



Mutual Societies Annual Return Form (AR30)

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

Society name:

Chelmsford Star Co-operative Society Limited

Important information you should read before completing this form

You must use this form if you are a:

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

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

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

Please note:

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

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

Terms in this form

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

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

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



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Filling in the form

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

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

2 If you are filling in the form by hand:

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

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

4 If you:

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

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

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

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

mutualsannrts@fca.org.uk

or send it by post to:

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

7. Please make sure you include:

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

1

Details of society

1.1 Details of the society

Register number	973R
Registered office address	220 Moulsham Street Chelmsford Essex
Postcode	CM2 0LS

1.2 Year end date (dd/mm/yyyy)

See Note 1.2

2	7	/	0	1	/	2	0	1	8
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Committee of management

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

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

1.3 Details of Chairman

Name	Pauline Dodd
Address	40 Aldeburgh Way Chelmsford Essex
Postcode	CM1 7PD
Year of birth	1946
Business occupation and other directorships	Retired

1.4 Details of Treasurer

Name	
Address	
Postcode	
Year of birth	yyyy
Business occupation and other directorships	

1.5 Details of Secretary

Name	Ellen Tredwin
Address	1 Chalk End Basildon Essex
Postcode	SS13 3NN
Year of birth	1983
Business occupation and other directorships	Secretary

1.6 Details of Members of the Committee

Name	Address	Year of birth	Business occupation and other directorships
Stephen Birmingham	8 Walford Place Chelmsford Essex CM2 6PG	1962	Retired
Nicole Gay	30 Byron Road Chelmsford Essex CM2 6EP	1951	Retired
Jane Milbank	27 Stirrup Close Springfield Chelmsford Essex CM1 6ST	1953	Family Liason Officer
Anthony Price	69 Church Road Hatfield Peverel Chelmsford Essex CM3 2LB	1952	Retired
Judith Saunders	"Woodsetts" 41 Sandford Mill Road Chelmsford CM2 6NS	1952	Retired
Ben Stops	6 Vaughan Close Rochford SS4 1TL	1983	Retail Store Manager

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

Please indicate how many separate sheets of paper you have used

1

Please continue, answering all questions.

Name	Address	Year of Birth	Business occupation and other directorships
ROGER SIMONS	KAJAMALAI CANNONS LANE HATFIELD BROAD OAK CM22 7HX	1944	CONSULTANT HATFIELD BROAD OAK NON- ECCLESIASTICAL CHARITIES TRUSTEE
SUSAN SULLIVAN	3 MILSON BANK CHELMSFORD CM2 6QD	1958	RETIRED
MICHAEL FREDERICK REGINALD WHALLEY	28 WINCHELSEA DRIVE CHELMSFORD CM2 9TL	1940	RETIRED ANGLO EUROPEAN CO- OPERATIVE TRUSTEE

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

- ☒ No
☐ Yes

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

- ☐ No
☒ Yes

Financial Services Register firm reference number

702854 & 743940

1.9 Is the society a subsidiary of another society?

- ☒ No
☐ Yes

1.10 Does the society have one or more subsidiaries?

- ☐ No
☒ Yes

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

- ☒ No
☐ Yes

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

- ☐ Yes

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

- ☒ No
☐ Yes ▶ provide your Scottish Charity number below

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

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

If so, please provide your register number

All societies must answer the following questions:

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

Bona fide co-operative society

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

Members benefit from receiving a local, convenient service. The society primarily operates food trading outlets, located in the heart of communities. The society is run for the mutual benefit of its members, which stem principally from their participation with the business, purchasing goods.

Members are rewarded points on their purchases from the society's trading businesses. The points accumulate throughout the financial year, and are converted into a dividend at the AGM.

The Board of Directors recommends at the AGM a dividend rate for members' approval. The proposed rate is based on the society's profitability during the year. The share of the profits is awarded onto member's membership cards, following the member approval at the AGM.

In addition, members are rewarded with exclusive discounts instore and to local businesses and have the opportunity to attend member events and talks.

We are an advocate of local suppliers, and our members support the sales of these products, ensuring investment remains in the Essex community. We are in the top 100 employers in Essex and are a key player to the community.

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

☒ Yes

☐ No

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

Members trade with the society by purchasing goods and services.

The benefit of membership is primarily to receive a share of the profits, based on trade conduct with the society and the society's profitability.

1.17 How did members democratically control the society?

Democratic control of the society lies with the members. The society's Board of Directors are elected members.

Membership is open and voluntary, and all members are equal (one member, one vote). Members can participate via a postal voting service, instore or at the AGM

Members who comply with spend or share capital criteria can stand for election to represent members on the Board. All directors are elected by the members.

The Board of Directors are held accountable by the members at the members meetings held twice yearly.

There are two further member representative bodies; the Membership Committee and the Members' Council. The focus of these bodies is to ensure that members' needs are represented and served by the society, whilst providing a training and development path for those members with aspirations of serving as a Director.

1.18 How did the society use any surplus/profit?

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

Members received a dividend payment reflective of the proportion of trade with the society within 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.

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

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

NIL

Continue to 2.1

Community benefit society**1.19 Who are the community the society benefited?**

n/a

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

n/a

1.21 How did the society use any surplus/profit?

n/a

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

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

n/a

Continue to 2.1

2 Statistics

Account details

2.1 You must enter the figures below

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

A	Members at beginning of year	82,414
B	Members ceased during year	299
C	Members admitted during year	2954
D	Members at end of year	85,069
E	Turnover for year	80,233,256
F	Total of income and expenditure (receipts and payments added together)	180,276
G	Net surplus/(deficit) for year	180,276
H	Fixed assets	26,282,171
I	Current assets	9,414,437
J	Total assets (equal to amount in row O, below)	35,696,518
K	Current liabilities	9,661,741
L	Share capital	10,556,720
M	Long-term liabilities	5,898,958
N	Reserves	9,579,099
O	Total liabilities, share capital & reserves (K+L+M+N) (equal to amount in J above)	35,696,518
All societies (excluding clubs) must complete boxes P-T		
P	Investments in other registered societies	80,628
Q	Loans from members	NIL
R	Loans from Employees' Superannuation Schemes	NIL
S	Dividends on sales	158,483
T	Share interest	355,208

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

Star Holdings Chelmsford Limited

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

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

3

The audit

3.1 Type of audit used for the attached accounts.

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

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

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

- ☐ No
- ☐ Yes

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

- ☐ No
- ☐ Yes

4

Accounts and signature

Accounts

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

1	4	/	0	5	/	2	0	1	8
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4.2 Has your society produced accounts to the minimum standard required?

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


☒ Attached

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

Signature – all societies to complete

4.3 The Secretary of the society must sign and date below

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

Name	Ellen Tredwin
Signature	
Phone number	01245 216916
Email	ellen@chelmsfordstar.coop
Date	24 th August 2018

annual

report & financial statements 52 weeks ended 27th January 2018

**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 schools



Supporting our Communities

BOARD OF DIRECTORS

President (appointed by the Directors)
Mrs S Sullivan

Directors

Mrs J Saunders – Vice President
Ms N Gay
Mrs P Green
Mr A W Gunn
Mr J Knott
Mrs J Milbank
Mr A Price
Mr R Simons
Mr M Whalley

MANAGEMENT EXECUTIVE

Mr K Bennett
– 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 ACA
– 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

Tees, Parkview House
Victoria Road South, Chelmsford CM1 1NG

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



Supporting our colleagues



Supporting our businesses

Five Year Comparative Statement

52 weeks ended 27th January 2018

Year ended:-	25 January 2014 52 weeks	31 January 2015 53 weeks	30 January 2016 52 weeks As restated	28 January 2017 52 weeks	27 January 2018 52 weeks
	£	£	£	£	£
Gross Takings	99 868 832	104 509 438	101 285 710	103 584 570	110 413 252
Sales	77 448 174	81 097 493	77 932 476	80 812 623	88 525 765
Turnover	70 452 988	73 679 934	70 823 280	73 268 348	80 233 256
Members' Benefits & Grants	384 335	414 074	427 244	433 877	443 651
Trading Surplus	1 942 800	1 673 309	1 316 022	1 536 729	1 098 714
Share Interest	279 014	297 839	350 232	401 148	355 208
Retained Surplus before Tax	1 111 252	833 714	514 188	643 708	212 602
Depreciation	1 321 758	1 485 008	1 546 518	1 641 420	1 821 098
Capital Expenditure including Goodwill	2 239 751	1 605 465	1 468 011	2 293 787	2 097 941
Fixed Asset - Net Book Values	19 706 809	24 928 702	25 066 289	25 885 563	26 282 171
Net Current Assets (Liabilities)	(30 965)	414 290	327 773	965 303	(247 394)
Total Assets less Current Liabilities	19 675 844	25 342 992	25 394 062	26 850 866	26 034 777
Long Term Liabilities	(6 578 399)	(5 527 184)	(4 664 942)	(5 101 648)	(4 513 500)
Net Pension Liability under FRS102	(2 043 200)	(3 989 000)	(2 920 000)	(3 967 000)	(2 365 000)
Deferred Tax	1 073 680	1 429 322	1 336 458	1 208 901	979 542
NET ASSETS	12 127 925	17 256 130	19 145 578	18 991 119	20 135 819
Share Capital	7 613 416	8 869 772	9 892 262	10 649 877	10 556 720
Reserves	4 514 509	8 386 358	9 253 316	8 341 242	9 579 099
MEMBERS' FUNDS	12 127 925	17 256 130	19 145 578	18 991 119	20 135 819
Membership	72 314	76 298	79,468	82 414	85 069
Average Shareholding per Member	£105.28	£116.25	£124.48	£129.22	£124.10
Trading Surplus as % of Net Sales	2.76	2.27	1.86	2.10	1.37
Members' Benefits as % of Net Sales	0.55	0.56	0.60	0.59	0.55
Fixed Asset additions as % of Net Sales	3.18	2.18	2.07	3.13	2.61
Gearing	69%	38%	26%	26%	28%
Interest cover (Net interest as percentage of Surplus before Interest)	756%	703%	669%	848%	634%
Net Debt	8 362 930	6 598 344	4 969 160	5 013 156	5 702 363
Surplus before Interest	1 942 800	1 848 418	1 545 593	1 680 479	1 219 289
Net Interest payable	257 000	263 000	231 000	198 227	192 456

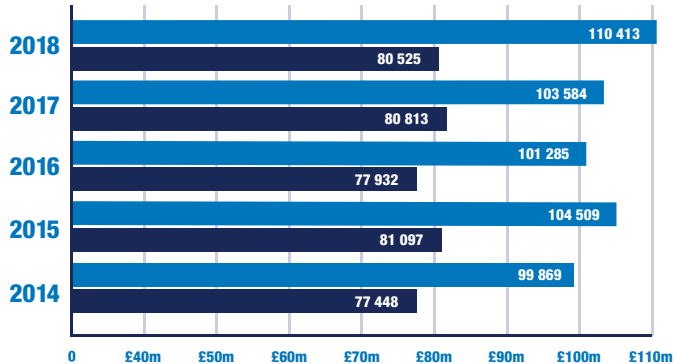
Five Years at a Glance

52 weeks ended 27th January 2018

5

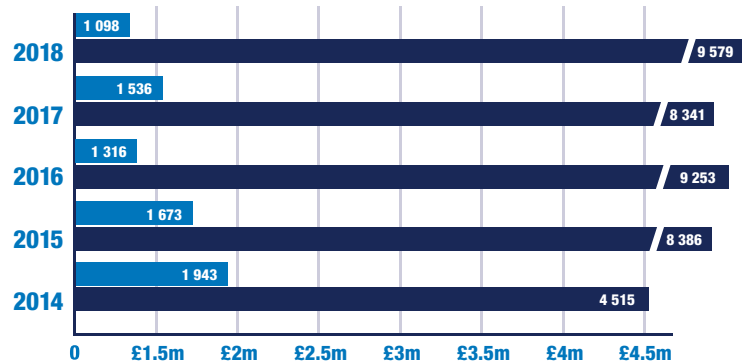
Gross Takings & Turnover £000

■ Gross Takings ■ Sales

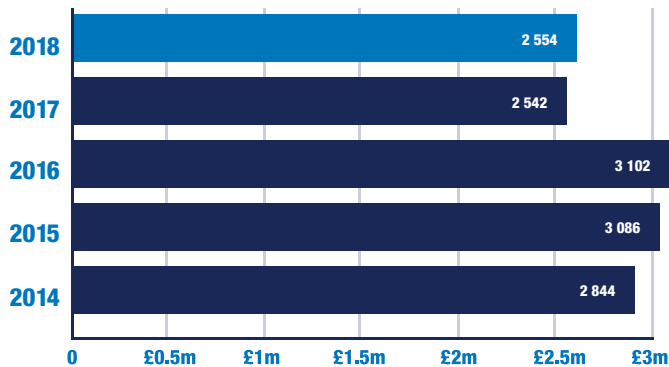


Trading Surplus & Reserves £000

■ Trading Surplus ■ Reserves

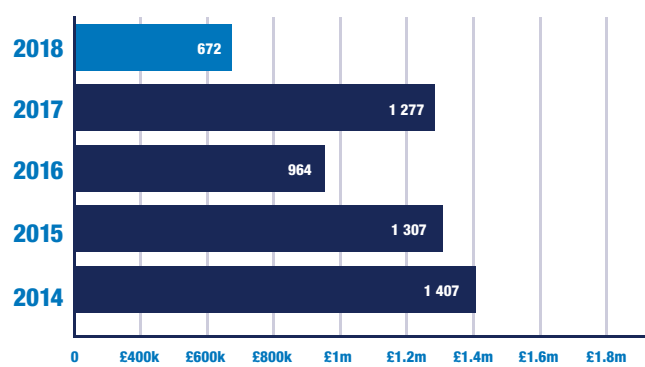


Cash Flow from Operating Activity £000



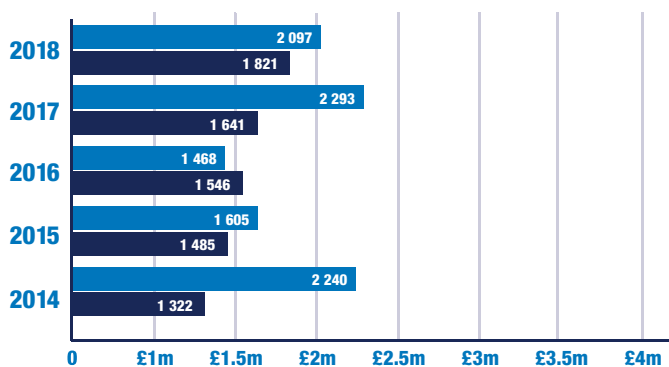
Operating Profit £000

(Trading Surplus plus investment income less interest)



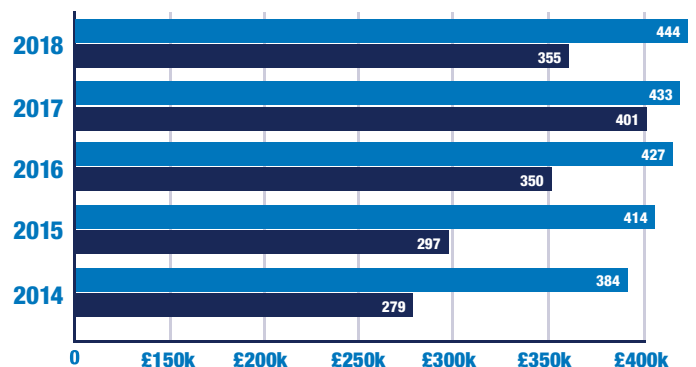
Capital Expenditure & Depreciation £000

■ Capital Expenditure ■ Depreciation



Member Benefits & Grants / Share Interest Payable £000

■ Member Benefits & Grants ■ Share Interest Payable



Co-operative, Environmental and Social Performance Indicators 52 weeks ended 27th January 2018

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 13.2% of our total sales, compared with 13.9% in 2016/17.

2. Member Democratic Participation

The elections in May 2017 were contested, with sixteen nominations for ten positions. A total of 520 members voted in the elections, representing 1.8% of the active membership and 0.6% of total membership compared respectively to 1.5% and 0.5% in 2016/17.

3. Participation of Colleagues and Members in Training and Education

We have provided 4,130 hours of training to our colleagues and Directors, compared to 5,366 in 2016/17. A reduction in colleague training has resulted from the change in provider and availability of suitable courses for colleagues since the introduction of the Apprenticeship Levy.

4. Colleague Injury and Absentee Rates

The total number of reported accidents involving colleagues during the year was 57, of which 3 were serious. This compared to 54 accidents, of which 2 were serious, in 2016/17.

5. Colleague Profile, Gender and Ethnicity

The gender split of colleagues has marginally moved, with 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, 7.4% are of non-white ethnicity, compared to 5.3% in 2016/17.

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 13.7% and a 0.0% median differential. This latter figure reflects how male and female colleagues are on the same pay scale.

6. Customer Satisfaction

Surveys collected from the Society's Funeral division suggest 98.5% would recommend or use our service again, compared to 98.8% in 2016/17.

Surveys collected from the Society's Department Stores Furniture business report 97.7% would recommend or use our service again, compared to 97.4% in 2016/17.

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. 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, 33 pence is re-invested back into the local community, compared to 33 pence in 2016/17.

8. Investment in the Community and Co-operative Initiatives

Cash donations, investment and colleague time supporting the community totalled £101,751 equating to 47.9% of pre-tax profits. This compared to £96,174 or 14.9% in 2016/17.

In addition, £14,228 was donated to supporting Co-operatives through cash donations, investment and colleague time, equating to 6.7% of pre-tax profits. This compares to £11,327 or 1.7% in 2016/17.

9. Net CO₂ Emissions Arising from Operations

On a "like for like" basis, we have produced 3,423 tonnes of CO₂ emissions from electricity consumption. Your Society has an energy & environmental policy, committing to reduce electricity consumption by 15% by 2021. We have already achieved a 10.85% reduction towards this target.

99.8% of our electricity currently comes from renewable resources, the same level as in 2016/17.

10. Waste Recycling

We have recycled approximately 99.31% of the waste produced, compared to 99.86% in 2016/17.

To The Members

Your Board of Directors has the responsibility to report to you on your Society's performance for the year which ended 27th January 2018, covering a period of 52 weeks.

Your Society

Your Society operates from 54 trading outlets of which 42 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-operative Funeral branches.

Established in 1867, the Society 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

The retail landscape continues to evolve and change. The UK's decision to leave the EU will fundamentally change the outlook for the retail market. This coupled with inflation returning to the grocery market and below inflationary pay rises for many, creates an uncertain market.

The cost pressures for business continue to rise through exchange rate fluctuations, increases in the National Living Wage and legislative changes resulting in additional cost burdens.

Competition in all the Society's trading divisions is increasingly evident, whether this is the growth of the discounters in food and non-food retailing, increased competition from funeral directors including pre-payment funeral plans to the limited supply and the sustained demand for affordable holiday locations for travel.

Against this backdrop the Society has fared well in terms of turnover performance and growth, but has undeniably been affected by these economic factors which have undermined the Society's result. The Board keeps under regular, monthly review the trends in terms of turnover, cost and profitability, and strategies are implemented to mitigate the impact where possible.

Financial

Your Society's gross takings for the year amounted to £110,413,252, this compares to £103,584,570 last year and represents a "year on year" increase of 6.6%. Adjusting for new store openings gives a "like for like" increase of 2.6%.

Gross profit for the year amounted to £24,001,745, this compares to £22,594,252 and represents an increase of 6.2%. The increase in gross profit reflects a full trading year for the acquisitions made in 2016/17 and the ongoing investment in the food refurbishment programme.

Your Society operates a lean operation, ever since the difficulties of the 1990's. This means that, whilst other businesses are reviewing and removing cost to combat increasing cost pressures, this is not an option for the Society. The total costs of the Society's operation increased "year on year", but fell nonetheless well within the parameters of the business plan. Operating costs amounted to £22,903,031 compared to £21,057,523 last year. Additional costs incurred in the year include the full trading year for the 3 additional stores acquired part way through last year, plus a new food store acquisition and a new funeral unit from this trading year. The Board continues to review financial performance, including expenditure closely on a four-weekly basis. Whilst it is imperative that costs remain under control, the Board is conscious that cost control must not be achieved to the detriment of investment into enhancing the business.

Your Society's trading profit before depreciation, often referred to as EBITDA, amounted to £2,919,811. This compares to last year's figure of £3,178,149 and represents a decrease of £258,338.

At the trading profit level, after depreciation, the Society achieved £1,098,714 compared to £1,536,729, a decrease of 28.5%. The Society's business plan anticipated a reduction in profitability year-on-year given the investments made for the longer-term profitability of the Society, however economic factors have seen a further reduction than envisaged.

The Society's surplus before distributions, often referred to as net profit, amounted to £914,833. After meeting the costs of all distributions, the Society achieved a surplus of £180,276, this compares to £367,314 last year. The surplus has further added to the Society's reserves.



Galleywood Hampers of Hope

Food

Gross takings excluding Fuel amounted to £84,294,402, which compares to last year's figure of £78,287,724, this represents an increase of £6,006,678. On a "like for like" basis, allowing for changes in the estate, a 2.4% increase has been achieved.

The trend for customers to make fewer transactions paying bills and purchasing mobile phone top-ups and lottery tickets has continued during the year. Excluding these services, your Society's core Food turnover has grown 5.4% on a "like for like" basis. Changing consumer lifestyles and habits are becoming more apparent, with a decline not only in services, but also in the purchase of tobacco products and newspapers and magazines.

During the year, the Society has acquired an additional convenience store, located in Woodford Green. The acquisition sees the further expansion of the Society's trading area inside of the M25.

The Food business has focussed heavily on refurbishments this year, with 8 or 19% of the Society's Food estate receiving a refurbishment. The 8 stores concerned were closed for up to 14 days whilst a refresh of their store's fabric and ranges was conducted and the energy efficiency of the store improved. This planned accelerated refurbishment is accountable for additional depreciation being added to operating costs, and for loss of turnover whilst absorbing the fixed costs during the closure period. The decision to accelerate the refurbishment plan was taken because of the longer-term benefit to the Society.

In addition, during the year LED lighting has been installed in 11 stores; this now sees the entire food

estate equipped with LED lighting. The installation across the food estate will see the Society's energy consumption and cost reduce going forward.

The Society continues to assess and monitor the performance of stores and, where necessary, preventative actions or strategies to remedy negative trends are implemented. There however comes a point when an individual store becomes unviable for the Society, and within the year the Board took the sad decision to dispose of Meppel Avenue, Canvey Island whose trade was badly affected by local competition and the closure of the school adjacent. The Society is continuing with the disposal of Southchurch Road, which has previously been reported to members.

In October, Darren Leverington joined the Society's Executive Team as Head of Food Retail. Darren takes on responsibility for the Food business, a position which has been held by the CEO since 2015.

The Society is a member of the Federal Retail Trading Services (FRTS) buying group which provides the Society with far greater purchasing power than could be achieved if the Society wasn't part of the group. However, where The Co-operative Group, by far the largest member of FRTS, has invested heavily in reducing prices this year, this ultimately has impacted our achievable margins.

The trading profit of the Food business has decreased 10.8% "year on year", which reflects the additional cost associated with the refurbishments and the ongoing pressures on costs and margins.



The Big Grocery Giveaway

Departmental Stores

Gross takings for the year amounted to £9,892,044. This compares to £10,446,027 achieved last year and represents a decrease of 5.3%.

The single biggest weakness in Departmental Store turnover is Furniture, with the year-on-year decline accelerating following the Bank of England's hint at a base rate increase in September 2017. Combined with increased competition entering Chelmsford, with an out-of-town purpose-built retail park offering convenience and similar ranges, turnover in the Furniture department fell below expectation.

The effort that has been invested in expanding ranges is evident in the performance of our own bought fashions, accessories and menswear departments. In addition, new brands including M&co, Outfit Kids, Gant, Olsen, Superdry and Smeg have been brought on board to enhance the offer.

Despite the strategy in place to mitigate trading losses, these have increased further to 1.46% compared to 1.37% last year. Work is ongoing to ensure trading losses are mitigated and controlled wherever possible.

Travel

Gross takings for the year amounted to £9,696,000, this compares to £8,774,899 achieved last year and represents an increase of 10.5%. Growth in both travel bookings and currency has been demonstrated this year.

The trading profit of the Travel business has decreased 1.0% "year on year". Nonetheless, the Travel business has once again far exceeded the expectations of the Board and the business plan.

Funerals

Gross takings for the year amounted to £1,707,945 compared to £1,802,305 last year, a "year on year" reduction of 5.3%.

In the Interim Report the Society reported a 14.7% "year on year" decrease, and highlighted that a full strategic review of the business has been conducted. The comprehensive review saw the rebranding of the Society's Funeral business to Co-op Funeral Directors, with all funeral branches being updated to the new fascia and style.

A full review of the Funeral business' pricing policy was conducted, which combined with investment in the website, has increased the transparency, flexibility and ease to create a funeral suitable to client's wishes and affordability.

Whilst it is early days to measure the success of the revised strategy, the figures are demonstrating an improvement on the previous trend.

In November the Funeral division opened a new branch, in the George Yard Shopping Centre, Braintree. This town centre presence complements the service already provided by Clare Road, Braintree.

Your Society continues to support the bereaved within the community; a remembrance evening was held in Trinity Methodist Church, Chelmsford bringing together people to remember their loved ones during the festive period. In addition, having identified a local need, the Funeral business has extended its bereavement support to the under 50's.

The trading profit of the Funeral business amounted to £180,169 compared to £293,093 last year, a reduction caused by performance in the first half of the year, the set-up costs for the new branch and the additional investment required as a result of the strategic review.

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.

Rental income amounted to £309,199 compared to £300,694 last year, an increase of 2.8%.

Funding and Interest

During the year, the Society has spent £2,097,941 on capital projects, which in the main relates to the eight food refurbishments and the funeral refurbishments and the Woodford Green acquisition.

During the year previous loans with the Co-operative Bank, Allied Irish and Clydesdale Bank have been repaid, with the Society refinancing its borrowings to Santander; the Society looks forward to a continuing long-term relationship with Santander.

When related to the Society's profit before depreciation, i.e. EBITDA, net debt as a ratio is 1.93, compared to 1.58 last year. This reflects the increased borrowings.

Interest charged on the Society's borrowings amounted to £192,456 compared to £198,227 last year. The interest cover ratio (i.e. bank interest to trading profit) is 5.71 times compared to 7.26 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) have remained unchanged, but future service contributions will increase slightly. The Fund will be subject to the next actuarial valuation as at 27th January 2018.

During the course of the year, the Society has made payments, as per the recovery plan, amounting to £501,000; last year £450,000.

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 £543,748, compared to £594,148 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 £96,628 compared to £98,482 last year. The Board has suspended temporarily 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. The reduction in the rate reflects the reduction in the Society's trading profitability.

Membership Report – Our Principles in Practice

The year 2017 marked the Society's 150th anniversary. During this year it was a great accolade to be nominated for the award of 'Leading Co-operative of the Year 2017'. Whilst ultimately the Society did not win, the fact that the Society was shortlisted from 7,000 co-operatives is a significant achievement.

The Co-operative business model is based on a set of values and principles, all co-operatives agree to behave in a certain way, 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, 2,954 new members have joined, compared to 3,164 last year. The Society now has 85k members, of which 29,018 or 34.1 % are considered active and have made purchases from the Society within the past two years (last year 34.2%).

Democratic Member Control

Following the Society's Annual General Meeting (AGM) held on 8th May 2017, Jane Milbank, Nicole Gay and Chris Henton were elected to the Board of Directors for three years. Following his appointment, Chris Henton reluctantly resigned from his position as Director as of 10th May 2017 due to personal circumstances. The Board is grateful for Chris' commitment to the Society during his period of service. Because of the vacancy arising the Board co-opted Tony Price, a former Director, in line with the Society's rules to serve until the 2018 Annual General Meeting.

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. Directors would like to place on record their appreciation of Pauline's loyal service and commitment as a Director and as President to the Board.

Following the 2017 AGM the Board appointed Susan Sullivan as President, supported by Judy Saunders as Vice President. The Directors are grateful to Susan and Judy for accepting the responsibilities and challenges posed by these demanding roles.

Pauline Dodd was elected to serve on the Membership Committee for two years. Valerie Sullivan, Lois Bowser, Ben Stops and David Reynolds were elected to the Members' Council for a term of two years, with Maurice Howard elected for a one-year term. Ben was re-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 520 votes were cast in the Board election compared to 433 in the 2016 elections, a 20% increase. The Society's postal voting service



Claudia - Membership Assistant

remains by far the most popular method of voting. The postal voting register continues to grow, there are now 1,307 members registered for this service, compared to 1,128 last year. During the year, 80 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 gives 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. Given that profitability is significantly lower than last year, the Board believes that a lower conversion rate needs to be proposed. Therefore, as stated earlier in the report, the Board will be recommending a payment of £5.00 per 1,000 points earned up to 27th January 2018. This compares to a conversion rate of £6.50 per 1,000 points last year.

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



The 150th exhibition at the Chelmsford Museum

Autonomy & Independence

When decisions are made, the Board considers whether this is in the best interests of members. This can 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 elected members, who are elected by members to make key decisions on behalf of the Society and its members.

During the year, the Board took the opportunity to consider what independence looks like for Chelmsford Star. The key areas the Board considers that the Society must remain in control of in order to remain an independent co-operative society includes the ability to determine the Society's strategic direction and priorities, determine how funds are raised and spent, the Society's Rules and retention of our membership base.

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 or events that we held to celebrate our 150th anniversary. 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 business that has

given full consideration to its wider impact or benefit to stakeholders, rather than purely focussing on profit.

Your Society supported Anglo European School's business day, where the Society and one of our local suppliers were on hand to provide business advice and expertise to the pupils.

For the third year, your Society sponsored the Co-operative Athletics Meet, which saw the three local Co-operative Trust Schools compete at Basildon Sporting Village. St Clere's took home the trophy for the third year in a row.

Your Society again attended the Three Foot Festival at Hylands House, Chelmsford. At the three day event, the Society showcased the benefits of membership, whilst promoting healthy eating, giving away bananas 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 next financial year, the Youth Council structure will be changed in order for the Society to gain a better relationship and understanding of issues of youth in our community.

• 150th Exhibition

This year marked the Society's 150th anniversary. A number of events were held throughout the year to celebrate this.

To prepare the ground for the exhibition at Chelmsford museum, a historic walk through the centre of Chelmsford highlighting all the co-operative sites and points of interest was designed and proved popular with members and the general public. The exhibition took place during June through to the end of August. Members and the general public enjoyed seeing the Society's history being brought to life. The exhibition was launched with a VIP evening of long serving employees, pensioners and dedicated members and was officially opened by the Mayor of Chelmsford.

Resulting from the exhibition, the Society has been invited to provide numerous talks regarding the Society's history and heritage throughout the year, helping educate the community regarding their Co-op's activities.

In addition, Chelmsford museum now holds a Chelmsford Star memory loan box for nursing and

retirement homes to use to reminisce and promote conversation for their residents.

• Member Updates

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

During 2017, 107 members attended the AGM, compared to 104 in 2016. The Board has recognised that, given the level of attendance at the AGM, the location of Brambles restaurant is becoming impractical. The Board has therefore agreed to hold the Annual General Meeting 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. In addition, the parking facilities and location should be more convenient for members.

The future location of the members' meetings will be reviewed following the AGM; we will of course be seeking members' views on this.

The next Interim meeting is to be held on 8th October 2018, the location of which is yet to be determined.

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.

• Community Card

The Society's Community Card scheme now supports 330 local groups. During the year, 75 of our groups withdrew funds raised by their supporters to the value of £5,910, this compares to 103 groups last year withdrawing £7,088.

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

Tyrells Primary School, Chelmsford

The school withdrew £870 of their funds to allow them to purchase new video equipment, providing better quality imagery of pupils' performances for their parents.

Danbury Pre-School, Danbury

The pre-school withdrew £420 in order to re-decorate and furnish part of the school, making the rooms more attractive and inviting.

Danbury Park Primary School, Danbury

The primary school withdrew £338 to allow them to purchase equipment to create an interactive

classroom, making learning fun for the pupils.

In addition to providing the Community Card groups a method to raise funds for their causes, your Society also provides skills, advice and guidance to these groups. Two Community Card events were held within the year, providing advice and support from the Essex Chronicle, Chelmsford Community Radio and the Essex Community Foundation, in addition to our own marketing team's expertise.

• Charity of the Year

At the 2017 AGM, the Society presented Kids Inspire a cheque for £34,319.

Our colleagues, as well as members and customers, are always supportive of our Charity of the Year, currently Little Havens Hospice, and this year there has been more activity than ever, with noteworthy initiatives that have included the following:-

- A number of Head Office colleagues and store managers ran the Brentwood Half-Marathon.
- Our Funerals team completed a 10 mile walk.
- Wendy, our colleague from Havengore finished the 26-mile Chelmsford Marathon.
- Across our Food stores, we ran a 'Name the Elf' competition in the lead-up to Christmas.
- Your Directors wrapped Christmas presents at the quadrant preview evening.
- Gill, our colleague from Blackmore, matched the funds that her team raised by a 'Wear it Pink' weekend.
- In-store raffles were held for Christmas and Fairtrade Fortnight. In addition, the team at Danbury ran a raffle for Danbury Fireworks, whereas Long Road, Canvey Island ran a Halloween raffle.

- Sharon and her colleagues at Trent Road ran a 'Help Santa find his Reindeer' competition during December.
- John and his colleagues at Mungo Park, Rainham sang Christmas Carols assisted by Scargill Infant School.

Each winter local charities are invited to apply to become the Society's charity of the year. A sub-committee of Directors make a shortlist, usually 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, over 43 charities applied, demonstrating the need for support within our community.

At the 2018 AGM, the Society will announce the total value raised in the year for Little Havens Hospice and announce the Society's next Charity of the Year.

• Fairtrade

Your Society continues to support the Fairtrade movement and locally the Chelmsford City Fairtrade campaign. During Fairtrade Fortnight, the Society held a Fairtrade wine tasting evening, attracting new customers to Fairtrade.

During our 150th anniversary year, a commemorative chocolate bar was available for members to purchase, and of course it was Fairtrade.

• 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.

For a number of years, the Society has signed up to the Investors in People framework and had been accredited as an Investors in People employer. During the year, the Board took the decision to no longer subscribe to the accreditation, but made a commitment to continue to follow its framework and principles.

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.

• Chelmsford Star Co-operative Party

At the 2017 Annual General Meeting, 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 John Knott remain the Society's representatives. Judy Saunders is also Chair of the Party.

• 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. John Knott 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. Michael Whalley serves as a Board-appointed trustee to Anglo European, Ingatestone.

• Co-operative Sector Emergency Appeal

The Society donated £1,000 to the Co-operative Sector Emergency Appeal to help the development of co-operatives in countries devastated by hurricanes across the Caribbean and flooding in south-east Asia.

The Year Ahead

The Society has come a long way over the past 150 years, and not without challenges. It is how the Society reacts, evolves and responds to these, whilst continuing to serve the needs of our members and communities which will enable us to serve into the future.

Your Society continues to respond to the needs of members and customers, and where these are changing we have strategies in place to take us forward.

The economic pressures are unlikely to ease over the forthcoming year, but your Board is confident in the business plan and the Society's management team in delivering this.



On behalf of the Board of Directors

Ellen Tredwin – Secretary

29th March 2018



Wendy from Havengore completes the Chelmsford Marathon

Board & Committee Members Attendance 2017

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	P Dodd ⁱⁱⁱ	4(4)		1(1)		5(5)		3(3)
	N Gay ⁱ	8(9)		3(3)	1(1)	3(3)		
	P Green	9(13)				6(8)		5(6)
	A Gunn	13(13)	3(3)	1(1)	2(2)	3(3)		
	C Henton ^{iv}	4(4)	1(1)			3(3)		
	J Knott	11(13)	3(4)	0(1)		4(5)		5(6)
	J Milbank*	11(13)			2(2)	5(5)		4(6)
	A Price ⁱⁱ	6(8)						
	J Saunders – Vice President	10(13)	1(1)	3(3)	1(1)	7(8)		
	R Simons	11(13)	3(3)	3(3)				4(6)
	S Sullivan – President	13(13)		4(4)	1(1)			3(3)
	M Whalley	13(13)	4(4)		2(2)			
	T Arogundade*						2(4)	
	L Booth						0(1)	
	L Bowser						4(4)	
	S Charsley						0(1)	
	M Howard						3(3)	
	D Last*						1(1)	1(2)
	D Reynolds						2(3)	
	B Stops*					8(8)	3(4)	
	V Sullivan						3(4)	
	G Wheatley						4(4)	
	L Gardner					8(8)		
	K Bennett*							4(6)
	J Dorrington*							5(6)
	T Skingle*							6(6)

i Elected to position 2017 AGM

ii Co-opted 25th May 2017

iii Stood down from Board 2017, elected to Membership Committee

iv Resigned 10th May 2017

* 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 five 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 by demonstrating that remuneration of its Senior Executives is on a par with market rates for organisations of similar size and complexity.

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 2016/17, the Society achieved budget, triggering the Senior Executive team's incentive scheme. In the financial year that the payment related to, the Society's profit before distributions, excluding property revaluation, exceeded budget by 5.9%. Details of the bonus payments rewarded are detailed in the Senior Executive emolument table below.

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 27th January 2018 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 27th January 2018 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 2019 Annual General Meeting. The current levels of fees are;

Directors' Fees	£ per annum
President	6 600
Vice President	4 680
Director	2 760
Committee Chair	1 020
Committee Member	720

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 £2,040; compared with £2,100 in the previous year.

Employees serving as Trustees of the Employees' Superannuation Fund were paid fees totalling £2,520; compared with £2,880 in the previous year.

This report will be put to an advisory members' vote at the Annual General Meeting on the 14th May 2018.

BY ORDER OF THE BOARD



Susan Sullivan

President and Chair of the Remuneration Committee
29th March 2018

Senior Executive Emoluments

Name	Position	Appointment	Basic Salary	Bonus	Benefit in Kind	Pension	Total Emol. 2017/18	Total Emol. 2016/17
B Wood	CEO	05.05.13	172 099	17 474	13 181	27 364	230 118	205 149
L Waghorn	CFO	01.03.13	88 755	5 199	16 738	14 112	124 804	107 128
E Tredwin	Secretary	27.01.13	62 117	3 629	6 824	9 877	82 447	76 387

Directors' Emoluments

	£ Board Fees Sub-Committee	£ Allowances & Expenses	£ Total 2017/18
P Dodd – Former President	2 220	108	2 328
N Gay	3 150	-	3 150
P Green	4 200	62	4 262
A Gunn	4 605	-	4 605
C Henton	1 125	125	1 250
J Knott	4 920	233	5 153
J Milbank	4 740	29	4 769
A Price	1 840	-	1 840
J Saunders – Vice President	6 120	136	6 256
R Simons	4 560	-	4 560
S Sullivan – President	8 010	300	8 310
M Whalley	4 500	14	4 514
Total Emoluments	49 990	1 007	50 997
Total for 2016/17	51 360	907	52 267

Succession Planning Report

52 weeks ended 27th January 2018

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 59 or 6.5% of colleagues have been identified and promoted within the Society (last year 8.4%). Furthermore, 1.33% of colleagues are in a development training programme (last year 1.59%).

Whilst the Society does contribute to the Apprenticeship Levy, only 11 colleagues have benefited from training to date from the scheme.

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, the results of which have formed the basis of the Board's training programme. The Board has 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.

AWRGunn.

Tony Gunn

CHAIR OF THE SUCCESSION
PLANNING COMMITTEE



Fairtrade Wine Tasting Evening 2017

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.



S Sullivan – President



B J Wood – Chief Executive Officer



M Whalley – Chair of Audit



E Tredwin – Secretary

29th March 2018



The Funerals team walk 10 miles for our Charity of the Year



Children's Fun Week

Internal Control

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 monitoring closely member participation and progress to 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 five nominations for three vacancies on the Board, five nominations for one vacancy on the Membership Committee and six nominations for six vacancies on the Members' Council.

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 107 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 at the Departmental Stores, via post for pre-registered members or at the Annual General Meeting. During the year under review, a total of 520 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 select specialised topics for Special Board meetings to focus purely on the topic under review. This year the Board held two Special Board meetings, one of which focused on the Society's three-year 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
Pauline Green	Holy Trinity Church, South Woodham Ferrers Parochial Church Council
John Knott	Chelmsford Council Voluntary Service (Trustee) Co-operative Loan Fund (Director) Families in Focus (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)
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 shall be held by members who are employed by the Society, nor can 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 2018. 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 are 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 requires 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.

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.

Whilst the Society's rules would allow for the situation described in the above paragraph to occur, the Society currently complies with the provisions of the Code.

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 is in the process of being reviewed and 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

S Sullivan – President

Barry Wood – Chief Executive Officer

Ellen Tredwin – Secretary

29th March 2018

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 27 January 2018 with comparative figures for 52 weeks ended 28 January 2017.

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.



Cooper finishing the Brentwood Half Marathon

At the Annual General Meeting on 14 May 2018, the Directors intend to propose a Share of the Profits in the region of £110,000 in respect of the year ended 27 January 2018. 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
Fixtures, Fittings & Computer Equipment	10% per annum
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.



Mungo Park Elf winner



Hullbridge Clean Up operation



Raising funds for Jacob Jones

Group Revenue Account

52 weeks ended 27th January 2018

Note		2018 52 weeks		2017 52 weeks	
		£	£	£	£
GROSS TAKINGS			110 413 252		103 584 570
less Agency & Concession Turnover excluded					
	1(a)		21 887 487		22 771 947
SALES			88 525 765		80 812 623
Less Value Added Tax			8 292 509		7 544 276
TURNOVER	1(b)		80 233 256		73 268 348
Cost of Sales			56 231 511		50 674 096
GROSS PROFIT			24 001 745		22 594 252
Expenses	2		22 903 031		21 057 523
TRADING SURPLUS			1 098 714		1 536 729
Investment Income	3		120 575		340 030
Exceptional Charges	3		-		(196 280)
Surplus before Interest			1 219 289		1 680 479
Net Interest Payable	4	192 456		198 227	
Other Finance costs	24	112 000		102 000	
			304 456		300 227
SURPLUS FOR YEAR BEFORE DISTRIBUTIONS			914 833		1 380 252
Share Interest		355 208		401 148	
Grants & Donations	6	188 540		193 000	
			543 748		594 148
SURPLUS FOR YEAR BEFORE PAYMENTS TO MEMBERS			371 085		786 104
'Share of the Profits' to members			158 483		142 396
SURPLUS FOR YEAR BEFORE TAXATION			212 602		643 708
Taxation	7		32 326		276 394
SURPLUS FOR YEAR TO RESERVES			180 276		367 314

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 27th January 2018

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	Note	2018 52 weeks £	2017 52 weeks £
Surplus for Year after taxation from Revenue Account		180 276	367 314
Other comprehensive income:			
Remeasurement of net defined benefit obligation	24	1 255 000	(1 428 000)
Movement in deferred tax relating to pension scheme	7	(272 340)	90 390
Origination and reversal of timing differences	7	75 307	58 447
Total comprehensive income for the year		1 238 243	(911 849)

The annexed notes form part of the financial statements.

Group Balance Sheet

52 weeks ended 27th January 2018

		2018		2017	
				As restated	
	Note	£	£	£	£
USE OF FUNDS					
FIXED ASSETS					
Intangible Assets	8		2 466 283		2 647 174
Tangible Assets	9		23 750 489		23 172 990
Investments	10		65 399		65 399
			<u>26 282 171</u>		<u>25 885 563</u>
CURRENT ASSETS					
Stocks		3 979 438		3 791 876	
Debtors & Prepayments	11	4 864 865		5 261 471	
Investments	10	15 229		12 704	
Bank		16 447		1 152 467	
Cash in hand		538 368		339 933	
		<u>9 414 347</u>		<u>10 558 451</u>	
CURRENT LIABILITIES					
Amounts falling due within one year:					
Creditors - Member Rewards		219 749		183 542	
- Trade	12	5 733 817		5 642 843	
- Sundry	12	1 904 992		2 301 277	
- Bank overdraft	13	406 338		-	
Loans - Banks	13	858 188		968 544	
- Other	13	538 657		496 942	
		<u>9 661 741</u>		<u>9 593 148</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>(247 394)</u>		<u>965 303</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>26 034 777</u>		<u>26 850 866</u>
LONG TERM LIABILITIES					
Amounts falling due after more than one year:					
Creditors - Funeral plans	12	44 276		48 874	
Loans - Banks	13	3 828 001		4 317 767	
- Other	13	641 223		735 007	
		<u>(4 513 500)</u>		<u>(5 101 648)</u>	
Provisions for liabilities and charges	14		979 542		1 208 901
NET ASSETS EXCLUDING PENSION LIABILITY			<u>22 500 819</u>		<u>22 958 119</u>
Pension Liability	24		(2 365 000)		(3 967 000)
NET ASSETS INCLUDING PENSION LIABILITY			<u>20 135 819</u>		<u>18 991 119</u>
FINANCED BY:					
SHARE CAPITAL	15	10 213 949		10 262 213	
Current Interest Due	15	342 771		387 664	
			<u>10 556 720</u>		<u>10 649 877</u>
RESERVES					
General Reserve	16	9 196 635		7 958 392	
Non-Distributable Reserve	16	382 464		382 850	
			<u>9 579 099</u>		<u>8 341 242</u>
MEMBERS' FUNDS			<u>20 135 819</u>		<u>18 991 119</u>

The annexed notes form part of the financial statements.

Consolidated Statement of changes in Equity

52 weeks ended 27th January 2018

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As at 28th January 2017	Note	£ Paid up Share Capital and Share Interest	£ Undistributable Reserve	£ Retained Earnings	£ Total
Balance as at 31st January 2016 as previously reported		9 892 262	383 075	8 870 241	19 145 578
Surplus for the year before dividends		-	-	509 710	509 710
Other comprehensive income for the year		-	-	(1 279 163)	(1 279 163)
Total comprehensive income for the year		-	-	(769 453)	(769 453)
Share capital invested		757 390	-	-	757 390
Dormant accounts reactivated		225	(225)	-	-
Dividend payable		-	-	(142 396)	(142 396)
Total transactions with members, recognised directly in equity		757 615	(225)	(142 396)	614 994
Balance as at 28th January 2017	15, 16	10 649 877	382 850	7 958 392	18 991 119

As at 27th January 2018		£ Paid up Share Capital and Share Interest	£ Undistributable Reserve	£ Retained Earnings	£ Total
Balance as at 29th 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

Group Cashflow Statement

52 weeks ended 27th January 2018

		2018 52 weeks	2017 52 weeks
	Note	£	£
NET CASH INFLOW			
OPERATING ACTIVITIES	17	2 554 301	2 542 460
RETURNS ON INVESTMENT AND SERVICING OF FINANCE	18	(501 248)	(484 843)
TAXATION			
Corporation Tax (Paid)/Refunded		-	-
CAPITAL EXPENDITURE, DISPOSALS AND FINANCIAL INVESTMENT	19	(2 097 131)	(2 293 787)
NET CASH INFLOW/(OUTFLOW) BEFORE MANAGEMENT OF LIQUID RESOURCES & FINANCING		(44 078)	(236 170)
MANAGEMENT OF LIQUID RESOURCES			
Net Cash withdrawn from (added to) Investments		(2 525)	(2 486)
FINANCING	20	(1 297 320)	823 021
INCREASE (REDUCTION) IN CASH & CASH EQUIVALENTS		(1 343 923)	584 365
Cash & cash equivalents at the beginning of the period		1 492 400	908 036
Cash & cash equivalents at the end of the period		148 477	1 492 400
Increase (reduction) in cash & cash equivalents		(1 343 923)	584 364
RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET DEBT	21		
		£	£
Increase/(Reduction) in Cash & Cash equivalents		(1 343 923)	584 365
Cash outflow/(inflow) from debt and finance leasing		652 191	(630 847)
Cash outflow/(inflow) from liquid resources		2 525	2 486
Change in Net Debt from cashflows		(689 207)	(43 996)
New Finance Leases and Loans		-	-
MOVEMENT IN NET DEBT		(689 207)	(43 996)
NET DEBT TO BEGIN YEAR		(5 013 156)	(4 969 160)
NET DEBT TO END YEAR		(5 702 363)	(5 013 156)

The annexed notes form part of the financial statements.

Notes to the Financial Statements

52 weeks ended 27th January 2018

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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).

	2018	2017
	52 weeks	52 weeks
	£	£
Bill payments accepted in Food stores	15 012 303	15 860 405
Bill payments accepted in Non-Food stores	462 907	483 084
Concession Takings including VAT (Non Food)	2 809 222	3 012 235
Agency turnover less commission (Travel)	3 603 055	3 416 223
Exclude from 'Turnover'	<u>21 887 487</u>	<u>22 771 947</u>

Note 1(b) Net Sales

	£		£
Food	81 527 749		75 780 596
less Bill payments (Bills)	<u>15 012 303</u>		<u>15 860 405</u>
	66 515 446		59 920 191
Non-Food	8 336 316		8 801 459
less Concession Sales and Bills	2 237 001		2 403 072
less Bill payments (Bills)	<u>462 907</u>		<u>483 084</u>
	5 636 408		5 915 303
Funeral Services	1 679 706		1 773 484
Travel	9 618 244		8 702 909
less Sales as Agent	<u>3 525 747</u>		<u>3 344 233</u>
	6 092 497		5 358 676
Rental Property Income	309 199		300 694
	<u>80 233 256</u>		<u>73 268 348</u>

Note 2 Expenses

	2018	2017
	52 weeks	52 weeks
	£	£
Personnel Costs (Note 5b)	11 980 980	10 972 557
Occupancy Costs	2 605 147	2 650 599
Water and Energy Costs	995 527	962 856
Operating lease rentals: other	11 427	7 241
Depreciation of owned assets	1 170 797	1 087 487
Depreciation of assets held under finance leases	269 415	250 261
Amortisation of intangible fixed assets	380 885	303 672
Impairment of intangible assets	-	-
Loss on disposal of fixed assets	-	-
Auditors fee: - Audit	29 785	33 215
- Non Audit	10 409	8 756
Directors' & Committee Fees (Note 5f)	54 550	55 680
Other Expenses	<u>5 394 109</u>	<u>4 725 199</u>
	<u>22 903 031</u>	<u>21 057 523</u>

Auditors' fees includes £25,285 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 £1,500,534 (2017: £1,347,490).

Stock items of £83,225,341 were sold during the period (2017: £78,257,291).

Note 3 Exceptional Charges

	2018	2017
	52 weeks	52 weeks
	£	£
Disposal of store*	-	99 911
Accelerated depreciation on closure of store	-	96 369
	<u>-</u>	<u>196 280</u>

* includes £76,754 of accelerated depreciation for the previous financial year.

Investment Income

	2018 52 weeks £	2017 52 weeks £
Revaluation gains on investment property	120 575	340 030
	<u>120 575</u>	<u>340 030</u>

Note 4 Net Interest Payable

	2018 52 weeks £	2017 52 weeks £
Interest Payable (per Note 13)	193 452	175 465
Other Interest Payable	1 902	25 258
less Interest Receivable (per Note 10)	(2 898)	(2 496)
	<u>192 456</u>	<u>198 227</u>

Note 5 Employees

	2018 Number	2017 Number
a) The average number of employees during the year was:-		
Full-time	267	255
Part-time	635	611
	<u>902</u>	<u>866</u>

	2018 52 weeks £	2017 52 weeks £
b) The costs in respect of employees were:-		
Salaries and Wages	11 352 374	10 398 718
Social Security Costs	651 606	606 839
Pension Fund Costs (Note 24)	(23 000)	(33 000)
	<u>11 980 980</u>	<u>10 972 557</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:-

	2018 Number	2017 Number
£1 to £35,000	-	1
£35,001 to £45,000	-	-
£45,001 to £55,000	-	-
£55,001 to £65,000	2	3
£65,001 to £75,000	1	-
£75,001 to £85,000	2	1
£85,001 to £95,000	-	-
£95,001 to £115,000	-	2
£115,001 to £125,000	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	-	1
£215,001 to £250,000	1	-

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

	2018 52 weeks £	2017 52 weeks £
Salaries	546 760	574 141
Bonus	31 909	-
Taxable Benefits	57 828	59 796
	<u>636 497</u>	<u>633 937</u>
Employer Pension Contributions at current service cost	69 421	61 597
	<u>705 918</u>	<u>695 534</u>

Note 5 Employees continued

	2018 52 weeks £	2017 52 weeks £
e) The total remuneration of the Chief Executive Officer (the highest paid employee) included in the above was as follows:-		
Salary	172 099	164 651
Bonus	17 474	-
Taxable Benefits	13 181	13 568
	202 754	178 219
Pension Contribution at Current Service Cost	27 364	24 698
	230 118	202 917
f) Fees paid to Directors in respect of Board duties were:-		
	£	£
President including Sub-committee fees, etc	S Sullivan 6 480 P Dodd 2 220	- 8 820
	8 700	8 820
Directors including Sub-committee fees, etc	41 290	42 780
Directors' fees	49 990	51 600
Non-Board Membership Committee fees	2 040	1 200
Employee Trustees	2 520	2 880
Total paid to elected representatives	54 550	55 680

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

	2018 52 weeks £	2017 52 weeks £
Membership Committee	158 028	166 195
Co-op Party Grant	6 500	2 500
Donations, Bereavement Groups and Community Card	24 012	24 305
	188 540	193 000

Note 7 Taxation

	2018 52 weeks £	2017 52 weeks £
Analysis of tax charge for the period		
Current Tax		
Total UK Corporation tax at 19% (2017 - 20.0%)	Nil	Nil
Deferred tax		
Origination and reversal of timing differences	32 326	163 525
Effect of tax rate change on opening balance	-	112 869
Taxation on surplus on ordinary activity	32 326	276 394
Tax included in the Statement of Other Comprehensive Income - OCI		
Deferred tax		
Effect of tax rate change on opening pension liability	272 340	87 600
Current year movement on deficit reduction	-	(177 990)
	272 340	(90 390)
Origination and reversal of timing differences	(75 307)	(58 447)
Tax included in the Statement of Other Comprehensive Income	197 033	(148 837)

The Society has unutilised tax losses of £4,337,778 as at 27 January 2018 (£3,840,290 as at 28th January 2017).

Note 7 Taxation continued

	2018 52 weeks	2017 52 weeks
	£	£
Current tax reconciliation		
Surplus on ordinary activities before tax	212 602	643 708
Current tax at 19% (2017 - 20.00%)	40 394	128 742
Effects of:		
Fixed asset differences	45 973	302 174
Expenses not deductible for tax purposes	(94 874)	(50 340)
Difference between depreciation and capital allowances	-	-
Other short term timing differences	-	-
Other permanent timing differences	(22 910)	(68 006)
Pension scheme timing differences	(65 930)	(76 200)
Group relief surrendered/claimed	-	(23 529)
Utilisation of tax losses and other deductions	-	(146 598)
Amounts charged to OCI	-	-
Prior year adjustments	-	(66 243)
Increase in tax losses	97 347	-
Total current tax charge for the period (see above)	-	-

**Note 8 Fixed Assets - Intangible
Goodwill**

	£
Cost at January 2017	5 944 380
Additions	199 994
Written Off	-
	6 144 374
Amortisation at January 2017	3 297 206
Provided this year	380 885
Written Off	-
	3 678 091
Net Book Value - January 2018	2 466 283
Net Book Value - January 2017	2 647 174

**Note 9 Fixed Assets - Tangible
Owned and Leased**

	Land & Buildings £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost or valuation				
Brought forward at January 2017	20 919 785	11 985 623	618 139	33 523 547
Additions	-	1 881 532	16 415	1 897 947
Disposals	-	-	(16 181)	(16 181)
Revaluation	120 575	-	-	120 575
Transfer	-	112 430	-	112 430
	21 040 360	13 979 585	618 373	35 638 318
Depreciation				
Brought forward at January 2017	3 550 518	6 374 357	425 682	10 350 557
Disposals	-	-	(15 371)	(15 371)
Fully Written Off and Adjustments	-	-	-	-
Transfer	-	112 430	-	112 430
Provided this year	294 545	1 087 454	58 214	1 440 213
	3 845 063	7 574 241	468 525	11 887 829
Net Book Value - January 2018	17 195 297	6 405 344	149 848	23 750 489
Net Book Value - January 2017	17 369 267	5 611 266	192 457	23 172 990

Notes to the Financial Statements

52 weeks ended 27th January 2018

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Note 9 Fixed Assets - Tangible Owned and Leased continued

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

	2018	2017
	£	£
At cost or valuation less depreciation		
Freehold	12 662 800	12 863 500
Freehold - Non Trading*	3 629 575	3 509 818
Short Leasehold*	902 922	995 949
	17 195 297	17 369 267

* Assets held for use in operating leases. The net book value of these assets as at 27th January 2018 was £3,684,335 (28th January 2017 was £2,412,457). The accumulated depreciation of these assets as at 27th January 2018 was £33,722 (28th January 2017 was £29,175).

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: -

	2018	2017
	£	£
Investment properties - NBV	3 565 575	3 466 812
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 on the previous page and relate to assets leased under current finance leases:

	Land & Buildings	Fixtures & Fittings	Motor Vehicles	Total
	£	£	£	£
Cost				
Brought forward at January 2017	100 211	1 941 590	240 959	2 282 760
Additions	-	480 189	-	480 189
Leases expired and disposals	-	(199 725)	-	(199 725)
	100 211	2 222 054	240 959	2 563 224
Depreciation				
Brought forward at January 2017	18 848	503 177	77 858	599 883
Provided this year	5 011	216 213	48 191	269 415
Leases expired and disposals	-	(85 507)	-	(85 507)
	23 859	633 883	126 049	783 791
Net Book Value - January 2018	76 352	1 588 171	114 910	1 779 433
Net Book Value - January 2017	81 363	1 438 413	163 101	1 682 877

Note 10 Investments

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

	Fixed Assets		Current Assets		Interest	
	2018	2017	2018	2017	2018	2017
	£	£	£	£	£	£
The Co-operative Group - Shares	61 270	61 270	-	-	2 491	2 454
- Loans	-	-	15 229	12 704	34	42
Other Co-operative & Community Benefit Societies - Shares	4 129	4 129	-	-	-	-
	65 399	65 399	15 229	12 704	2 525	2 496
Interest earned on cash balances					373	
Total Interest Receivable per Note 4					2 898	2 496

Note 11 Debtors

		Receivable Within One Year		Receivable After One Year		Total per Balance Sheet	
		2018	2017	2018	2017	2018	2017
		£	£	£	£	£	£
Customer Debts	- Travel	1 396 223	1 298 449			1 396 223	1 298 449
	- Funeral	214 761	182 733			214 761	182 733
	- Property	23 358	18 714			23 358	18 714
	- Others	222 835	1 166 249			222 835	1 166 249
Expenses	- Prepayments	958 539	786 030			958 539	786 030
	- Stocks	40 859	35 642			40 859	35 642
Trade Debts (Credits due)		1 852 011	1 643 758			1 852 011	1 643 758
Corporation Tax Repayable		-	-	20 723	20 723	20 723	20 723
Other Sundry Debts		135 556	109 173			135 556	109 173
		4 844 142	5 240 748	20 723	20 723	4 864 865	5 261 471

Note 12 Creditors

		Current - Falling Due Within One Year		Long Term - Falling Due After One Year	
		2018	2017	2018	2017
		£	As restated £	£	As restated £
Trade Creditors					
Ledgered		3 908 898	4 058 808		
Unledgered		1 824 919	1 584 035		
		5 733 817	5 642 843		
Sundry Creditors					
Holiday Pay		152 621	156 054		
Week in Hand Payroll		177 143	167 260		
Accrued Charges		651 594	675 616		
Sales Deposits		173 517	185 960		
VAT due to HM Revenue and Customs		465 457	772 624		
PAYE due to HM Revenue and Customs		77 692	85 494		
National Insurance due to HM Revenue and Customs		83 858	103 266		
Funeral Plans - former scheme		4 920	5 430	44 276	48 874
Miscellaneous Creditors		118 190	149 573		
		1 904 992	2 301 277	44 276	48 874
TOTAL		7 638 809	7 944 120	44 276	48 874
Trade Creditor Days - Number of days		16.0	29.2		

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	
		2018	2017	2018	2017	2018	2017
		£	£	£	£	£	£
Bank Overdraft and miscellaneous	(a)	406 338	-	-	-	2 943	514
Allied Irish Bank Loans		-	-	-	-	-	4 423
Co-op Bank - Treasury Loans	(b)	-	387 443	-	2 206 720	26 718	64 314
Clydesdale Bank Loans	(c)	-	110 567	-	210 326	3 024	8 476
Barclays Bank Loan	(d)	160 854	210 155	-	161 100	7 280	13 946
Santander Loan	(e)	697 334	260 379	3 828 001	1 739 621	89 908	5 255
Bank Loans sub-total		858 188	968 544	3 828 001	4 317 767		
Finance Leases	(f)	538 657	496 942	641 223	735 007	63 579	78 537
		1 803 183	1 465 486	4 469 224	5 052 774		
Total Interest Payable - see Note 4						193 452	175 465

Note 13 Loans - continued

Terms of Repayment

- (a) on demand
- (b) over 15 years from date of advance
- (c) over 15 years from date of advance
- (d) over 5 years from date of advance
- (e) over 5 or 7 years from date of advance
- (f) 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 by legal charge on specific property
- Secured by legal charge on specific property
- Secured against leased assets

Interest

- Bank base rate plus margin
- Three loans fixed at bank base rate plus margin
- 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 27th January 2018 is £8,411,968 (2017: £13,002,966).

Commitments

	Bank Loans		Finance Leases	
	2018	2017	2018	2017
	£	£	£	£
Loan amounts falling due:				
Current Liabilities - Within One Year	858 188	968 544	538 657	496 942
Between One and Two Years	705 474	940 945	397 572	455 362
Between Three and Five Years	2 167 602	2 638 261	243 651	279 645
In more than Five Years	954 925	738 561	-	-
Long Term Liabilities - Sub Total	3 828 001	4 317 767	641 223	735 007
Total loans and Total Leases	4 686 189	5 286 311	1 179 880	1 231 949

Operating Leases

As at 27 January 2018 the Group had total commitments under non-cancellable operating leases as follows:

	Land & Buildings		Other	
	2018	2017	2018	2017
	£	£	£	£
Operating leases expiring:				
Within One Year	1 276 651	1 119 818	46 920	81 761
Between Two and Five Years	4 604 691	4 168 044	19 870	45 819
In more than Five Years	5 889 181	4 708 022	-	-
	11 770 523	9 995 884	66 790	127 580

Operating Leases

As at 27 January 2018 the Group had total income receivable under non-cancellable operating leases as follows:

	Land & Buildings	
	2018	2017
	£	£
Operating leases expiring:		
Within One Year	172 913	169 534
Between Two and Five Years	180 206	241 558
In more than Five Years	100 932	134 576
	454 051	545 668

Note 14 Provisions for Liabilities and Charges

	2018	2017
	£	£
Provision for deferred tax		
Defined benefit pension scheme	(402 050)	(674 390)
Tax losses carried forward and other deductions	(577 492)	(534 511)
Total deferred tax asset	(979 542)	(1 208 901)
Movement in provision		
Provisions at 28 January 2017	1 208 901	1 336 458
Deferred tax charged in the Revenue Account in the period	(32 326)	(276 394)
Statement of Other Comprehensive Income in the period (see Note 7)	(197 033)	148 837
Provisions at 27 January 2018	979 542	1 208 901

Note 15 Share Capital

	2018	2017
	£	£
Balance to Begin Year	10 262 213	9 555 147
Interest Previous Year	387 666	337 115
Interest - Interim and account closures	12 436	13 484
Contributions	915 264	1 363 338
Dormant accounts reactivated	386	225
Sub total	11 577 965	11 269 309
Less Withdrawals	1 364 016	1 007 096
Balance to End Year	10 213 949	10 262 213
Interest provided at 27 January 2018 (28 January 2017)	342 771	387 664

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

	2018	2017
	£	£
A) General Reserve		
Balance to begin the year	7 958 392	9 201 455
PYA - restating brought forward reserves	-	(331 214)
From Revenue account	180 276	367 314
From OCI:		
Actuarial loss	1 255 000	(1 428 000)
Movement in pension scheme deferred tax	(272 340)	90 390
Deferred tax on origination and reversal of timing differences	75 307	58 447
Balance to End Year	9 196 635	7 958 392

As previously reported

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 27 January was £5,069,755.

B) Non-Distributable Reserve

Dormant Share Capital Balance to Begin Year	382 850	383 075
Dormant Loans Transferred from Creditors	-	-
Transfers to Active Share Capital	(386)	(225)
Balance to End Year	382 464	382 850

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

	2018 52 weeks £	2017 52 weeks £
Trading Surplus after exceptional charges and income	1 219 289	1 680 479
Pension adjustments	(23 000)	(33 000)
Grants and Donations	(182 803)	(155 371)
Depreciation	1 440 213	1 510 871
Revaluation of fixed assets	(120 575)	(340 030)
(Profit)/loss on sale of fixed assets	-	-
Amortisation of Goodwill	380 885	303 672
(Increase)/Decrease in Stocks	(187 561)	(10 406)
(Increase)/Decrease in Debtors	396 606	(1 224 321)
Increase/(Decrease) in Creditors	(368 753)	810 566
Net Cashflow from continuing operating activities	<u>2 554 301</u>	<u>2 542 460</u>

Note 18 Returns on Investments and Servicing of Finance

	2018 52 weeks £	2017 52 weeks £
Interest Received	2 941	2 487
Interest Paid	(131 024)	(120 268)
Interest Element of Finance Lease Rentals	(63 435)	(78 765)
Share Interest Paid	(309 730)	(288 297)
Net Cashflow for Returns on Investments and Servicing of Finance	<u>(501 248)</u>	<u>(484 843)</u>

Note 19 Capital Acquisitions, Disposals and Financial Investment

	2018 52 weeks £	2017 52 weeks £
Purchase of Intangible Fixed Assets	(199 994)	(907 985)
Purchase of Tangible Fixed Assets	(1 897 946)	(1 385 802)
Purchase of Fixed Asset Investment	-	-
Proceeds from Tangible Fixed Assets	809	-
Net Cashflow for Capital Expenditure Disposals and Financial Investment	<u>(2 097 131)</u>	<u>(2 293 787)</u>

Note 20 Financing

	2018 52 weeks £	2017 52 weeks £
Share Capital increase (reduction)	(139 021)	644 539
Other Bank Loan repayments	(1 005 959)	(604 022)
Co-operative Bank Treasury Loan repayments	(2 594 163)	(425 517)
Funeral Schemes	(5 108)	(2 365)
Capital Repayment of Finance Lease Rentals	(534 456)	(477 489)
New finance leases taken	482 387	137 875
New Bank Loans drawdown	3 000 000	2 000 000
Repayment of Pension Fund deficit	(501 000)	(450 000)
Net Cashflow from Financing	<u>(1 297 320)</u>	<u>823 021</u>

Note 21 Analysis of Net Debt

	To Begin	Cash Flows	Non-Cash Changes	To End
	£	£	£	£
Debt due within one year	(968 544)	110 356	-	(858 188)
Debt due after one year	(4 317 767)	489 766	-	(3 828 001)
Finance Leases	(1 231 949)	52 069	-	(1 179 880)
	(6 518 260)	652 191	-	(5 866 069)
Cash at Bank and in hand	1 492 400	(1 343 923)	-	148 477
Current Asset Investments	12 704	2 525	-	15 229
	(5 013 156)	(689 207)	-	(5 702 363)

Note 22 Major Non-Cash Transactions

During the year the Society entered into finance lease arrangements with a total capital value of £482,387 (January 2017: £137,875).

Note 23 Capital Commitments

At 27 January 2018 there are capital commitments amounting to £95,720 that were authorised but not contracted for (January 2017: £165,000) and £Nil (2017 - £766,818) contracted for not provided for in these financial statements.

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

	52 weeks ended 27 January 2018	52 weeks ended 28 January 2017
	£	£
Change in defined benefit obligation		
Benefit obligation at beginning of year	20 156 560	16 627 560
Cost - Change arising from employee service in reporting period	261 000	173 000
Interest expense	599 000	626 000
Benefit payments from plan assets	(724 000)	(595 000)
Cash flows - Member contributions	110 000	107 000
- Actuarial losses	-	3 218 000
Remeasurements - Effect of changes in assumptions	(437 000)	-
Benefit obligations at year end	19 965 560	20 156 560
Change in fair value of plan assets		
Fair value of plan assets at beginning of year	16 189 560	13 707 560
Interest Income	487 000	524 000
Cash flows - Employer contributions	720 000	656 000
- Member contributions	110 000	107 000
- Benefits paid by employer	(724 000)	(595 000)
Remeasurements - Return on plan assets (excluding interest income)	818 000	1 790 000
Fair value of plan assets at year end	17 600 560	16 189 560

Amounts recognised in the Balance Sheet

Plans wholly unfunded and plans wholly or partly funded

Defined benefit obligation	19 965 560	20 156 560
Fair value of plan assets	17 600 560	16 189 560
Funded status	2 365 000	3 967 000
Effect of asset limit	-	-
Net liability	2 365 000	3 967 000

Amounts in the Balance sheet

Liabilities	2 365 000	3 967 000
Assets	-	-
Net Liability	2 365 000	3 967 000

Note 24 Accounting for Pensions (continued)

	52 weeks ended 27 January 2018	52 weeks ended 28 January 2017
	£	£
Costs relating to defined benefit plans		
<i>Amounts recognised in the Revenue Account (excluding net interest)</i>		
Current service cost	261 000	173 000
Interest cost	599 000	626 000
Expected return on plan assets	(487 000)	(524 000)
Other Finance costs	112 000	102 000
Past service costs	-	-
Total pension cost recognised in the Revenue Account	373 000	275 000
<i>Remeasurements (recognised in other comprehensive income)</i>		
Effect of changes in assumptions	(437 000)	3 218 000
Effect of experience adjustments	-	-
Return on plan assets (excluding interest income)	(818 000)	(1 790 000)
Total pension cost recognised in the OCI	(1 255 000)	1 428 000
<i>Total cost (income) related to defined benefit plans recognised in Revenue account and OCI</i>	(882 000)	1 703 000
Net defined benefit asset reconciliation		
Net defined benefit liability (asset)	3 967 000	2 920 000
Costs relating to defined benefit plans included in Revenue Account	373 000	275 000
Total remeasurements included in OCI	(1 255 000)	1 428 000
Cashflows - Employer contributions	(720 000)	(656 000)
Net liability	2 365 000	3 967 000
Defined benefit obligation		
Defined benefit obligation by participant status		
Actives	4 096 000	4 108 000
Vested deferreds	5 222 000	5 238 000
Retirees	10 646 000	10 810 000
Net liability	19 964 000	20 156 000
Plan assets		
Fair value of plan assets		
Cash and cash equivalents	485 000	615 000
Equity instruments	5 896 000	8 280 000
Debt instruments	4 830 000	4 288 000
Property	1 203 000	1 047 000
Other - Diversified Growth fund	5 185 000	1 960 000
Net liability	17 599 000	16 190 000
Actual return on plan assets	1 305 000	2 314 000

Significant actuarial assumptions

<i>Weighted average assumptions used to determine benefit obligations</i>	27 January 2018	28 January 2017
Discount rate	2.80%	3.00%
Rate of inflation	3.00%	3.25%
Deferred pension increase rate	3.10%	3.30%
Pensions in payment increase rate	3.10%	3.30%

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

	27 January 2018	28 January 2017
	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, 45 - 2016)	25.6	26.2

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

	27 January 2018	28 January 2017
Discount rate	3.0%	3.8%
Rate of price inflation	3.3%	2.9%
Deferred pension increase rate	3.3%	3.0%
Pensions in payment increase rate	3.3%	3.0%

Assumed life expectations on retirement at age 65

	27 January 2018	28 January 2017
	Years	Years
<i>Male</i>		
Retiring today (member age 65)	22.3	22.2
Retiring in 20 years time (member age 45 today, 45 - 2016)	24.0	23.9
<i>Female</i>		
Retiring today (member age 65)	24.3	24.2
Retiring in 20 years time (member age 45 today, 45 - 2016)	26.2	26.1

Expected cash flows for the year

	£	
Employer contributions	777 000	714 000
Total benefit payments		
Year 1	745 000	614 000
Year 2	767 000	634 000
Year 3	790 000	654 000
Year 4	813 000	674 000
Year 5	837 000	696 000
Next 5 years	4 573 000	3 824 000

Membership statistics

	Census date	27 January 2018	28 January 2017
<i>Actives</i>	Number	46	46
	Total pensionable pay	1 200	1 200
	Average annual pensionable pay	26 087	26 087
	Average age	48	48
	Average past service	11	11
 Vested deferreds	Number	105	105
	Average annual pensionable pay	2 076	2 076
	Average age	52	52
 Retirees	Number	139	139
	Average annual pensionable pay	3 662	3 662
	Average age	73	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 28 January 2015 by a qualified independent actuary.

Note 25 Subsidiary Society

At 27 January 2018 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 27 January 2018 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).

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.

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 27 January 2018 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.

Rickard Luckin Limited

Rickard Luckin Limited
Statutory Auditor

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

29th March 2018

Group Value Added Statement

52 weeks ended 27th January 2018

	2018 52 weeks		2017 52 weeks	
	£	%	£	%
NET SALES including asset sale proceeds	88 525 765		80 812 623	
Revaluation of investment property	120 575		340 030	
Less Value Added Tax	8 292 509		7 544 276	
TURNOVER	80 353 831		73 608 377	
Returns on investment and servicing of finance	63 891 569		57 900 982	
VALUE ADDED IN THE YEAR	16 462 262	100.0%	15 707 395	100%
APPLIED AS FOLLOWS:				
To Employees				
Net pay	9 781 962		8 931 152	
Employees' Income Tax, National Insurance and pension contributions	1 570 412		1 467 566	
Society contributions for National Insurance	651 606		606 839	
Society normal contributions to the pension fund	(23 000)		(33 000)	
	11 980 980	72.78%	10 972 557	69.86%
To Members and other providers of capital				
Share interest	355 208		401 148	
Interest on bank loans	129 873		96 928	
Interest on other loans and leases	63 579		78 537	
Other interest payable	1 902		25 528	
Other finance costs - pension fund	112 000		102 000	
Rent payable	1 373 195		1 235 536	
	2 035 757		1 939 407	
Less investment income and rents receivable	(25 325)		(117 354)	
	2 010 432	12.21%	1 822 053	11.60%
To Members and customers				
Share of the profits and 500 Club rewards	248 611		238 377	
Other member benefits and donations	30 512		26 805	
Member Relations activities	158 028		166 195	
	437 151	2.66%	431 377	2.75%
For the replacement of assets and expansion of the Society				
Depreciation	1 821 097		1 837 700	
Retained pre-tax surplus	212 602		643 708	
	2 033 699	12.35%	2 481 408	15.80%
	16 462 262	100.0%	15 707 395	100.0%
To Members and customers: share interest, dividend & other member related allocations	792 359	4.8%	832 525	5.3%

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 14th May 2018 at 6.30pm**

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

AGENDA

- Minutes of the Annual General Meeting held on 8th May 2017.**
- Directors' Report and Financial Statements for the year ended 27th January 2018.**
- Ratification of the Share of the Profits at £5.00 per 1,000 points accrued on Membership Cards as at 27th January 2018, to be credited to Membership cards on 15th May 2018.**
- Appointment of Scrutineers.**
- Election to the Board of Directors:**
4 vacancies, 3 for 3 years, 1 for 2 years
– 7 nominations received. (See right).
- Election to the Membership Committee:**
1 vacancy for 2 years
– 3 nominations received. (See right).
- Election to the Members' Council:**
5 vacancies, 4 for 2 years, 1 for 1 year
– 1 nomination received.
Election not required.
- Management Presentation:**
 - Review of 2017/18 trading year
 - Future prospects and business developments
- Questions from the floor**
- Approval of Distributions – Chelmsford Star Co-operative Party Subscription.**
- Appointment of Auditor.**
- Charity of the Year 2018.**

Motions must be submitted to the Secretary by no later than 5pm on 23rd April 2018.

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

B = Board

M = Membership Committee

Stephen Birmingham	B	-
John Knott	B	-
Tony Price	B	-
Tony Gunn	B	M
David Last*	B	-
Lance Gardner	-	M
Ben Stops*	B	M
Pauline Dodd	B	-

* Employee – Rule 10.2 "Not more than two places on the Board shall be held by members of the Society who are employees of the Society".

Members registered for Postal Voting will receive Ballot Papers by mail, to be returned in the prepaid envelope by no later than 11th May 2018.

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 Secretary of the Society at the Registered Office, 220 Moulsham Street, Chelmsford, Essex, CM2 0LS before 5.00pm on 8th May 2018.

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