
12 Endeavour Square
London
E20 1JN

This form is available on the Mutuels Society Portal:

<https://societyportal.fca.org.uk>

annual

report & financial statements 52 weeks ended 26th January 2019

**Chelmsford Star -
the Co-operative**

at the heart of our community

Since 1867



your local **independent** co-operative

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*These pages form the Financial Statements.



Supporting our communities



Supporting our schools

BOARD OF DIRECTORS

President (appointed by the Directors)
Mrs P Dodd

Directors

Mrs J Saunders – Vice President
Mr S Birmingham
Ms N Gay
Mrs J Milbank
Mr A Price
Mr R Simons
Mr B Stops
Mrs S Sullivan
Mr M Whalley

MANAGEMENT EXECUTIVE

Mr K Bennett CIM
– Head of Membership & Marketing
Mr D Leverington
– Head of Food Retail
Mr S Roger
– Head of Department Stores
Mrs A Rowland
– Head of Human Resources
Mrs E Tredwin BA (Hons)
– Secretary
Miss L Waghorn FCCA FCA
– Chief Financial Officer
Mr B J Wood MCMI CIRM
– Chief Executive Officer

ADVISERS

Auditors

Rickard Luckin Limited, Aquila House
Waterloo Lane, Chelmsford CM1 1BN

Solicitors

Aquabridge Law
21 Springfield Lyons Approach
Chelmsford CM2 5LB

Principal Banker

Santander UK Plc
Victory House
Chivers Way
Histon, Cambridge
CB24 9ZR

REGISTERED OFFICE

220 Moulsham Street
Chelmsford CM2 0LS
Registered Number 973R Essex
Website: www.chelmsfordstar.coop



Duke Street store re-launch



*Chelmsford Travel
nominated for an award*

Five Year Comparative Statement

52 weeks ended 26th January 2019

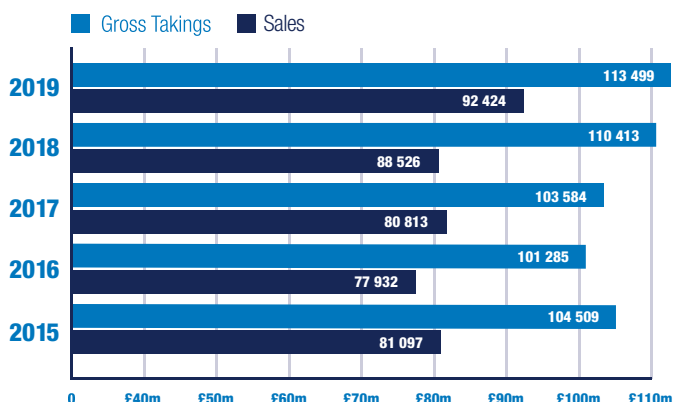
Year ended:-	31 January 2015 53 weeks	30 January 2016 52 weeks	28 January 2017 52 weeks As restated	27 January 2018 52 weeks	26 January 2019 52 weeks
	£	£	£	£	£
Gross Takings	104 509 438	101 285 710	103 584 570	110 413 252	113 499 104
Sales	81 097 493	77 932 476	80 812 623	88 525 765	92 423 573
Turnover	73 679 934	70 823 280	73 268 348	80 233 256	83 601 696
Members' Benefits & Grants	414 074	427 244	433 877	443 651	411 624
Trading Surplus	1 673 309	1 316 022	1 536 729	1 098 714	900 779
Share Interest	297 839	350 232	401 148	355 208	320 673
Retained Surplus before Tax	833 714	514 188	643 708	212 602	139 654
Depreciation	1 485 008	1 546 518	1 641 420	1 821 098	1 846 399
Capital Expenditure including Goodwill	1 605 465	1 468 011	2 293 787	2 097 941	750 460
Fixed Asset - Net Book Values	24 928 702	25 066 289	25 885 563	26 282 171	25 232 075
Net Current Assets (Liabilities)	414 290	327 773	965 303	(247 394)	(509 689)
Total Assets less Current Liabilities	25 342 992	25 394 062	26 850 866	26 034 777	24 722 386
Long Term Liabilities	(5 527 184)	(4 664 942)	(5 101 648)	(4 513 500)	(3 736 022)
Net Pension Liability under FRS102	(3 989 000)	(2 920 000)	(3 967 000)	(2 365 000)	(1 946 000)
Deferred Tax	1 429 322	1 336 458	1 208 901	979 542	887 307
NET ASSETS	17 256 130	19 145 578	18 991 119	20 135 819	19 927 671
Share Capital	8 869 772	9 892 262	10 649 877	10 556 720	10 324 008
Reserves	8 386 358	9 253 316	8 341 242	9 579 099	9 603 663
MEMBERS' FUNDS	17 256 130	19 145 578	18 991 119	20 135 819	19 927 671
Membership	76 298	79,468	82 414	85 069	87 368
Average Shareholding per Member	£116.25	£124.48	£129.22	£124.10	£118.17
Trading Surplus as % of Net Sales	2.27	1.86	2.10	1.37	1.08
Members' Benefits as % of Net Sales	0.56	0.60	0.59	0.55	0.49
Fixed Asset additions as % of Net Sales	2.18	2.07	3.13	2.61	0.90
Gearing	38%	26%	26%	28%	22%
Interest cover (Net interest as percentage of Surplus before Interest)	703%	669%	848%	634%	584%
Net Debt	6 598 344	4 969 160	5 013 156	5 702 363	4 396 730
Surplus before Interest	1 848 418	1 545 593	1 680 479	1 219 289	1 021 299
Net Interest payable	263 000	231 000	198 227	192 456	174 962

Five Years at a Glance

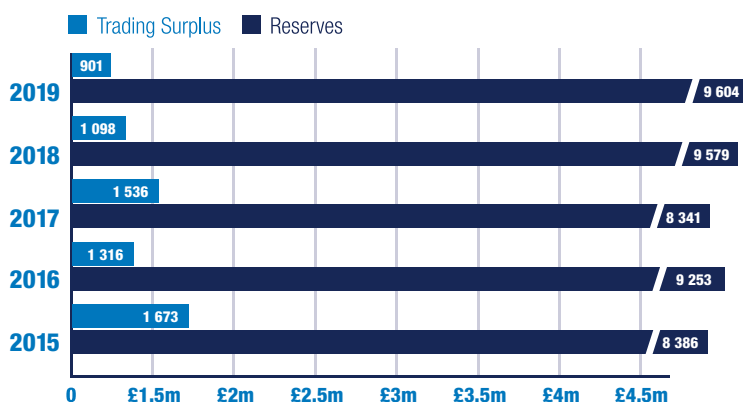
52 weeks ended 26th January 2019

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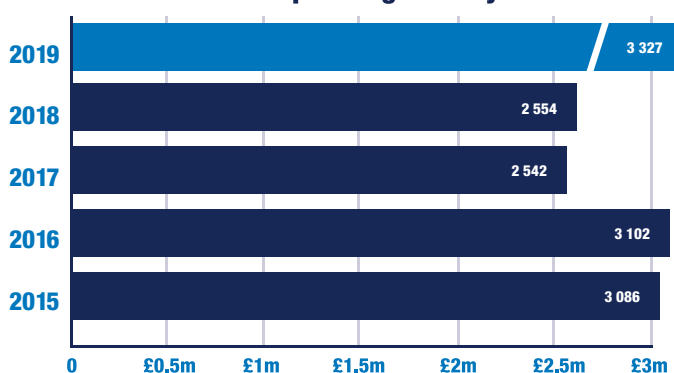
Gross Takings & Turnover £000



Trading Surplus & Reserves £000

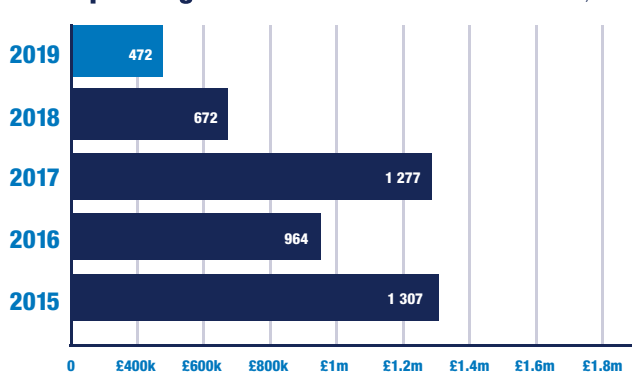


Cash Flow from Operating Activity £000

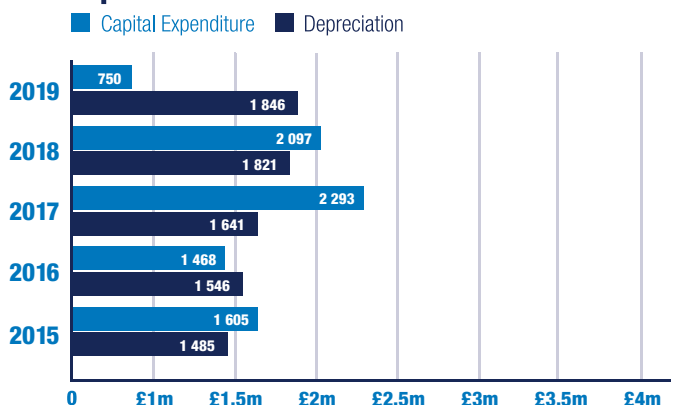


Operating Profit £000

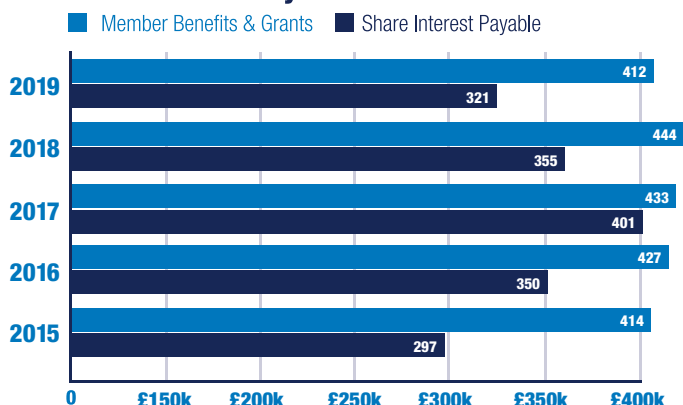
(Trading Surplus plus investment income less interest)



Capital Expenditure & Depreciation £000



Member Benefits & Grants / Share Interest Payable £000



Co-operative, Environmental and Social Performance Indicators 52 weeks ended 26th January 2019

As a Co-operative, your Society seeks to operate its business in accordance with Co-operative Values & Principles. To assist in the monitoring of our performance, we adopt a standard set of key co-operative and social performance indicators, which have been produced by Co-operatives^{UK}.

1. Member Economic Involvement

Trade conducted with members represented 13.1% of our total sales, compared with 13.2% in 2017/18.

2. Member Democratic Participation

The elections in May 2018 were contested, with eleven nominations for ten positions. A total of 603 members voted in the elections, representing 2.1% of the active membership and 0.7% of total membership compared respectively to 1.8% and 0.6% in 2017/18.

3. Participation of Colleagues and Members in Training and Education

We have provided 3,824 hours of training to our colleagues and Directors, compared to 4,130 in 2017/18. During the year, more training sessions have been delivered online to a greater number of colleagues. The online courses are shorter in design than a face-to-face session. In the year 17 colleagues have benefited via the Apprenticeship Levy.

Additionally, 649 hours of education have been provided to our members via membership activities, compared to 640 in 2017/18.

4. Colleague Injury and Absentee Rates

The total number of reported accidents involving colleagues during the year was 60, of which 1 was serious. This compared to 57 accidents, of which 3 were serious, in 2017/18.

5. Colleague Profile, Gender and Ethnicity

The gender split of colleagues has remained at 65% female, 35% male.

Your Society's Board currently has a 50/50 mix of males to females, whereas the Executive management team has a 43% female, 57% male split.

Of our colleagues, 8.3% are of non-white ethnicity, compared to 7.4% in 2017/18.

The Society's Gender Pay Report is available to download via the Society's website. The report demonstrates that the Society has a low pay mean differential of 17.3% and a 1.2% median differential.

6. Customer Satisfaction

Surveys collected from the Society's Funeral division suggest 98.5% would recommend or use our service again, a consistent level with last year.

Surveys collected from the Society's Department Stores Furniture business report 95.3% rate our service as good or excellent.

7. Consideration of Ethical Issues and Procurement and Investment Decisions

The majority of our food procurement is through membership of the Federal Retail Trading Services (FRTS). We actively support the ethical buying policies of FRTS including developing fair and sustainable relationships with suppliers across its supply chain and in particular with Fairtrade suppliers. The remainder of our food is sourced locally by verified local suppliers.

The majority of our non-food procurement is conducted through membership of the Association of Independent Stores (AIS), which is managed in accordance with ethical buying policies which we support.

With the introduction of The Modern Slavery Act 2015, the Society is required to publish a statement outlining steps taken during the financial year to ensure that slavery and human trafficking are not taking place in our business or supply chain. A copy of the Society's statement can be downloaded via the Society's website.

Given that the Society makes most of its purchases via FRTS and AIS, the Society has focussed on suppliers outside of these arrangements. A full statement of steps taken will be available on the Society's website.

Your Society has made an active commitment to supporting our local economy. Research suggests that for every £1.00 spent with the Society, 30 pence is re-invested back into the local community.

8. Investment in the Community and Co-operative Initiatives

Cash donations, investment and colleague time supporting the community totalled £114k equating to 81.9% of pre-tax profits. This compared to £102k or 47.9% in 2017/18.

In addition, £18k was donated to supporting Co-operatives through cash donations, investment and colleague time, equating to 12.5% of pre-tax profits. This compares to £14k or 6.7% in 2017/18.

9. Net CO₂ Emissions Arising from Operations

On a "like for like" basis, we have produced 2,789 tonnes of CO₂ emissions from electricity consumption. Your Society has an energy & environmental policy, committing to reduce electricity consumption by 25% by 2021 and to date we have achieved a 16.7% reduction.

10. Waste Recycling

We have recycled approximately 99.7% of the waste produced, compared to 99.31% in 2017/18.

To The Members

Your Board of Directors has the responsibility to report to you on your Society's performance for the year which ended 26th January 2019, covering a period of 52 weeks.

Your Society

Your Society operates from 52 trading outlets of which 40 are food convenience stores (four incorporating post office services, one includes a petrol station), two are Quadrant Department Stores each with a Co-operative Travel branch, and eight Co-op Funeral branches.

Established in 1867, Chelmsford Star Co-op has provided goods and services to the local community for over 150 years. We aspire to be the leading ethical retailer championing excellence in service, employment and community involvement in Essex. Our mission is to work together, giving life and meaning to the co-operative difference by trading ethically in order to share our success and service, support and sustain local communities.

Economic Background

2018 was a tough year for the UK retail industry. In the year we have seen an acceleration nationwide in the number of store closures as many retailers have tried to restructure their businesses.

Margins within retail continue to be squeezed as a result of the ever-growing presence of the discounters in food retail, rising costs and wavering consumer confidence.

Your Society is not immune to these factors, which have undoubtedly contributed to the result presented within the report. The Board continues to monitor and review turnover, cost and profitability trends to ensure that the Society has appropriate strategies in place to minimise the impact.

Financial

Your Society's gross takings for the year amounted to £113,499k. This compares to £110,413k last year and represents a "year on year" increase of 2.8%. Adjusting for store closures within the year, growth of 3.7% has been achieved.

Gross profit for the year amounted to £24,394k. This compares to £24,002k and represents an increase of 1.6%. The increase in gross profit has

been achieved with the latest food store acquisitions settling into the estate and with the benefit derived from the food store refurbishment programme.

Your Society continues to manage a lean operation. Despite this, operating costs have increased "year on year" by 2.6% to £23,493k. The largest single contributing factor of this increase remains personnel costs.

Your Society's trading profit amounted to £901k. This represents a "year on year" decrease of £198k.

During the year, your Society disposed of two loss-making stores, Meppel Avenue and Southchurch Road. The Society had anticipated that these would have been disposed of prior to this financial year and were not included in the budget. Whilst trading profit will have been impacted by the operation of these loss-making stores, exceptional income of £124k for their sale is recognised within the Society's surplus before distributions, often referred to as net profit. Further to this, your Society has recognised that the operation in Braintree Quadrant is generating losses in excess of the remaining lease commitment. The Board has therefore agreed to take a provision within the year for £70k to recognise this. Taking into account these factors, net profit totalled £787k.

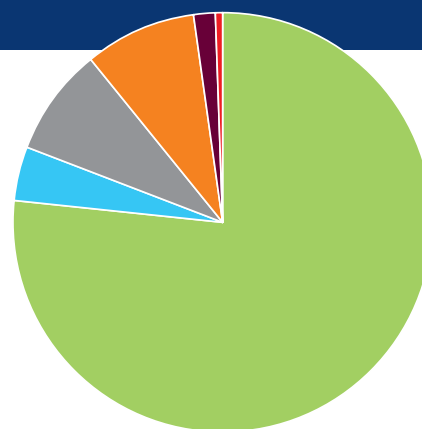
After meeting the costs of all distributions, the Society posted a retained profit of £112k to the Revenue Account, further adding to the Society's reserves.

Food

Gross takings excluding Fuel amounted to £87,027k, which compares to last year's figure of £84,295k. This represents an increase of £2,731k. On a "like for like" basis, taking into account changes in the trading estate, a 4.5% increase has been achieved.

Service transactions such as bill payments and lottery have been declining for a number of years. These products are low margin and are generally excluded from comparisons across the industry. Your Society's core Food turnover, excluding services has grown 6.8% on a "like for like" basis.

The exceptional weather during the year had both negative and positive effects upon Food turnover. Firstly, the "Beast from the East" created supply issues, whereas the sensational summer weather encouraged consumers to pop to their local Co-op for barbecue supplies.



Gross Takings 2018/19 (£'000)

Food Travel
Fuel Funerals
Department Stores Investment Property

The Board continues to monitor the performance of each site on a regular basis. Where there are problems of viability, remedial action is discussed before any store closures are considered.

Four refurbishments were conducted within the Food business, Forest Drive, Duke Street and Kings Road in the summer, with East Tilbury refurbished in November. The programme of refurbishment includes a range review, introduction of new 'Food to Go' options, and investment into energy efficient upgrades.

During the year, theft within the Society's stores has noticeably increased, as it has nationwide in retail. This ultimately reduces the profitability of the Society's operation. Your Society continues to invest in the prevention of theft via electronic tagging and the employment of an additional field management member to address and stem these losses.

The trading profit of the Food business has decreased 8.4% "year on year", which reflects the increased personnel costs and the losses generated by Meppel Avenue and Southchurch Road prior to closure.

Departmental Stores

Gross takings for the year amounted to £9,406k. This compares to £9,892k achieved last year and represents a decrease of 4.9%.

During the year the failure of the Calvetron brands saw Jacques Vert, Precis Petite, Dash and Eastex exit our Chelmsford store, all well-known labels. In addition, Outfit Kids in Braintree departed, after only a short period of trading.

There are therefore fewer concession partners to work with, although the Department Stores continues to attract new brands such as Oasis, Van Dal and Jack & Jones to Braintree, and Barbour, Gant and French Connection to Chelmsford. This has resulted in greater reliance on own-bought product ranges, as opposed to concessioned areas. During the year, turnover achieved from own bought fashions increased by 20%, over the past four years turnover has grown by 124%, however is not a rate sufficient to mitigate the turnover lost from concession partners.

Furniture which accounts for almost 25% of the turnover generated by the Department Stores remains a department in decline. Efforts are ongoing to reverse this trend, including the introduction of the Baines Cooper and Studio 67 ranges, and the Million Pound furniture clearance.

The Department Store business was a finalist in the Essex Business Excellence Awards for their contribution to the community. This is recognition for the time invested into supporting our community and charity.

Despite the strategy in place to mitigate trading losses, these have increased further to 2.85% from 1.46% last year. The Board continues to monitor the Department Stores' performance closely and explore strategies to minimise the losses.

Travel

Gross takings for the year amounted to £9,869k. This compares to £9,696k last year and represents an increase of 1.8%.

Growth has been driven by holiday bookings, with sales increasing by 8.1% "year on year".

Currency on the other hand has declined by 2.7% "year on year".

An evening with our suppliers was held in the year, demonstrating to customers a small showcase of the variety of suppliers and holiday types available to book.

The Travel business has been an outstanding success in the past year and has been shortlisted for the TTG (Travel Trade Gazette's) Top 50 Travel Agencies. This reflects the excellent customer service that the Travel team provides.

The beginning of 2019 saw the Travel business's new website go live. Given the vast range of suppliers offered via the Travel business, it is not a transactional website, but is informative and provides inspiration for future holidays.

As a result of the increase in Travel bookings, which provide a higher margin of profitability than currency sales. The Travel business's trading profits excelled in the year, increasing to £266k, a "year on year" increase of 37.6%.

Funerals

Gross takings for the year amounted to £2,083k compared to £1,708k last year. On a "like for like" basis, taking into account the new branch, a 14.9% increase has been achieved.

During the previous financial year, your Society had rebranded the Funeral business to Co-op Funeral Directors. As part of the rebrand we introduced new signage, a new website and a

pricing review, the efforts of which have paid off handsomely in the year.

Your Society continues to support the bereaved; this year two Christmas remembrance services were held, one in Braintree, the other in Chelmsford, bringing together people to remember loved ones over the festive period. Both evenings were well supported.

Your Society provides free bereavement support within our communities, either via one-to-one counselling or via group sessions, which have now been extended to include a weekend group.

The trading profit of the Funeral business amounted to £272k, compared to £180k last year.

Investment Property

Your Society's investment portfolio consists mainly of residential accommodation located above our shops. The portfolio includes one commercial property above the Duke Street Food store, the second floor of which remains vacant. Rates of occupancy for the remaining estate have been reasonable throughout the year.

With the disposal of the Southchurch Road Food store, the Society lost one flat within the portfolio.

Rental income amounted to £322k compared to £319k last year, an increase of 1%.

Funding and Interest

During the year, the Society has spent £750k on capital projects, which in the main relates to the refurbishment of four Food stores.

Within the year, the Society has repaid its borrowings from Barclays. Santander is now the Society's main finance provider.

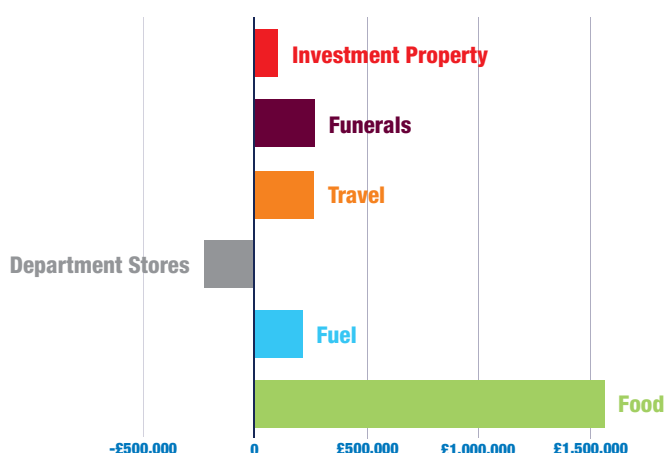
When related to the Society's profit before depreciation, i.e. EBITDA, net debt as a ratio is 1.6, compared to 1.93 last year.

Interest charged on the Society's borrowings amounted to £178k compared to £193k last year. The interest cover ratio (i.e. bank interest to trading profit) is 5.06 times compared to 5.71 times last year.

Employees' Superannuation Fund

The last actuarial valuation of the Fund was at 31st January 2015. The schedule of payments under the present recovery plan (2014-2024) has remained unchanged, but future service contributions increased slightly. The Fund will be subject to the next actuarial valuation as at

Trading Profit/Loss 2018/19 (£'000)



Trading profit of each trading division before the allocation of central overheads.

27th January 2018 which is in the process of being completed.

During the course of the year, the Society has made payments, as per the recovery plan, amounting to £552,000; last year £501,000.

Your Directors remain fully committed to providing the best possible pension scheme to all employees, whilst recognising that whatever is offered must be financially sustainable.

Distributions

The Society's total distribution of profit, which is made up of interest on members' share capital, dividend on purchases, the membership grant, donations to the local Co-operative Party and sundry community donations, amounted to £508k, compared to £544k last year.

Payments to members of the 500 Club who receive a discount at the point of sale are not treated as a distribution, but are charged directly to the profit and loss account. The cost this year is £85k compared to £97k last year. The Board has suspended the 500 Club to new members, while the longer-term feasibility of the scheme is considered.

For the current year, your Directors propose to recommend to members a payment of share of the profits (i.e. dividend) at a rate of £5.00 for every 1,000 points.

Membership Report – Our Principles in Practice

The Co-operative business model is based on a set of values and principles, which all co-operatives agree to abide by, and our membership activities reflect these values and principles: -

Voluntary & Open Membership

Anyone over the age of 16 who invests £1 is entitled to join the Society's membership. During the year, 2,738 new members have joined, compared to 2,954 last year. The Society now has 87k members, of which 32% are considered active having made purchases from the Society within the past two years. This represents a small decline on last year at 34%.

• Student Membership

The Board were keen to trial during the year a scheme for student membership, in order to support full-time students financially during their studies. The trial is currently limited to Writtle College, whilst the feasibility of the scheme is considered.

Students who sign up to student membership do not receive points on their purchases, instead receiving 10% of their purchase value (certain exceptions apply) back on their membership card to redeem against future purchases.

Democratic Member Control

In accordance with the Governance Code for Consumer Co-operative Societies, President Pauline Dodd stood down as Director at the 2017 AGM, having served nine consecutive years. The Code requires a break in service of at least one year after nine years' consecutive service.

At the Society's Annual General Meeting (AGM) held on 7th May 2018, members elected Stephen Birmingham, Ben Stops and Pauline Dodd to the Board of Directors for three years, and Tony Price for two years.

Following the 2018 AGM, the Board appointed Pauline Dodd as President, supported by Judy Saunders as Vice President. The Directors are grateful to Pauline and Judy for accepting the responsibilities and challenges posed by these demanding roles.

Tony Gunn was elected to serve on the Membership Committee for two years. There was no election for the Members' Council. The following members were co-opted to the Council to serve for one year; Linda Booth, Geoff Wheatley, Carole Beeston, Jane Ayres and David Van Sertima. Geoff Wheatley was appointed as Chair of the Members' Council; in accordance with the Society's rules, the Chair of the Members' Council also serves on the Membership Committee, providing a link between the governance tiers.

A total of 603 votes were cast in the Board election compared to 520 in the 2017 elections, a 16% increase. A voting service was available at a pre-advertised date and time in a number of stores. This service will again be provided for the 2019's elections. The Society's postal voting service remains by far the most popular method of voting. The postal voting register continues to grow; there are now 1,499 members registered for this service, compared to 1,307 last year. During the year, 76 members were removed from the register in accordance with Society rules, primarily because they had not participated in voting for the past four years.

The Society's democratic structure allows members to engage with the Society and have a voice in how

the Society is run. The Membership Committee and Members' Council give members the opportunity to highlight community concerns and issues and identify measures to assist.

Member Economic Participation

Points are earned on the majority of purchases from the Society's retail outlets. Every year, at the end of the financial year, the Board considers the conversion rate to recommend to members at the AGM. The share of the profits rate reflects the Society's profitability within the trading year. As stated earlier in the report, the Board will be recommending a payment of £5.00 per 1,000 points earned up to 26th January 2019. This is at the same rate as last year.

Members also benefit throughout the year from discounts for future purchases, discounted member trips, exclusive events, coffee mornings, and discounts from local businesses.

Autonomy & Independence

When decisions are made, the Board considers whether these are in the best interests of members. They may relate to investment in the business, store acquisitions or closures, agreeing to additional funding or members' benefits. Members remain at the heart of the decision-making process and the Society. The Board consists of members elected by their fellow members to make key decisions on behalf of the membership and the Society.

Education, Training & Information

Your Society continues to promote co-operation across the county, whether this is through the links we have with schools within the area, the events we attend and support, or via our coffee clubs. We are proud of what we do within the community.

• Schools & Young People

Your Society continues to engage and support numerous schools within the locality. During the year under review, your Society sponsored the Young Enterprise 'Social Responsibility' Award. This initiative teaches pupils a wide range of business and communication skills. The Social Responsibility award goes to the group that has given full consideration to its wider impact, rather than purely focussing on profit. The Society is also a key sponsor to The Pride of Essex Award, this year presenting a 'Community Star' award to the Tabor Academy for their work with the Royal British Legion.



Winning the Business Charity Awards

Your Society supported the Co-operative Trust School, the Anglo European in Ingatestone during its business days, where the Society and one of our local suppliers were on hand to provide business advice and expertise to the pupils.

Your Society again attended the Three Foot Festival at Hylands House, Chelmsford, and for the first time, Little Legs Festival in Braintree. At the events, the Society showcased the benefits of membership, whilst promoting healthy eating by giving away fruit & vegetables to the toddlers.

• Youth Engagement

Since 2010, the Society has had a Youth Council, which included representatives from three local Co-operative Trust Schools and young members.

The last few years have been challenging in organising regular meetings of the Council with a consistent membership. During the year, the Youth Council structure has been reviewed, and during 2019 we shall be working in conjunction with Duke of Edinburgh candidates to identify and address issues within the local community.

• Member Updates

Members are regularly informed of the Society's activities and events, either informally through the Society's website, social media or members' magazine, Starlight, or more formally at the Interim and Annual General Meeting of Members.

During 2018, 101 members attended the AGM, compared to 107 in 2017. For the 2018 AGM, the Board agreed to hold the AGM at the Council Chamber at the Civic Centre in Chelmsford. The facilities offered by the Chamber are far more suitable for hosting a Members' Meeting.

Annual Report and Financial Statements

In addition, the parking facilities and location should be more convenient to members. Following positive feedback from members, future meetings will continue to be held at this location.

The next members' Interim meeting is to be held on 7th October 2019.

Concern for the Community

Your Society continues to support your community, whether this is through supporting our charity of the year, hundreds of local community groups, Fairtrade or our numerous local suppliers.

Our efforts were recognised, in the year, winning the 'Best for Community Impact' award at the National Business Charity Awards.

• Community Card

The Society's Community Card scheme now supports 342 local groups. During the year, 93 of our groups withdrew funds raised by their supporters to the value of £8,828, this compares to 103 groups last year withdrawing £5,910.

Groups that have benefited from the Community Card scheme in the year include;

St Johns Primary School

The school withdrew £1,035 of their funds to create shade in their playground.

Braintree Town Football Club

The club withdrew £180 to help fund new disabled toilet facilities.

Danbury Medical Centre

The group withdrew £525 to contribute to vital equipment to help asthma patients.

Thriftwood School

The school withdrew £255 to subsidise school trips for their pupils.

Castledon School, Wickford

The school withdrew £120 to purchase new books for their library.

In addition to providing the Community Card as a method to raise funds, your Society also provides skills, advice and guidance to these groups.

• Charity of the Year

At the 2018 AGM, the Society reported that £77,912 had been raised in support of Little Havens Hospice. This was achieved through fundraising and members signing up to Little Havens Hospice's monthly lottery.

Our colleagues, as well as members and customers, are always supportive of our charity of

the year, currently the Alzheimer's Society, and this year there has been more activity than ever. Noteworthy initiatives have included the following:-

- Emma from Head Office was joined by Ame from Nevendon and Ryan from Hutton to complete the Broadgate Stair Climb.
- Georgina, Emily, Claudia and Yasmin from Head Office absailed the Arcelormittal Orbit.
- Annemarie from Funerals had her hair cut off and donated to the Little Princess Trust.
- East Tilbury supported a Family Fun Day.
- Emily from Head Office once again completed the Race 4 Business 3.5 mile run.
- Colleagues across the Society supported 'Elf Day' dressing up as Santa's Little Helpers.
- Clare from Danbury bravely jumped for a tandem sky dive.

Each winter local charities are invited to apply to become the Society's charity of the year. A sub-committee of Directors makes a shortlist of three charities, from those applying. Our colleagues then select by ballot the charity that the Society will be supporting for the coming year.

This year, 47 charities applied, demonstrating how great is the need for support within our community.

At the 2019 AGM, the Society will announce the total value raised in the year for the Alzheimer's Society and announce the Society's next charity of the year.

• Environment

Your Board is conscious of the environmental impact that running the business on a day-to-day basis can have. For many years the Society has been considering how its impact can be reduced.

Your Society has an energy & environmental policy which commits to a 25% reduction in electricity consumption over a five-year period to 2021. Currently, the Society has reduced consumption by 16.7% and has initiatives in place to achieve this longer-term target.

Of the waste produced by the business, 99% is recycled. Within the estate, stores have separate food waste bins which are collected for anaerobic digestion. In addition, we have partnered with Olio, who facilitate connections with local residents who can use surplus food. This scheme has been running from Kings Road and Melbourne for over a year.

Your Society works in partnership with the Salvation Army to provide clothes recycling services at six food sites. This has assisted customers in recycling almost 20,000 kgs of clothing.

Whilst the Society does not produce its own products, we are proud to support the commitment to make all Co-op branded products easy to recycle by 2023, with a commitment to achieve 80% by 2020. This is in addition to eliminating single-use plastics for Co-op branded product by 2023, using a minimum of 50% recycled plastic by 2021 in bottles, pots, trays and punnets and eliminating Co-op branded black & dark packaging by 2020.

The Society does have control over its supply of carrier bags. When the single-use legislation came into effect in 2015, the Board agreed to move away completely from single-use bags, which is why only 'bags for life' are sold within our stores.

Your Society has arranged numerous clean-ups around the estate at: Chelmsford Central Park, Writtle, Danbury, Moulsham Lodge, Hullbridge, Forest Drive, Havengore, Springfield, Trent Road, Kings Road and Galleywood. These events bring together a local community to tidy up and remove rubbish littered within their community.

• Responsible Retailing

During the year, your Society imposed voluntarily a ban on the sale of energy drinks to under 16's.

Your Society has a Challenge 25 policy, which requires anyone who looks under 25 to provide ID for any age-restricted product, whether this be energy drinks, lottery products or alcohol.

• Coffee Club

Weekly Coffee Clubs are held in Chelmsford and Braintree quadrant department stores. These clubs regularly bring together 90 members a week, offering a friendly welcome drink and an opportunity to meet and make new friends, and learn about local charities and causes operating within our communities.

• Fairtrade

Your Society continues to support the Fairtrade movement and locally the Chelmsford City Fairtrade campaign. The event planned for Fairtrade Fortnight was unfortunately cancelled due to inclement weather.

Once again, the Society produced a special Fairtrade chocolate bar, to raise awareness and support for Fairtrade and raise funds for our charity of the year.

• Colleagues

Given the Society's trading performance this year, the Board were not in a position to provide colleagues with a bonus. All colleagues did however benefit from a double discount two-week period in the lead-up to Christmas.

Co-operation Amongst Co-operatives

Your Society, where possible, strengthens the Co-operative movement by working together through local, national and international structures;

• Co-operatives^{UK}

Your Society remains a member of Co-operatives^{UK}, who promote, develop, unite and support all forms of co-operatives from large to small across the country.

• Co-operatives East

Your Society is a member of Co-operatives East, who promote, support and unite co-operatives in the East of England. We were a key speaker at their AGM this year.

• Chelmsford Star Co-operative Party

At the 2018 AGM, members approved the ongoing support to Chelmsford Star Co-operative Party.

As detailed in the constitution of the local Party, the Society can appoint two directors to the Executive Committee. Judy Saunders and Jane Milbank remain the Society's representatives. Judy Saunders is also Chair of the Party.



Abseil raised over £1,500 for Alzheimer's Society

• Co-operative Loan Fund

The Co-operative Loan Fund was established in 2002 to strengthen the size and scope of the Co-operative sector. The Society initially funded the establishment of the Fund, along with The Co-operative Group, Midcounties Co-operative and East of England Co-operative. Stephen Birmingham is the Society's appointed representative on the Board.

• Co-operative Trust Schools

There are three Co-operative Trust schools within the Society's trading area, the Anglo-European School, Ingatestone, Osbourne Co-operative Academy Trust, Brentwood, and St Clare's, Stanford-le-Hope. Michael Whalley serves as a Board-appointed trustee to Anglo European, Ingatestone.

The Year Ahead

Whilst 2018 was a difficult year for retail, your Board is under no illusions that 2019 will be any easier, especially given the ongoing political uncertainty that Brexit generates.

Your Board remains confident in the strategies in place, and in the management team in delivering these.

On behalf of the Board of Directors

Ellen Tredwin – Secretary

28th March 2019



Emma completes Broadgate Tower stair climb

Board & Committee Members Attendance 2018

The table lists the attendance record of Directors and member representatives for the year under review. The figures show the number of meetings actually attended, against (in brackets) the number of meetings they were eligible to attend.

	Elected Member Representative	Board	Audit	Remuneration	Succession Planning	Membership	Members' Council	Superannuation Fund Trustees
DIRECTORS	S Birmingham ⁱ	7(9)		3(3)				4(5)
	P Dodd – President ⁱ	9(9)		3(3)		3(3)		4(5)
	N Gay	10(13)		1(1)	2(2)	5(5)		
	J Milbank*	13(13)			1(1)	8(8)		5(6)
	A Price ⁱ	12(13)	2 (3)		1(1)			6(6)
	J Saunders – Vice President	13(13)		4(4)	1(1)	3(3)		
	R Simons	11(13)	2(4)	1(1)				3(6)
	B Stops ⁱ *	9(9)			1(1)	6(8)	1(1)	
	S Sullivan	13(13)	3(3)	1(1)		5(5)		1(1)
	M Whalley	13(13)	4(4)	3(3)	1(1)			
	P Green ⁱⁱ	3(4)				3(3)		0(1)
	A Gunn ^{iv}	4(4)	1(1)		1(1)	4(5)		
	J Knott ⁱⁱ	3(3)	1(1)			2(2)		1(1)
	T Arogundade ⁱⁱ						0(1)	
	J Ayres ⁱⁱⁱ						2(3)	
	C Beeston ⁱⁱⁱ						2(3)	
	L Booth ⁱⁱⁱ						2(3)	
	L Bowser						3(4)	
	V Sullivan						3(4)	
	D Van Sertima ⁱⁱⁱ						2(3)	
	G Wheatley ⁱⁱⁱ					3(4)	4(4)	
	L Gardner					7(8)		
	K Bennett*							6(6)
	J Dorrington*							6(6)
	D Last*							6(6)
	T Skingle*							6(6)

ⁱ Elected to position 2018 AGM

ⁱⁱ Stood down 2018 AGM

ⁱⁱⁱ Co-opted following 2018 AGM

^{iv} Stood down from Board 2018, elected to Membership Committee

* Employee

To The Members

The Remuneration Committee has delegated responsibility for;

- Setting the remuneration and terms & conditions of Senior Executives.
- Developing and approving an appropriate incentive scheme for Senior Executives.
- Developing a structured and transparent policy for Directors' remuneration and expenses.

The Committee comprises the President, Vice President and two Directors. In accordance with best practice in corporate governance, Directors who are also colleagues employed by the Society cannot serve on the Committee.

The Society's Secretary acts as Secretary to the Committee. The Chief Executive Officer and Chief Financial Officer attend. No Senior Executive plays any part in determining his or her terms and conditions or remuneration. The Committee has met on four occasions this year.

The Committee is accountable to the Board and reports via the established practice of recording the Minutes of each meeting and circulating them to the whole Board, thereby ensuring that each Director remains fully informed.

The Society's policy on Senior Executive remuneration has remained unchanged throughout the year insofar as any changes in terms and conditions have been in accordance with the agreement between the Society and the National Association of Co-operative Officials (NACO).

The principal tenets of the Society's remuneration policy are as follows;

Board Policy

Executive Remuneration

Levels of remuneration are set at a level sufficient to attract, retain and motivate Senior Executives of the calibre required to run the Society successfully. It is the Society's policy to be a fair and reasonable employer.

Bonus Payments

The Society has a bonus scheme for Senior Executives. The purpose of the scheme is to incentivise and grow the interest of Senior Executives in achieving long term

business growth through delivering Society strategic goals and financial performance. The minimum performance required is the achievement of the financial target which is based upon the Society's profit before distributions, excluding property revaluation.

If the budget is not achieved, no payment is awarded. The maximum level of bonus payable under the scheme is 15% of base salary for the Chief Executive Officer and 10% of base salary for the Chief Financial Officer and Society Secretary.

For the year 2017/18, the minimum financial performance was not achieved and therefore no bonus payment was made to the Senior Executives.

Service Contracts

There have been no changes to the length of service contracts of any Senior Executive during the year.

The Chief Executive Officer is entitled to 6 months notice, with the remaining Senior Executives entitled to 3 months notice.

Pension Benefits

The Senior Executives are entitled to join the Society's Pension Scheme on the same terms available to all Society colleagues. There has been no change in the pension arrangements of any Senior Executive in the past year.

Independent External Advice

The Co-operative Employers Association is the principal external advisor to the Committee. The Committee is empowered to seek additional independent advice whenever it deems it necessary. None has been sought in the past year.

Senior Executive Emoluments

Details of the individual remuneration packages of the Senior Executive relating to financial year end 26th January 2019 are detailed in the table below.

Details of the total emoluments of the Management Executive are given in the notes which accompany the financial statements.

Directors' Emoluments

Details of Directors' emoluments relating to financial year end 26th January 2019 are detailed in the table below.

The scale of fees and allowances which are paid to Directors is put to members for approval every three years. Members approved the current scale at the 2016 Annual General Meeting; the next review will be at the Annual General Meeting, which will be held on 13th May 2019 at the Council Chamber, Chelmsford. The recommendation to members will be that the following rates are applied;

Directors' Fees	£ per annum
President	6 732.00
Vice President	4 773.60
Director	2 815.20
Committee Chair	1 040.40
Committee Member	734.40

Whilst a review of Directors' fees was last conducted in 2016, the review did not propose any change to the fees. The proposed increase for 2019 reflects a 2.0% increase.

Directors' Expenses	£
Daily Allowance	25.00
Half-Day Allowance	12.50
Daily Rate (i.e. evening meal, lunch, etc.)	40.00
Overnight Accommodation	120.00
Mileage (up to 190 miles)	45 ppm
Over 190 miles	25 ppm
Passenger Allowance (Max. 4 Persons)	5 ppm

The total fees paid to member representatives elected or appointed to serve on the Membership Committee or Members' Council amounted to £1,440; compared with £1,860 in the previous year.

Employees serving as Trustees of the Employees' Superannuation Fund were paid fees totalling £2,880; compared with £3,180 in the previous year.

This report will be put to an advisory members' vote at the Annual General Meeting on the 13th May 2019.

BY ORDER OF THE BOARD



Pauline Dodd

President and Chair of the Remuneration Committee
28th March 2019

Senior Executive Emoluments

Name	Position	Appointment	Basic Salary	Bonus	Benefit in Kind	Pension	Total Emol. 2018/19	Total Emol. 2017/18
B Wood	CEO	05.05.13	179 145	-	13 861	28 484	221 490	230 118
L Waghorn	CFO	01.03.13	90 683	-	17 825	14 411	122 919	124 804
E Tredwin	Secretary	27.01.13	63 429	-	7 145	10 085	80 659	82 447

Directors' Emoluments

	£ Board Fees Sub-Committee	£ Allowances & Expenses	£ Total 2018/19
S Birmingham	3 150	532	3 682
P Dodd – President	6 660		6 660
N Gay	4 020	94	4 114
J Knott	1 230		1 230
J Milbank	4 380		4 380
A Price	4 380	94	4 474
J Saunders – Vice President	6 420	75	6 495
R Simons	4 380		4 380
B Stops	3 330		3 330
S Sullivan – Former President	5 535	110	5 645
M Whalley	4 500	34	4 534
P Green	1 050		1 050
A Gunn	870		870
Total Emoluments	49 905	938	50 843
Total for 2017/18	50 650	1 007	51 657

Succession Planning Report

52 weeks ended 26th January 2019

The Succession Planning Committee has delegated responsibility for;

- Creating a formal and transparent policy for the development and recruitment of Senior Executives.
- Overseeing the Society talent mapping and succession planning.
- Reviewing the balance of skills, knowledge and experience on the Board.

The Committee has met twice this year.

Colleague Development and Recruitment

The Committee reviews the organisation structure, reporting lines and accountabilities of the Executive team, supporting changes to reduce the burden of pressure on key individuals.

The Committee continues to monitor the internal development of colleagues, nurtures and develops talented colleagues so that it ensures, as far as possible, that the Society has within its workplace the skills and abilities necessary to meet the continuous challenges of the business.

The Committee is pleased to report that in the past year 39 or 4.7% of colleagues have been identified and promoted within the Society compared to 6.5% last year. Furthermore, 3.34% of colleagues are in a development training programme, compared to 1.33% last year.

The Society contributes to the Apprenticeship Levy, for which scheme 17 colleagues have benefitted this year from the scheme, compared to three last year. NVQ courses that have been conducted as a result of the Apprenticeship Levy include Team Leader, Management Level 3 and Retail Management.

Board Development and Succession Planning

The Board underwent an internal performance evaluation conducted by the Society's Secretary. The Succession Planning Committee agreed the process and reviewed the Board's collective results, which have formed the basis of the Board's training programme. The Board has previously agreed to have an external evaluation conducted every three years, with the next external evaluation due in 2019.

The Committee trusts that this report is helpful to members.

J Saunders

CHAIR OF THE SUCCESSION
PLANNING COMMITTEE

28th February 2019



Forest Drive store re-launch

The Directors are required by Co-operative and Community Benefit Society law to ensure that the financial statements give a true and fair view of the state of affairs of the Group and Society at the end of each financial period, and of the profit and loss for that period. In preparing those 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 accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the 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 Group and to prevent and detect fraud and other irregularities. After making all appropriate enquiries the Directors have a reasonable expectation that the Group and Society has adequate resources to continue in existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Group's financial statements in accordance with section D1.1 of the Co-operatives^{UK} Limited's Corporate Governance Code of Best Practice Volume 1.

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

Board Certification

The financial statements on pages 20 to 36 are hereby signed on behalf of the Board of Directors pursuant to the Co-operative and Community Benefit Societies Act 2014.

P R Dodd

P Dodd – President

B J Wood

B J Wood - Chief Executive Officer

M Whalley

M Whalley – Chair of Audit

E Tredwin

E Tredwin – Secretary

28th March 2019



Charity mascot pancake race



Children's Fun Week

Corporate Governance

In November 2013, Co-operatives UK published a revised Code of Best Practice – The Corporate Governance Code for Consumer Co-operative Societies (the 'Code'). In order to comply with the Code, the Board has a responsibility to outline compliance and disclose and explain non-compliance.

The following sections report the key principles of the Code.

Members

Membership is at the heart of the Society and is considered an essential element of building and delivering our values & principles. The membership activity report on page 9 provides details on our membership activity during the year.

The Membership Committee is responsible for membership engagement, and for monitoring closely member participation and progress against the membership strategic plan.

The Society's governance structure is constructed so as to provide preparation and opportunities for progression from the Members' Council to Membership Committee through to Board level. Annually, a recruitment campaign is run to inform and encourage members to stand for election, whilst explaining the responsibilities and commitment required.

The Society held contested elections for two of the three tiers within the governance structure, with seven nominations for four vacancies on the Board, three nominations for one vacancy on the Membership Committee.

Members' meetings are advertised in advance in line with the requirements of the Society's rules. Notices are displayed in-store and on the Society's website and

social media pages. A total of 101 members excluding directors and officers of the Society attended the Annual General Meeting.

The Society holds two members' meetings: The Annual General Meeting and an Interim Meeting. The meetings aim to engage and communicate to members the Society's performance and future developments.

Members are encouraged to use their democratic right by participating in the Society's election, voting either in selected stores, via post for pre-registered members or at the Annual General Meeting. During the year under review, a total of 603 votes were cast.

The Board

The Board is collectively responsible for the long-term success of the Society, setting the Society's strategic aims and objectives, and monitoring progress against these.

The Society's rules prescribe certain duties and responsibilities of the Board. In addition, the Board has a formal schedule of matters reserved for discussion. Day-to-day management of the Society is delegated to the Chief Executive Officer who is responsible for the implementation of the strategies approved by the Board.

The Board meets on a regular basis throughout the year. At its meetings it receives reports from management on trading performance, reviews the financial performance of the Society for the period and cumulatively for the year, and considers papers presented for decision or information. In addition, the Board meets in private without the presence of management as and when required; this year the Board met three times.

The Board selects specialised topics for Special Board meetings to focus purely on the topic under review. This year the Board held one Special Board meeting to discuss the Food strategic plan.

The Secretary maintains a register to record any conflict of interest that may arise for directors and Executive management. The table below details the declared interests at year end. At each Board meeting, Directors are asked to declare any interests they may have in relation to the business on the agenda.

Director & Management Executive Interests

Director/ Management Executive	External Directorship or other external Appointments
Stephen Birmingham	Co-operative Loan Fund (Director) Euler Herms Trade Indemnity Limited Pension Fund (Trustee)
Judy Saunders	Chair of Chelmsford Star Co-operative Party Chelmsford Fairtrade Committee
Roger Simons	Hatfield Broad Oak Non- Ecclesiastical Charities (Trustee)
Susan Sullivan	Chelmers Village Hall (Trustee) Chelmsford City Councillor – Springfield North Ward Springfield Parish Council (Chairman) Springfield United Charities (Trustee) Beaulieu Community Trust (Trustee) Arts Council England - South East Regional Council
Michael Whalley	Anglo European School (Trustee) Great Baddow & Galleywood The Environmental Group (Chair)

The Society's rules set out certain safeguards to ensure that the Board retains a balance and is not dominated by any one set of individuals. For example, no more than two places on the Board may be held by members who are employed by the Society, nor may an Executive Manager hold the position of Director.

Directors have access to the advice and services of the Secretary who is responsible for advising the Board on governance matters. Individual directors may seek independent external advice through the Secretary.

During the year under review, the Board completed an internal performance evaluation, as described in the Succession Planning Report on page 14. The performance evaluation included the appraisal of the Chair. A training programme was compiled based on the results and is to be implemented through 2019.

Annual Report and Financial Statements

Other learning opportunities arise at a number of conferences, including the Co-operative Retail Conference and Co-operative Congress to which the Board sends delegates.

New Directors receive a comprehensive induction pack and are aided by the Secretary, to ensure that they are able to effectively contribute as soon as possible.

Board Committees

In order to effectively discharge its responsibilities, the Board has a number of sub-committees to focus on specific matters, including Audit, Membership, Remuneration and Succession Planning.

The table on page 12 lists the attendance record of Directors at Board and Committee meetings during the year under review.

Remuneration Committee

The Remuneration Committee has delegated responsibility for Senior Executive remuneration and providing recommendations to members regarding Directors' fees. A full report on the Committee's activities is set out in the Remuneration Report on page 13.

The Search Committee

The Society's Succession Planning Committee undertakes specific actions and duties of a Search Committee, taking into account the Society's size and complexity. A full report of the Succession Planning Committee's activities is detailed on page 14.

Audit Committee

The Audit Committee operates under Terms of Reference which are regularly reviewed by the Board. These include an evaluation of:

- the financial statements and auditors' report.
- the internal audit remit, programme and reports.
- the Society's statement on internal control system.

The President of the Society or any Director who is a current employee may not be a member of the Committee. Four Directors populate the Committee, in line with the terms of reference.

The Committee met four times during the period under review. The Committee meets with the auditors and such other external advisers as deemed necessary.

Control Environment

The Society is committed to the highest standards of business conduct and seeks to maintain these standards. The Society has clearly defined reporting lines and levels of delegated authority; levels of expenditure authorisation are set throughout the business to ensure appropriate authority is granted.

Risk Monitoring and Management

The Audit Committee and Society management have responsibility for identifying, evaluating, reporting, monitoring and taking necessary action to mitigate internal and external risks to the business. The Board has adopted a risk management policy and a framework that require regular risk assessments with a focus on areas of greatest risk. Reports are made to the Audit Committee on significant risks which could affect the Society.

The Board has reviewed the way in which risk is managed within the business and will look to provide in future annual reports greater information to members regarding the identified high risks.

Information and Communication

The Society undertakes periodic strategic reviews including the evaluation of business alternatives. Each sector of operations prepares annual budgets, and performance against budget is actively monitored at sector management level, supplemented by forecasts. Results and forecasts are consolidated for presentation to the Board on a regular basis. Through these mechanisms, Society performance is continually monitored, risks identified in a timely manner, their financial implications assessed, control procedures re-evaluated and corrective actions agreed and implemented.

Control Procedures

There are control procedures and authorisation levels in place to ensure complete and accurate accounting for financial transactions and to limit the potential loss of assets or fraud. Measures taken include physical controls, segregation of duties, management review and internal and external audit.

Capital projects and asset acquisitions and disposals require Board approval and the Board receives regular reports on capital asset movements. Commitments requiring the use of the Society's seal are authorised by members of the Board acting as a Sealing Committee.

Monitoring and Corrective Action

There are clear and consistent procedures in place for monitoring the systems of internal financial control, including the independent internal auditors who report directly to the Audit Committee on their effectiveness. Additionally, the Society has a 'whistle blowing policy' to reinforce and complement control procedures. During the year the Board has found no weaknesses in the systems of internal control of sufficient significance to require disclosure.

The Society's internal control systems are designed to manage and minimise risks to the business and can provide only reasonable, but not absolute assurance against material misstatement or loss.

Compliance Statement

The Code recognises that Co-operative societies differ in scale, size, trading profile and resources; it is inevitable that levels of implementation will differ. Elements of the Code that the Society does not comply with include;

• The Chair

The Code states that the term of office of the Chair will be no longer than three years and may be renewed up to a total maximum service as Chair of six years. He or she will not be eligible for the office of Chair again.

The Society's rules however allow Directors to serve three terms of three years before requiring a break. A Director becomes eligible to serve as Chair having served three years as a Director. A Director could serve as Chair for six years, take the required break in service and then serve as Chair if re-elected. This is the case with the current Chair, who had a break in service before returning to the board and being re-appointed as Chair.

Previously Societies were required to complete a compliance questionnaire, provided by Co-operatives^{UK}, outlining implementation of each of the provisions with the Code. Given that the UK Corporate Governance code has been updated, Co-operatives^{UK} will be reviewing The Corporate Governance Code for Consumer Co-operative Societies so that it further reflects best practice. Until such time that a new compliance code is available to comply with, the Society will continue to report its performance against the 2013 Corporate Governance Code for Consumer Co-operative Societies.

On behalf of the Board.



P Dodd – President



Barry Wood – Chief Executive Officer



Ellen Tredwin – Secretary

28th March 2019

The following accounting policies have been applied consistently in dealing with items considered material in relation to the financial statements, except as noted below.

Basis of Accounting

The financial statements are prepared on a group basis 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) and the Co-operative and Community Benefit Societies Act 2014.

Accounting Dates

The financial statements have been made up to the last Saturday in the year ended 31 January. The current period is the 52 weeks ended 26 January 2019 with comparative figures for 52 weeks ended 27 January 2018.

Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented.

Basis of Preparation

The financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of land and buildings and certain financial assets and liabilities measured at fair value through the Revenue Account. Assets recorded at fair value are referred to in the investment property accounting policy noted below. No other assets or liabilities are shown at fair value.

Basis of Consolidation

The Group Accounts consolidate the accounts of the society and its subsidiary, Star Holdings Chelmsford Ltd, a subsidiary society which is now dormant. In the Society's own Balance Sheet, the investment in its subsidiary is shown at historic cost.

Gross takings, sales and turnover

Gross Takings include cash sales, goods and services sold on credit, property rentals, television rental income, agency commission and concessionaire commission, inclusive of sales related taxes such as VAT. In order to comply with accounting standards, where it is deemed that the society is acting as agent, gross agency sales are not recognised and only commission received under the agency agreement is recognised as sales. This applies to Bill payments in food, travel agency business and concessions income in Department Stores. Turnover is recognised as sales exclusive of VAT. Turnover is recognised for the provision of services to the extent that the service has been rendered.

Stocks

Stocks are valued at the lower of cost and net realisable value after making allowance for defective or obsolete stock and slow moving lines. All stock represents finished goods. Cost is determined by calculation from retail selling price, discounted back at the average gross margin achieved and other reconciling items.

Dividends receivable

Under the provisions of FRS 102, dividends receivable are only accounted for when declared by the paying society.

Investment Income

Interest and dividends receivable are accounted for on the accruals basis.

Taxation

Corporation Tax – current provision has been made for the estimated liability on accounts to date, at the appropriate rate;

Deferred Tax is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 102.

Assets Leased to the Group

Assets subject to finance leases are included in the Balance Sheet at cost value less depreciation charged on the Group's normal accounting policy. Finance charges included in lease payments are charged against profit over the period of the lease based on the balance of the outstanding commitment. The outstanding commitment is analysed between current liability (being payable within one year) and long term liabilities (being payable after one year). Rentals due under operating leases are charged to the Revenue Account in the year in which the cost accrues.

Assets Leased by the Group

Income from assets subject to operating leases is credited to the Revenue Account for the period the income is due.

Funeral Plans

Liabilities under the funeral plan are based on the total commitment at the Balance Sheet date. Based on the Society's experience of funerals carried out under the plan, liability has been apportioned between current liability for plans expected to be redeemed within one year and long term liability for the remainder. Since January 2002 all monies received for new funeral plans have been invested in individual whole life insurance policies with the Royal London.

Members' Benefits

– 'A Share of the Profits'

Amounts unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Society. Unpaid benefits that do not meet these criteria are disclosed in the notes to the financial statements. Amounts more than two years old remaining unspent are excluded. Liability is provided on all eligible turnover, irrespective of whether or not cash has been received.



Hullbridge Clean Up

At the Annual General Meeting on 13 May 2019, the Directors intend to propose a Share of the Profits in the region of £110,000 in respect of the year ended 26 January 2019. In accordance with FRS 102 this amount is not recognised as a liability in these financial statements.

Share capital – Lost contact

Where the Society has evidence that a member no longer lives at the address shown in its register of members or where the member has made no purchase of goods or services from the Society or participated in the Society's democratic process for two years, then subject to following the rules of the Society, the Secretary may remove the name from the register of members and the Society may cancel their shares and forfeit to the Society the amount standing to the credit of such member in the share ledger of the Society, together with any sum of money representing interest or dividend credited to the member in the books of the Society in respect of their shares except amounts of investing members accruing interest.

Post retirement benefits

The Group operates a contributory pension scheme providing benefits based on final pensionable pay, up to 27 January 2007, and Career Average Revalued Earnings from 28 January 2007, open to the majority of employees. Contributions are determined by a qualified actuary, based on actuarial valuations of the fund which are generally carried out every three years and calculated on the projected unit method. The assets of the scheme are held separately from those of the Group and invested externally through the scheme trustees. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement other comprehensive income, actuarial gains and losses.

Repairs

Repair expenditure is charged against profit in the year in which the cost is incurred.

Goodwill

Purchased Goodwill is capitalised and written off over its useful economic life. Useful economic life ranges from 1 to 10 years.

Tangible Fixed Assets and Depreciation

No depreciation is provided on Freehold Land. Freehold land and buildings are included at historic costs or 'deemed cost' at the date of transition to FRS102 based on historic valuations.

Other tangible fixed assets excluding investment property are depreciated by equal annual instalments over their estimated useful lives at the following minimum rates:

Freehold Buildings	2% per annum
Leasehold Property	over the unexpired portion of the lease
	10% per annum
Fixtures, Fittings & Computer Equipment	
Transport vehicles	20% per annum
Funeral vehicles	20% per annum

These rates have been reviewed in the light of recent investment. They are used to write off the cost or valuation of the assets over their expected lives.

Investment Property

Investment property is not depreciated. It is revalued to fair value at the balance sheet date. For the Group this is property rented to third parties under operating leases.

The fair value of properties is established based on periodic external valuations provided by suitable qualified 3rd parties. These valuations are then considered at subsequent balance sheet dates and adjusted for current market movements accordingly. The key assumption included in arriving at the valuation is that there is little or no likelihood of any of the properties treated as investment properties achieving a significant change in use that may lead to an increase in fair value in comparison to their existing use.

Surpluses arising on the revaluation of investment property are recognised in investment income in the revenue account. Any associated deferred tax movement is also recognised in the revenue account. These surpluses therefore form part of the general reserve but are non distributable. The quantum of non distributable reserves included within the general reserves is disclosed in note 16.



Attending the Business Showcase Event



Local food tastings at Danbury



One of our Remembrance Evenings

Group Revenue Account

52 weeks ended 26th January 2019

		2019 52 weeks		2018 52 weeks	
	Note	£	£	£	£
GROSS TAKINGS			113 499 104		110 413 252
less Agency & Concession Turnover excluded	1(a)		21 075 531		21 887 487
SALES			92 423 573		88 525 765
Less Value Added Tax			8 821 877		8 292 509
TURNOVER	1(b)		83 601 696		80 233 256
Cost of Sales			59 207 973		56 231 511
GROSS PROFIT			24 393 723		24 001 745
Expenses	2		23 492 944		22 903 031
TRADING SURPLUS			900 779		1 098 714
Investment Income	3		67 000		120 575
Exceptional Income (Charges)	3		53 520		-
Surplus before Interest			1 021 299		1 219 289
Net Interest Payable	4	174 962		192 456	
Other Finance costs	24	59 000		112 000	
			233 962		304 456
SURPLUS FOR YEAR BEFORE DISTRIBUTIONS			787 337		914 833
Share Interest		320 673		355 208	
Grants & Donations	6	187 311		188 540	
			507 984		543 748
SURPLUS FOR YEAR BEFORE PAYMENTS TO MEMBERS			279 353		371 085
'Share of the Profits' to members			139 699		158 483
SURPLUS FOR YEAR BEFORE TAXATION			139 654		212 602
Taxation	7		27 228		32 326
SURPLUS FOR YEAR TO RESERVES			112 426		180 276

All the activities of the group are classed as continuing.
The annexed notes form part of the financial statements.

Group Statement of Other Comprehensive Income

52 weeks ended 26th January 2019

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	Note	2019 52 weeks £	2018 52 weeks £
Surplus for Year after taxation from Revenue Account		112 426	180 276
Other comprehensive income:			
Remeasurement of net defined benefit obligation	24	(29 000)	1 255 000
Movement in deferred tax relating to pension scheme	7	(71 230)	(272 340)
Origination and reversal of timing differences	7	12 554	75 307
Total comprehensive income for the year		24 750	1 238 243

The annexed notes form part of the financial statements.

Group Balance Sheet

52 weeks ended 26th January 2019

		2019		2018	
	Note	£	£	£	£
USE OF FUNDS					
FIXED ASSETS					
Intangible Assets	8		2 085 650		2 466 283
Tangible Assets	9		23 081 026		23 750 489
Investments	10		65 399		65 399
			<u>25 232 075</u>		<u>26 282 171</u>
CURRENT ASSETS					
Stocks		3 820 502		3 979 438	
Debtors & Prepayments	11	4 770 160		4 864 865	
Investments	10	17 747		15 229	
Bank		15 193		16 447	
Cash in hand		511 223		538 368	
		<u>9 134 825</u>		<u>9 414 347</u>	
CURRENT LIABILITIES					
Amounts falling due within one year:					
Creditors - Member Rewards		219 520		219 749	
- Trade	12	6 034 235		5 733 817	
- Sundry	12	2 147 526		1 904 992	
- Bank overdraft	13	69 968		406 338	
Loans - Banks	13	705 474		858 188	
- Other	13	467 791		538 657	
		<u>9 644 514</u>		<u>9 661 741</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>(509 689)</u>		<u>(247 394)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			24 722 386		26 034 777
LONG TERM LIABILITIES					
Amounts falling due after more than one year:					
Creditors - Funeral plans	12	38 362		44 276	
Loans - Banks	13	3 122 526		3 828 001	
- Other	13	575 134		641 223	
			<u>(3 736 022)</u>		<u>(4 513 500)</u>
Provisions for liabilities and charges	14		887 307		979 542
NET ASSETS EXCLUDING PENSION LIABILITY			21 873 671		22 500 819
Pension Liability	24		(1 946 000)		(2 365 000)
NET ASSETS INCLUDING PENSION LIABILITY			<u>19 927 671</u>		<u>20 135 819</u>
FINANCED BY:					
SHARE CAPITAL	15	10 013 655		10 213 949	
Current Interest Due	15	310 353		342 771	
			10 324 008		10 556 720
RESERVES					
General Reserve	16	9 221 385		9 196 635	
Non-Distributable Reserve	16	382 278		382 464	
			<u>9 603 663</u>		<u>9 579 099</u>
MEMBERS' FUNDS			<u>19 927 671</u>		<u>20 135 819</u>

The annexed notes form part of the financial statements.

Consolidated Statement of changes in Equity

52 weeks ended 26th January 2019

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As at 27th January 2018	Note	£ Paid up Share Capital and Share Interest	£ Undistributable Reserve	£ Retained Earnings	£ Total
Balance as at 28th January 2017		10 649 877	382 850	7 958 392	18 991 119
Surplus for the year before dividends		-	-	338 759	338 759
Other comprehensive income for the year		-	-	1 057 967	1 057 967
Total comprehensive income for the year		-	-	1 396 726	1 396 726
Share capital invested		(93 543)	-	-	(93 543)
Dormant accounts reactivated		386	(386)	-	-
Dividend payable		-	-	(158 483)	(158 483)
Total transactions with members, recognised directly in equity		(93 157)	(386)	(158 483)	(252 026)
Balance as at 27th January 2018	15, 16	10 556 720	382 464	9 196 635	20 135 819

As at 26th January 2019		£ Paid up Share Capital and Share Interest	£ Undistributable Reserve	£ Retained Earnings	£ Total
Balance as at 28th January 2018		10 556 720	382 464	9 196 635	20 135 819
Surplus for the year before dividends		-	-	252 125	252 125
Other comprehensive income for the year		-	-	(87 676)	(87 676)
Total comprehensive income for the year		-	-	164 449	164 449
Share capital invested		(232 898)	-	-	(232 898)
Dormant accounts reactivated		186	(186)	-	-
Dividend payable		-	-	(139 699)	(139 699)
Total transactions with members, recognised directly in equity		(232 712)	(186)	(139 699)	(372 597)
Balance as at 26th January 2019	15, 16	10 324 008	382 278	9 221 385	19 927 671

Group Cashflow Statement

52 weeks ended 26th January 2019

		2019 52 weeks	2018 52 weeks
	Note	£	£
NET CASH INFLOW			
OPERATING ACTIVITIES	17	3 326 689	2 554 301
RETURNS ON INVESTMENT AND SERVICING OF FINANCE	18	(453 367)	(501 248)
TAXATION			
Corporation Tax (Paid)/Refunded		-	-
CAPITAL EXPENDITURE, DISPOSALS AND FINANCIAL INVESTMENT	19	(729 303)	(2 097 131)
NET CASH INFLOW/(OUTFLOW) BEFORE MANAGEMENT OF LIQUID RESOURCES & FINANCING		2 144 019	(44 078)
MANAGEMENT OF LIQUID RESOURCES			
Net Cash withdrawn from (added to) Investments		(2 518)	(2 525)
FINANCING	20	(1 833 530)	(1 297 320)
INCREASE (REDUCTION) IN CASH & CASH EQUIVALENTS		307 971	(1 343 923)
Cash & cash equivalents at the beginning of the period		148 477	1 492 400
Cash & cash equivalents at the end of the period		456 448	148 477
Increase (reduction) in cash & cash equivalents		307 971	(1 343 923)
RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET DEBT	21		
		£	£
Increase/(Reduction) in Cash & Cash equivalents		307 971	(1 343 923)
Cash outflow/(inflow) from debt and finance leasing		995 144	652 191
Cash outflow/(inflow) from liquid resources		2 518	2 525
Change in Net Debt from cashflows		1 305 633	(689 207)
MOVEMENT IN NET DEBT		1 305 633	(689 207)
NET DEBT TO BEGIN YEAR		(5 702 363)	(5 013 156)
NET DEBT TO END YEAR		(4 396 730)	(5 702 363)

The annexed notes form part of the financial statements.

Notes to the Financial Statements

52 weeks ended 26th January 2019

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Note 1(a) Gross Takings Adjustment

As disclosed in the Statement of Accounting Policies, the Group has adopted the revenue recognition principles set out in FRS102. This application excludes the takings shown in note 1(a) from the Turnover adopted in note 1(b).

	2019 52 weeks £	2018 52 weeks £
Bill payments accepted in Food stores	14 012 919	15 012 303
Bill payments accepted in Non-Food stores	484 810	462 907
Concession Takings including VAT (Non Food)	2 689 980	2 809 222
Agency turnover less commission (Travel)	3 887 822	3 603 055
Exclude from 'Turnover'	<u>21 075 531</u>	<u>21 887 487</u>

Note 1(b) Net Sales

	£	£
Food	83 959 465	81 527 749
less Bill payments (Bills)	<u>14 012 919</u>	<u>15 012 303</u>
	69 946 546	66 515 446
Non-Food	7 931 201	8 336 316
less Concession Sales and Bills	<u>2 138 759</u>	<u>2 237 001</u>
less Bill payments (Bills)	<u>484 810</u>	<u>462 907</u>
	5 307 632	5 636 408
Funeral Services	2 054 388	1 679 706
Travel	9 784 689	9 618 244
less Sales as Agent	<u>3 803 664</u>	<u>3 525 747</u>
	5 981 025	6 092 497
Rental Property Income	<u>312 105</u>	<u>309 199</u>
	<u>83 601 696</u>	<u>80 233 256</u>

Note 2 Expenses

	2019 52 weeks £	2018 52 weeks £
Personnel Costs (Note 5b)	12 176 502	11 980 980
Occupancy Costs	2 683 129	2 605 147
Water and Energy Costs	1 032 791	995 527
Operating lease rentals: other	8 078	11 427
Depreciation of owned assets	1 196 351	1 170 797
Depreciation of assets held under finance leases	269 415	269 415
Amortisation of intangible fixed assets	380 633	380 885
Impairment of intangible assets	-	-
Loss on disposal of fixed assets	-	-
Auditors fee: - Audit	27 000	29 785
- Non Audit	10 596	10 409
Directors' & Committee Fees (Note 5f)	54 670	54 550
Other Expenses	<u>5 653 779</u>	<u>5 394 109</u>
	<u>23 492 944</u>	<u>22 903 031</u>

Auditors' fees includes £22,500 of audit fees payable to the current auditors Rickard Luckin Limited and £4,500 payable to Rickard Luckin as auditors to the Chelmsford Star Co-operative Society Employees' Superannuation Fund.

Amounts charged to operating leases in the period was £1,522,832 (2018: £1,500,534).

Stock items of £84,869,196 were sold during the period (2018: £83,225,341).

Note 3 Exceptional Income/Charges

	2019 52 weeks £	2018 52 weeks £
Income from disposal of stores*	(123,520)	-
Charge from Onerous Lease	<u>70 000</u>	<u>-</u>
	<u>(53 520)</u>	<u>-</u>

*includes the disposal of 2 stores during the year.

Note 3 Exceptional Income/Charges continued**Investment Income**

	2019 52 weeks £	2018 52 weeks £
Revaluation gains on investment property	67 000	120 575
	<u>67 000</u>	<u>120 575</u>

Note 4 Net Interest Payable

	2019 52 weeks £	2018 52 weeks £
Interest Payable (per Note 13)	178 048	193 452
Other Interest Payable	-	1 902
less Interest Receivable (per Note 10)	(3 086)	(2 898)
	<u>174 962</u>	<u>192 456</u>

Note 5 Employees

	2019 Number	2018 Number
a) The average number of employees during the year was:-		
Full-time	263	267
Part-time	621	635
	<u>884</u>	<u>902</u>

	2019 52 weeks £	2018 52 weeks £
b) The costs in respect of employees were:-		
Salaries and Wages	11 571 869	11 352 374
Social Security Costs	639 633	651 606
Pension Fund Costs (Note 24)	(35 000)	(23 000)
	<u>12 176 502</u>	<u>11 980 980</u>

- c) The number of members of the Management Executive whose remuneration, including benefits and bonus but excluding pension contributions, fell in each remuneration bracket was:-

	2019 Number	2018 Number
£1 to £35,000	-	-
£35,001 to £45,000	-	-
£45,001 to £55,000	1	-
£55,001 to £65,000	-	2
£65,001 to £75,000	-	1
£75,001 to £85,000	3	2
£85,001 to £95,000	-	-
£95,001 to £115,000	1	-
£115,001 to £125,000	1	1
£125,001 to £135,000	-	-
£135,001 to £165,000	-	-
£165,001 to £185,000	-	-
£185,001 to £195,000	-	-
£195,001 to £215,000	-	-
£215,001 to £250,000	1	1

- d) The total remuneration of the Management Executive was as follows:-

	2019 52 weeks £	2018 52 weeks £
Salaries	590 821	546 760
Bonus	-	31 909
Taxable Benefits	71 853	57 828
	<u>662 674</u>	<u>636 497</u>
Employer Pension Contributions at current service cost	84 442	69 421
	<u>747 116</u>	<u>705 918</u>

Note 5 Employees continued

	2019 52 weeks £	2018 52 weeks £
e) The total remuneration of the Chief Executive Officer (the highest paid employee) included in the above was as follows:-		
Salary	179 145	172 099
Bonus	-	17 474
Taxable Benefits	13 861	13 181
	193 006	202 754
Pension Contribution at Current Service Cost	28 484	27 364
	221 490	230 118
f) Fees paid to Directors in respect of Board duties were:-		
	£	£
President including Sub-committee fees, etc	2 160	6 480
S Sullivan	6 480	2 220
P Dodd		
	8 640	8 700
Directors including Sub-committee fees, etc	42 070	41 290
Directors' fees	50 710	49 990
Non-Board Membership Committee fees	1 080	2 040
Employee Trustees	2 880	2 520
Total paid to elected representatives	54 670	54 550

Members will find more comprehensive disclosure of Directors' and Executive Remuneration in the Remuneration Committee Report. The Society has a Directors' and Officers' Indemnity Insurance policy in place.

Note 6 Grants and Donations

	2019 52 weeks £	2018 52 weeks £
Membership Committee	152 130	158 028
Co-op Party Grant	2 500	6 500
Donations, Bereavement Groups and Community Card	32 681	24 012
	187 311	188 540

Note 7 Taxation

	2019 52 weeks £	2018 52 weeks £
Analysis of tax charge for the period		
Current Tax		
Corporation tax relating to prior year	(3 697)	
Corporation tax relating to current year	(2 634)	
Total UK Corporation tax at 19% (2018 - 19.0%)	(6 331)	Nil
Deferred tax		
Origination and reversal of timing differences	33 559	32 326
Taxation on surplus on ordinary activity	27 228	32 326
Tax included in the Statement of Other Comprehensive Income - OCI		
Deferred tax		
Current year movement on deficit reduction	71 230	272 340
	71 230	272 340
Origination and reversal of timing differences	(12 554)	(75 307)
Tax included in the Statement of Other Comprehensive Income	58 676	197 033

The Society has unutilised tax losses of £4,795,434 as at 26 January 2019 (£4,258,184 as at 27th January 2018).

Note 7 Taxation continued

	2019 52 weeks	2018 52 weeks
	£	£
Current tax reconciliation		
Surplus on ordinary activities before tax	139 654	212 602
Current tax at 19% (2018 - 19.00%)	39 834	40 394
Effects of:		
Fixed asset timing differences	-	45 973
Expenses not deductible for tax purposes	(83 022)	(94 874)
Difference between depreciation and capital allowances	52 260	-
Other short term timing differences	(12 730)	-
Other permanent timing differences	-	(22 910)
Pension scheme timing differences	(85 120)	(65 930)
Group relief surrendered/claimed	-	-
Utilisation of tax losses and other deductions	88 778	-
Amounts charged to OCI	-	-
Credit from Enhanced capital Allowances	(2 634)	-
Increase in tax losses	-	97 347
Total current tax charge for the period (see above)	(2 634)	-

Note 8 Fixed Assets - Intangible Goodwill

	£
Cost at January 2018	6 144 374
Additions	-
Written Off	-
	6 144 374
Amortisation at January 2018	3 678 091
Provided this year	380 633
Written Off	-
	4 058 724
Net Book Value - January 2019	2 085 650
Net Book Value - January 2018	2 466 283

Note 9 Fixed Assets - Tangible Owned and Leased

	Land & Buildings £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost or valuation				
Brought forward at January 2018	21 040 360	13 979 585	618 373	35 638 318
Additions	-	709 432	41 028	750 460
Disposals	(160 853)	(181 258)	(21 256)	(363 367)
Revaluation	67 000	-	-	67 000
Transfer	-	-	-	-
	20 946 507	14 507 759	638 145	36 092 411
Depreciation				
Brought forward at January 2018	3 845 063	7 574 241	468 525	11 887 829
Disposals	(151 902)	(170 052)	(20 256)	(342 210)
Fully Written Off and Adjustments	-	-	-	-
Transfer	-	-	-	-
Provided this year	290 735	1 120 373	54 658	1 465 766
	3 983 896	8 524 562	502 927	13 011 385
Net Book Value - January 2019	16 962 611	5 983 197	135 218	23 081 026
Net Book Value - January 2018	17 195 297	6 405 344	149 848	23 750 489

Note 9 Fixed Assets - Tangible Owned and Leased continued

The Net Book Value of **Land and Buildings** comprise:-

	2019	2018
	£	£
At cost or valuation less depreciation		
Freehold	12 641 292	12 662 800
Freehold - Non Trading*	3 696 575	3 629 575
Short Leasehold*	804 745	902 922
	17 142 612	17 195 297

*Assets held for use in operating leases. The net book value of these assets as at 26th January 2019 was £3,683,605 (27th January 2018 was £3,684,335). The accumulated depreciation of these assets as at 26th January 2019 was £37,451 (27th January 2018 was £33,722).

The net book value of Land and Buildings contains properties which are treated as investment properties and carried at valuation.

The net book value and historic costs in relation to these properties are: -

	2019	2018
	£	£
Investment properties - NBV	3 632 575	3 565 575
Investment properties - historic cost	2 057 761	2 057 761

Investment properties have been revalued by professional qualified valuers prior to the Society's transition date to FRS102 of 25th January 2014. The valuers instructed to carry out the valuations were all members of the RICS. The management team have considered the value of these properties as at each subsequent balance sheet date and adjusted these accordingly to their fair value at those dates. The directors have considered market data based on locality and property type in determining the fair value and have applied the assumption that the properties owned by the Society will follow the general trend within the relevant local markets.

The net book value of Land and Buildings also contains a freehold trading property which has been revalued at the Society's transition to FRS102 at 25th January 2014. The directors have made the decision to "freeze" this valuation, as permitted by the transitional arrangements prescribed within FRS102, and will therefore not revalue this property in future periods unless a future decision is made to change this accounting policy. The revalued book value at transition is subsequently depreciated in line with the Society's depreciation policy in respect of land and buildings. The uplift from historic cost as at transition was £4,043,356.

Finance Leases

The following amounts are included in Fixed Assets above and relate to assets leased under current finance leases:

	Land & Buildings	Fixtures & Fittings	Motor Vehicles	Total
	£	£	£	£
Cost				
Brought forward at January 2018	100 211	2 222 054	240 959	2 563 224
Additions	-	443 500	16 360	459 860
Leases expired and disposals	(100 211)	(277 440)	(12 709)	(390 360)
	-	2 388 114	244 610	2 632 724
Depreciation				
Brought forward at January 2018	23 859	633 883	126 049	783 791
Provided this year	1 196	239 810	49 510	290 516
Leases expired and disposals	(25 055)	(110 973)	(10 168)	(146 196)
	-	762 720	165 391	928 111
Net Book Value - January 2019	-	1 625 394	79 219	1 704 613
Net Book Value - January 2018	76 352	1 588 171	114 910	1 779 433

Note 10 Investments

The Group Balance Sheet includes Star Holdings Chelmsford Limited, a wholly owned subsidiary.

	Fixed Assets		Current Assets		Interest	
	2019	2018	2019	2018	2019	2018
	£	£	£	£	£	£
The Co-operative Group						
- Shares	61 270	61 270	-	-	2 246	2 491
- Loans	-	-	17 747	15 229	75	34
Other Co-operative & Community Benefit Societies						
- Shares	4 129	4 129	-	-	-	-
	65 399	65 399	17 747	15 229	2 321	2 525
Interest earned on cash balances					765	373
Total Interest Receivable					3 086	2 898

per Note 4

Note 11 Debtors

		Receivable Within One Year		Receivable After One Year		Total per Balance Sheet	
		2019	2018	2019	2018	2019	2018
		£	£	£	£	£	£
Customer Debts	- Travel	1 552 258	1 396 223			1 552 258	1 396 223
	- Funeral	192 528	214 761			192 528	214 761
	- Property	6 204	23 358			6 204	23 358
	- Others	371 481	222 835			371 481	222 835
Expenses	- Prepayments	1 004 288	958 539			1 004 288	958 539
	- Stocks	49 526	40 859			49 526	40 859
Trade Debts (Credits due)		1 404 271	1 852 011			1 404 271	1 852 011
Corporation Tax Repayable		6 331	-	20 723	20 723	27 054	20 723
Other Sundry Debts		162 550	135 556			162 550	135 556
		4 749 437	4 844 142	20 723	20 723	4 770 160	4 864 865

Note 12 Creditors

		Current - Falling Due Within One Year		Long Term - Falling Due After One Year	
		2019	2018	2019	2018
		£	£	£	£
Trade Creditors					
Ledgered		4 136 120	3 908 898		
Unledgered		1 898 115	1 824 919		
		6 034 235	5 733 817		
Sundry Creditors					
Holiday Pay		149 843	152 621		
Week in Hand Payroll		173 789	177 143		
Accrued Charges		796 863	651 594		
Sales Deposits		198 448	173 517		
VAT due to HM Revenue and Customs		538 300	465 457		
PAYE due to HM Revenue and Customs		57 222	77 692		
National Insurance due to HM Revenue and Customs		67 608	83 858		
Funeral Plans - former scheme		4 262	4 920	38 362	44 276
Miscellaneous Creditors		161 191	118 190		
		2 147 526	1 904 992	38 362	44 276
TOTAL		8 181 761	7 638 809	38 362	44 276
Trade Creditor Days - Number of days		18.0	16.0		

Trade Creditor Days represents the ratio between the amounts invoiced by suppliers to the Society in the year and the amounts owing to Trade Creditors at the year end date.

Note 13 Loans

		Falling Due Within One Year		Falling Due After One Year		Interest Payable	
		2019	2018	2019	2018	2019	2018
		£	£	£	£	£	£
Bank Overdraft and miscellaneous	(a)	69 968	406 338	-	-	2 243	2 943
Co-op Bank - Treasury Loans		-	-	-	-	-	26 718
Clydesdale Bank Loans		-	-	-	-	-	3 024
Barclays Bank Loan	(b)	-	160 854	-	-	1 903	7 208
Santander Loan	(c)	705 474	697 334	3 122 526	3 828 001	113 401	89 908
Bank Loans sub-total		705 474	858 188	3 122 526	3 828 001		
Finance Leases	(d)	467 791	538 657	575 134	641 223	60 501	63 579
		1 243 233	1 803 183	3 697 660	4 469 224		
Total Interest Payable - see Note 4						178 048	193 452

Note 13 Loans - continued

Terms of Repayment

- (a) on demand
- (b) over 5 years from date of advance
- (c) over 5 or 7 years from date of advance
- (d) over period of lease up to 5 years

Details of Security

- Secured by legal charge on specific property
- Secured by legal charge on specific property
- Secured by legal charge on specific property
- Secured against leased assets

Interest

- Bank base rate plus margin
- Bank base rate plus margin
- Fixed at 3.01% and 2.59%
- Negotiated rates

Bank loans are secured on freehold properties owned by the group. The carrying value of these assets at 26th January 2019 is £9,553,496 (2018: £8,411,968).

Commitments

	Bank Loans		Finance Leases	
	2019	2018	2019	2018
	£	£	£	£
Loan amounts falling due:				
Current Liabilities - Within One Year	705 474	858 188	467 791	538 657
Between One and Two Years	713 698	705 474	306 328	397 572
Between Three and Five Years	2 194 542	2 167 602	268 806	243 651
In more than Five Years	214 286	954 925	-	-
Long Term Liabilities - Sub Total	3 122 526	3 828 001	575 134	641 223
Total loans and Total Leases	3 828 000	4 686 189	1 042 925	1 179 880

Operating Leases

As at 26 January 2019 the Group had total commitments under non-cancellable operating leases as follows:

	Land & Buildings		Other	
	2019	2018	2019	2018
	£	£	£	£
Operating leases expiring:				
Within One Year	1 271 896	1 276 651	62 201	46 920
Between Two and Five Years	4 452 977	4 604 691	48 416	19 870
In more than Five Years	4 870 422	5 889 181	-	-
	10 595 295	11 770 523	110 617	66 790

Operating Leases

As at 26 January 2019 the Group had total income receivable under non-cancellable operating leases as follows:

	Land & Buildings	
	2019	2018
	£	£
Operating leases expiring:		
Within One Year	173 173	172 913
Between Two and Five Years	183 402	180 206
In more than Five Years	-	100 932
	356 575	454 051

Note 14 Provisions for Liabilities and Charges

	2019	2018
	£	£
Provision for deferred tax		
Defined benefit pension scheme	(330 820)	(402 050)
Tax losses carried forward and other deductions	(556 487)	(577 492)
Total deferred tax asset	(887 307)	(979 542)
	£	£
Movement in provision		
Provisions at 27 January 2018	979 542	1 208 901
Deferred tax charged in the Revenue Account in the period	(33 559)	(32 326)
Statement of Other Comprehensive Income in the period (see Note 7)	(58 676)	(197 033)
Provisions at 26 January 2019	887 307	979 542

Note 15 Share Capital

	2019	2018
	£	£
Balance to Begin Year	10 213 949	10 262 213
Interest Previous Year	342 771	387 666
Interest - Interim and account closures	10 319	12 436
Contributions	642 361	915 264
Dormant accounts reactivated	186	386
Sub total	11 209 586	11 577 965
Less Withdrawals	1 195 931	1 364 016
Balance to End Year	10 013 655	10 213 949
Interest provided at 26 January 2019 (27 January 2018)	310 353	342 771

The Society abides by a code of practice which requires it to provide a statement to its shareholders of the nature of their investment and any change affecting it. The position each member occupies as a shareholder of Chelmsford Star Co-operative Society is no different to that of a shareholder in any corporate body in the sense that, if the business fails, they may not have all, or any, of their investment returned to them. Investments are withdrawable without penalty. The Society, unlike banks and building societies, is not subject to prudential supervision by the Financial Conduct Authority.

Note 16 Reserves

	2019	2018
	£	£
A) General Reserve		
Balance to begin the year	9 196 635	7 958 392
PYA - restating brought forward reserves	-	-
From Revenue account	112 426	180 276
From OCI:		
Actuarial loss	(29 000)	1 255 000
Movement in pension scheme deferred tax	(71 230)	(272 340)
Deferred tax on origination and reversal of timing differences	12 554	75 307
Balance to End Year	9 221 385	9 196 635

Included in the general reserve at the balance sheet date are surpluses arising on adjustments to the carrying values of properties which are not distributable. The total of such surpluses included in the general reserve at 26 January 2019 was £5,136,755.

B) Non-Distributable Reserve

Dormant Share Capital Balance to Begin the Year	382 464	382 850
Dormant Loans Transferred from Creditors	-	-
Transfers to Active Share Capital	(186)	(386)
Balance to End Year	382 278	382 464

Note 17 Reconciliation of Operating Surplus to Net Cashflow from Operating Activities

	2019 52 weeks £	2018 52 weeks £
Trading Surplus after exceptional charges and income	1 021 299	1 219 289
Pension adjustments	-	(23 000)
Grants and Donations	(177 841)	(182 803)
Depreciation	1 465 766	1 440 213
Revaluation of fixed assets	(67 000)	(120 575)
(Profit)/loss on sale of fixed assets	-	-
Amortisation of Goodwill	380 633	380 885
(Increase)/Decrease in Stocks	158 936	(187 561)
(Increase)/Decrease in Debtors	101 036	396 606
Increase/(Decrease) in Creditors	443 860	(368 753)
Net Cashflow from continuing operating activities	<u>3 326 689</u>	<u>2 554 301</u>

Note 18 Returns on Investments and Servicing of Finance

	2019 52 weeks £	2018 52 weeks £
Interest Received	3 284	2 941
Interest Paid	(121 982)	(131 024)
Interest Element of Finance Lease Rentals	(60 912)	(63 435)
Share Interest Paid	(273 757)	(309 730)
Net Cashflow for Returns on Investments and Servicing of Finance	<u>(453 367)</u>	<u>(501 248)</u>

Note 19 Capital Acquisitions, Disposals and Financial Investment

	2019 52 weeks £	2018 52 weeks £
Purchase of Intangible Fixed Assets	-	(199 994)
Purchase of Tangible Fixed Assets	(750 460)	(1 897 946)
Purchase of Fixed Asset Investment	-	-
Proceeds from Tangible Fixed Assets	21 157	809
Net Cashflow for Capital Expenditure, Disposals and Financial Investment	<u>(729 303)</u>	<u>(2 097 131)</u>

Note 20 Financing

	2019 52 weeks £	2018 52 weeks £
Share Capital increase (reduction)	(279 814)	(139 021)
Other Bank Loan repayments	(858 189)	(1 005 959)
Co-operative Bank Treasury Loan repayments	-	(2 594 163)
Funeral Schemes	(6 572)	(5 108)
Capital Repayment of Finance Lease Rentals	(615 584)	(534 456)
New finance leases taken	478 629	482 387
New Bank Loans drawn down	-	3 000 000
Repayment of Pension Fund deficit	(552 000)	(501 000)
Net Cashflow from Financing	<u>(1 833 530)</u>	<u>(1 297 320)</u>

Note 21 Analysis of Net Debt

	To Begin	Cash Flows	Non-Cash Changes	To End
	£	£	£	£
Debt due within one year	(858 188)	152 714	-	(705 474)
Debt due after one year	(3 828 001)	705 475	-	(3 122 526)
Finance Leases	(1 179 880)	136 955	-	(1 042 925)
	(5 866 069)	995 144	-	(4 870 925)
Cash at Bank and in hand	148 477	307 971	-	456 448
Current Asset Investments	15 229	2 518	-	17 747
	(5 702 363)	1 305 633	-	(4 396 730)

Note 22 Major Non-Cash Transactions

During the year the Society entered into finance lease arrangements with a total capital value of £478,629 (January 2018: £482,387).

Note 23 Capital Commitments

At 26 January 2019 there are capital commitments amounting to £Nil that were authorised but not contracted for (January 2018: £95,720) and £Nil (2018 - £Nil) contracted for not provided for in these financial statements.

Note 24 Accounting for Pensions**Pension Disclosure under FRS 102**

	52 weeks ended 26 January 2019	52 weeks ended 27 January 2018
	£	£
Change in defined benefit obligation		
Benefit obligation at beginning of year	19 965 560	20 156 560
Cost - Change arising from employee service in reporting period	272 000	261 000
Interest expense	555 000	599 000
Benefit payments from plan assets	(681 000)	(724 000)
Cash flows - Member contributions	114 000	110 000
- Actuarial losses	-	-
Remeasurements - Effect of changes in assumptions	20 000	(437 000)
Remeasurements - Effect of changes in adjustments	(406 000)	-
Benefit obligations at year end	19 839 560	19 965 560
Change in fair value of plan assets		
Fair value of plan assets at beginning of year	17 600 560	16 189 560
Interest Income	496 000	487 000
Cash flows - Employer contributions	779 000	720 000
- Member contributions	114 000	110 000
- Benefits paid by employer	(681 000)	(724 000)
Remeasurements - Return on plan assets (excluding interest income)	(415 000)	818 000
Fair value of plan assets at year end	17 893 560	17 600 560

Amounts recognised in the Balance Sheet

Plans wholly unfunded and plans wholly or partly funded

Defined benefit obligation	19 839 560	19 965 560
Fair value of plan assets	17 893 560	17 600 560
Funded status	1 946 000	2 365 000
Effect of asset limit	-	-
Net liability	1 946 000	2 365 000

Amounts in the Balance sheet

Liabilities	1 946 000	2 365 000
Assets	-	-
Net Liability	1 946 000	2 365 000

Note 24 Accounting for Pensions (continued)

	52 weeks ended 26 January 2019	52 weeks ended 27 January 2018
	£	£
Costs relating to defined benefit plans		
<i>Amounts recognised in the Revenue Account (excluding net interest)</i>		
Current service cost	272 000	261 000
Interest cost	555 000	599 000
Expected return on plan assets	(496 000)	(487 000)
Other Finance costs	59 000	112 000
Past service costs	-	-
Total pension cost recognised in the Revenue Account	331 000	373 000
<i>Remeasurements (recognised in other comprehensive income)</i>		
Effect of changes in assumptions	20 000	(437 000)
Effect of experience adjustments	(406 000)	-
Return on plan assets (excluding interest income)	415 000	(818 000)
Total pension cost recognised in the OCI	29 000	(1 255 000)
<i>Total cost (income) related to defined benefit plans recognised in Revenue account and OCI</i>	360 000	(882 000)
Net defined benefit asset reconciliation		
Net defined benefit liability (asset)	2 365 000	3 967 000
Costs relating to defined benefit plans included in Revenue Account	331 000	373 000
Total remeasurements included in OCI	29 000	(1 255 000)
Cashflows - Employer contributions	(779 000)	(720 000)
Net liability	1 946 000	2 365 000
Defined benefit obligation		
Defined benefit obligation by participant status		
Actives	3 643 000	4 096 000
Vested deferreds	5 311 000	5 222 000
Retirees	10 883 000	10 646 000
Net liability	19 837 000	19 964 000
Plan assets		
Fair value of plan assets		
Cash and cash equivalents	707 000	485 000
Equity instruments	6 052 000	5 896 000
Debt instruments	4 681 000	4 830 000
Property	1 228 000	1 203 000
Other - Diversified Growth fund	5 224 000	5 185 000
Net liability	17 892 000	17 599 000
Actual return on plan assets	81 000	1 305 000

Significant actuarial assumptions

Weighted average assumptions used to determine benefit obligations

	26 January 2019	27 January 2018
Discount rate	2.90%	2.80%
Rate of inflation	2.95%	3.00%
Deferred pension increase rate	3.05%	3.10%
Pensions in payment increase rate	3.05%	3.10%

Note 24 Accounting for Pensions (continued)*Assumed life expectations on retirement at age 65*

	26 January 2019	27 January 2018
	Years	Years
<i>Male</i>		
Retiring today (member age 65)	22.9	22.2
Retiring in 20 years time (member age 45 today)	24.3	23.6
<i>Female</i>		
Retiring today (member age 65)	24.8	24.0
Retiring in 20 years time (member age 45 today)	26.4	25.6

Weighted average assumptions used to determine cost relating to defined benefit plans

	26 January 2019	27 January 2018
Discount rate	2.8%	3.0%
Rate of price inflation	3.0%	3.3%
Deferred pension increase rate	3.1%	3.3%
Pensions in payment increase rate	3.1%	3.3%

Assumed life expectations on retirement at age 65

	26 January 2019	27 January 2018
	Years	Years
<i>Male</i>		
Retiring today (member age 65)	22.2	22.3
Retiring in 20 years time (member age 45 today, 45 - 2016)	23.6	24.0
<i>Female</i>		
Retiring today (member age 65)	24.0	24.3
Retiring in 20 years time (member age 45 today, 40 - 2016)	25.6	26.2

Expected cash flows for the year

	£	
Employer contributions	630 000	777 000
Total benefit payments		
Year 1	700 000	745 000
Year 2	720 000	767 000
Year 3	741 000	790 000
Year 4	762 000	813 000
Year 5	784 000	837 000
Next 5 years	4 269 000	4 573 000

Membership statistics

	Census date	26 January 2019	27 January 2018
<i>Actives</i>	Number	47	46
	Total pensionable pay (£000s pa)	1 408	1 200
	Average annual pensionable pay (£000s pa)	30	26
	Average age	46.4	48
	Average past service	8.9	11
<i>Vested deferreds</i>	Number	105	105
	Average annual pensionable pay (£000s pa)	2 335	2 076
	Average age	53.5	52
<i>Retirees</i>	Number	138	139
	Average annual pensionable pay (£000s pa)	4 091	3 662
	Average age	73.9	73

The Society operates a defined benefit pension scheme (the plan) - *The Chelmsford Star Co-operative Society Limited Employees' Superannuation Fund*. A full actuarial valuation was carried out as at 27 January 2018 by a qualified independent actuary.

Note 25 Subsidiary Society

At 26 January 2019 the Group consisted of Chelmsford Star Co-operative Society Limited and one wholly owned subsidiary society, Star Holdings Chelmsford Limited (SHC). The subsidiary society is dormant.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHELMSFORD STAR CO-OPERATIVE SOCIETY LIMITED

Opinion

We have audited the group financial statements of Chelmsford Star Co-operative Society Limited for the year ended 26 January 2019 which comprise the Group Revenue Account, the Group Balance Sheet, the Group Cash Flow Statement, the Group Statement of Other Comprehensive Income and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and parent society's affairs as at 26 January 2019 and of its income and expenditure for the period then ended;
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We 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

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

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

We have nothing to report in this regard.

Matters on which 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 directors' report.

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:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 directors' responsibilities statement, 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 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.

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 is made solely to the society's members, as a body, in accordance with Section 83 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.

Rickard Luckin Limited

Rickard Luckin Limited
Statutory Auditor

For and on behalf of
Rickard Luckin Limited
Aquila House
Waterloo Lane
Chelmsford
Essex CM1 1BN

28th March 2019

Group Value Added Statement

52 weeks ended 26th January 2019

	2019 52 weeks		2018 52 weeks	
	£	%	£	%
NET SALES including asset sale proceeds	92 423 573		88 525 765	
Revaluation of investment property	67 000		120 575	
Less Value Added Tax	8 821 877		8 292 509	
TURNOVER	83 668 696		80 353 831	
Returns on investment and servicing of finance	67 223 799		63 891 569	
VALUE ADDED IN THE YEAR	16 444 897	100.0%	16 462 262	100%
APPLIED AS FOLLOWS:				
To Employees				
Net pay	10 001 457		9 781 962	
Employees' Income Tax, National Insurance and pension contributions	1 570 412		1 570 412	
Society contributions for National Insurance	639 633		651 606	
Society normal contributions to the pension fund	(35 000)		(23 000)	
	12 176 502	74.04%	11 980 980	72.78%
To Members and other providers of capital				
Share interest	320 673		355 208	
Interest on bank loans	117 547		129 873	
Interest on other loans and leases	60 501		63 579	
Other interest payable	-		1 902	
Other finance costs - pension fund	59 000		112 000	
Rent payable	1 391 677		1 373 195	
	1 949 398		2 035 757	
Less investment income and rents receivable	(22 660)		(25 325)	
	1 926 738	11.72%	2 010 432	12.21%
To Members and customers				
Share of the profits and 500 Club rewards	221 813		248 611	
Other member benefits and donations	35 181		30 512	
Member Relations activities	152 130		158 028	
	409 124	2.49%	437 151	2.66%
For the replacement of assets and expansion of the Society				
Depreciation	1 792 879		1 821 097	
Retained pre-tax surplus	139 654		212 602	
	1 932 533	11.75%	2 033 699	12.35%
	16 444 897	100.0%	16 462 262	100.0%
To Members and customers: share interest, dividend & other member related allocations	729 797	4.4%	792 359	4.8%

1. The Order of business at every general or special meeting of the Society shall be in accordance with the printed agenda of business issued with the notice of the respective meeting.
2. Except in the case of a special general meeting called upon the requisition of members, the agenda of every meeting shall be made out in the form and order approved by the Directors and shall include only such business as is decided upon by the Directors.
3. All notices of motion for consideration at any general meeting must be submitted to the Secretary in writing, signed by the member giving the notice, not later than twenty one clear days prior to the date of the meeting. Any amendments to any proposal on the agenda at any general meeting must be received in writing by the Society at least fourteen days prior to the meeting (Rule 9.3).
4. No member shall be allowed to speak more than once on any motion (other than by drawing the attention of the Chair to a point of order) except the mover of the motion who shall be allowed the right of reply to amendments and before the final vote is taken. No member shall speak after the mover has made his reply to the motion after which the question shall be put from the chair.
5. No member shall be allowed to speak for more than three minutes, except the mover, who may speak for five minutes and take three minutes in reply. Immediately before the mover replies, and before a vote is taken, the Board of Directors shall have the right to speak for not more than six minutes.
6. An amendment to a motion must be moved and seconded. No other amendment may be discussed until the first amendment has been disposed of. No person may move or second more than one amendment to the original motion. If an amendment be carried it becomes the substantive motion. Voting on motions and amendments will be on a show of hands or voting cards, if issued.
7. Any member who has not spoken to the question before the meeting may at any time during the course of the debate move “That the question be now put”. Such motion (if accepted by the Chair) must be made without any accompanying speech and must be forthwith put without amendment or debate, and should such motion be adopted, the chairman shall, subject to the right of reply of the mover of the question under discussion, at once put the question.
8. Any member choosing to speak upon any question whatsoever must rise in his place and address himself to the chairman. When two or more members rise at the same time, the chairman shall indicate the member who is to speak first. Members should state their name and may speak from the Rostrum at their discretion.
9. Whenever the chairman rises to speak, no member shall continue standing, nor shall any member rise until the chairman resumes his seat.
10. A member shall confine his speech strictly to the motion under discussion, or to the amendment or to a question of order.
11. The chairman may call attention to continued irrelevance, tedious repetition, or any breach of order on the part of a member and may direct such member to discontinue his speech.
12. Any one or more of these standing orders may be suspended at any meeting by the vote of a two-thirds majority of members present at the meeting. The decision of the chairman upon any point of order shall be final.

Complaints by Members – A member who has any complaint to make as to the quality, quantity, or price of any goods or services supplied by the Society, or the conduct of any officer or employee of the Society, shall send the particulars of such complaint to the Board who shall inquire into and decide upon them, subject to an appeal from any such decision to an ordinary meeting of members; but no such complaint shall be brought before any such meeting except on appeal.

Annual General Meeting of Members

Notice is hereby given that the **Annual General Meeting of Members** will be held on **Monday 13th May 2019** at **6.30pm**

In the Council Chamber, Civic Centre, Duke Street, Chelmsford CM1 1JE
Entrance from 6.00pm

AGENDA

1. Minutes of the Annual General Meeting held on 14th May 2018.

2. Directors' Report and Financial Statements for the year ended 26th January 2019.

3. Ratification of the Share of the Profits at £5.00 per 1,000 points accrued on Membership Cards as at 26th January 2019, to be credited to Membership cards on 14th May 2019.

4. Appointment of Scrutineers.

5. Election to the Board of Directors:

4 vacancies for 3 years –
6 nominations received. (See right).

6. Election to the Membership Committee:

1 vacancy for 2 years
– 8 nominations received. (See right).

7. Election to the Members' Council:

8 vacancies, 4 for 2 years, 4 for 1 year
– 12 nominations received. (See right).

8. Management Presentation:

- Review of 2018/19 trading year
- Future prospects and business developments

9. Questions from the floor

10. Approval of Directors' Fees and Expenses.

11. Approval of Distributions – Chelmsford Star Co-operative Party Subscription.

12. Appointment of Auditor.

13. Charity of the Year 2019.

Motions must be submitted to the Secretary by no later than 4pm on 22nd April 2019.

The candidates listed below in no particular order seek election to the positions indicated by letters after their name:

B = Board

M = Membership Committee

C = Members' Council

* = Employee

Linda Booth	-	-	C
Olly Young	B	M	-
Carole Beeston	-	-	C
Paul Boshier*	-	M	C
Valerie Sullivan	-	-	C
Judy Saunders	-	M	C
Susan Sullivan	B	M	C
Jane Ayres	-	-	C
Geoff Wheatley	B	M	C
Tony Gunn	B	M	C
Lois Bowser	-	M	C
Emily Smith*	-	M	C
David Van Sertima	B	-	C
Michael Whalley	B	-	-

Members registered for Postal Voting will receive Ballot Papers by mail, to be returned in the prepaid envelope by no later than 10th May 2019.

Admission to the Members' Meetings

RULE 9.10 states "Every member who has a vote under these Rules shall be entitled to attend Members' Meetings on the production of a valid Membership Card and proof of identity or such other identification as the Board may from time to time determine. If a Member ceases to be a Member during the election process, the former member's vote is invalid. Where secondary cards exist, only the primary card member shall be eligible to attend and vote."

RULE 9.12 states "Every member of the Society shall be entitled to cast one vote on any resolution put to the members at a Members' Meeting."

TRANSPORT - Members who require transport to this Meeting should contact the Membership department at the Registered Office, 220 Moulsham Street, Chelmsford, Essex, CM2 0LS or via 0800 254 0404 before 5.00pm on 6th May 2019.

Once the meeting has commenced, no further members will be admitted.

Chelmsford Star Co-operative Society Limited

Registered office: 220 Moulsham Street, Chelmsford, Essex. Registered number: 973R, Essex
www.chelmsfordstar.coop • email: members@chelmsfordstar.coop

This Report is printed using paper sourced from an FSC certified mill.



Trading ethically
to support and sustain
local communities