Annual Return (AR30) form

Section 1 – About this form

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

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

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

Please note that this form, including any details provided on the form, will be made available to the public through the Mutuals Public Register https://mutuals.fca.org.uk.

For guidance on our registration function for societies under the Co-operative and Community Benefit Societies Act 2014, which includes guidance on the requirement to submit an Annual Return, please see here: https://www.fca.org.uk/publication/finalised-guidance/fg15-12.pdf

Section 2 – About this application

Society name	The Midcounties Co-operative Limited
Register number	19025R
Registered address	Co-operative House, Warwick Technology Park, Gallows Hill, Warwick
Postcode	CV34 6DA

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

2	2	0	1	2	0	2	2

Section 3 – People

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

Name of director	Month and year of birth	
SEE APPENDIX (for point 3.1)		

Continue on to a separate sheet if necessary.

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

All directors are aged 16 or over ☒

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

No director is disqualified ☒

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

SEE APPENDIX (for point 3.4)

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

Name of secretary	Month and year of birth	
Edward Geoffrey Parker	October	1967

Section 4 – Financial information

4.1 Please confirm that:

accounts are being submitted with this form ☒

the accounts comply with relevant statutory and accounting requirements ☒

the accounts are signed by two members and the secretary (3 signatures in total) ☒

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

Number of members	**640,989**
Turnover	**93,492,000**
Assets	**402,597,000**
Number of employees (if any)	**7,294**
Share capital	**85,198,000**
Highest rate of interest paid on shares (if any)	**4.25% (note 22)**

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

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Section 5 – Audit

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

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

Full professional audit ☒

Auditor's report on the accounts ☐

Lay audit ☐

No audit ☐

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

We have complied with the audit requirements ☒

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

Yes ☐

Not applicable ☒

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

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

Yes ☐

No ☒

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

Not applicable ☒

OSCR number:	

5.6 Is the society a housing association?

No ☒ Go to **section 6**

Yes ☐ Go to question **5.7**

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

		Registration number
Homes and Communities Agency	☐	
Scottish Housing Regulator	☐	
The Welsh Ministers	☐	
Department for Communities (Northern Ireland)	☐	

Section 6 – Subsidiaries

6.1 Is the society a subsidiary of another society?

Yes ☐

No ☒

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

Yes ☒ Continue to question 6.3

No ☐ Continue to Section 7

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

Registration Number	Name
	SEE APPENDIX (for point 6.3)

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

Registration Number	Name	Reason for exclusion
N/A	N/A	N/A

Section 7– Condition for registration

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

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

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

If you are not sure which condition for registration applies to the society please see chapters 4 and 5 of our guidance: https://www.fca.org.uk/publication/finalised-guidance/fg15-12.pdf

Section 7A - Co-operative societies

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

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

The Midcounties Co-operative Limited is a retail co-operative society, trading and administering its business through its subsidiaries.

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

Members of The Midcounties Co-operative share common co-operative values which are brought to life with four key values: Democracy, Openness, Equality, Social Responsibility (DOES).

7A.3 How did the society's business meet those needs and aspirations? You have described the society's business answer to question 7A.1, and in question 7A.2 you have described the common needs and aspirations of members. Please now describe how during the year that business met those common needs and aspirations.

The Midcounties Co-operative Limited meets those needs and aspirations by enabling members to i) share in its profits, ii) participate in member activities and getting involved with the community iii) engage democratically by voting in its annual elections and attending its AGMs and Half Year Meetings.

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

Members of The Midcounties Co-operative vote and elect the directors of the Board who sets the Society's strategic goals, and approve distributions at the Society's AGM to key stakeholders.

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

The Midcounties Co-operative's members approve distributions to key stakeholders by way of i) a share of profits payment to members (each member receives an amount based on how much they have traded with the Society in any given year), ii) a distribution to colleagues and iii) distributions to fund, for example, membership activity, co-operative development and community support.

Section 7B - Community benefit societies

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

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

N/A

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

N/A

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

N/A

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

N/A

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

N/A

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

N/A

Section 8– Declaration

The secretary of the society must complete this section.

Name	**Edward Geoffrey Parker**
My signature below confirms that the information in this form is accurate to the best of my knowledge	
Signature	
Position	**Secretary & Head of Governance**
Date	24/08/2022

Section 9 – Submitting this form

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

Or you can post the form to:

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

This form is available on the Mutuals Society Portal:
https://societyportal.fca.org.uk

Point 3.1 - People (Directors of the society during the financial year)

Note - Same address for all directors: c/o The Midcounties Co-operative Limited, Co-operative House, Warwick Technology Park, Gallows Hill, Warwick CV34 6DA

Name	Month of birth	Year of birth	
Barbara Ann Rainford	September	1955	
Bernadette Connor	February	1953	
Clive Leon Booker	September	1944	
Evelyne Godfrey	May	1969	Appointed 14 October 2021
Eleanor Boyle	January	1989	
Fiona Ravenscroft	May	1962	
Heather Adele Richardson	December	1976	
Helen Rita Wiseman	June	1965	
Irene Louise Kirkman	March	1953	
Kathryn Elizabeth Petersen	September	1962	Resigned 14 October 2021
Matthew David Nigel Lane	July	1985	
Nicholas Milton	December	1966	Appointed 14 October 2021
Olivia Birch	June	1967	
Paul Mather	April	1959	
Stephen Raymond Allsopp	June	1952	Resigned 14 October 2021
Vicky Green	October	1970	
Vivian Stanley Woodell	May	1962	
Wendy Willis	May	1962	

Point 3.4 - Director	External Directorship	
Barbara Ann Rainford	Director, Co-operative Futures Limited Elected Parish Councillor for Prees, Shropshire Director, BCRS Ltd	
Evelyne Godfrey	Director, Uffington Heritage Watch Limited Secretary, Oxford City of Sanctuary Limited	Appointed 14 October 2021
Fiona Ravenscroft	Director, Ravenscroft Ltd Director, Osney Island Boat Club Ltd Trustee, Long Mead Foundation	
Heather Richardson	Owner, Kestrel Equine and Gun Dogs Chief Risk Officer, Bromford Housing Group	
Helen Rita Wiseman	Club Welfare Officer, Bourton & Sherbore Hockey Club	
Irene Louise Kirkman	Chair and independent member, Council of Buckinghamshire New University Council Local Authority Governor for the Cherwell School Council	
Matthew David Nigel Lane	Director, BeerBods Ltd Director, Drink Beta Ltd Director, MDNL Ltd Director, WOO Cooking Oils Ltd	
Olivia Birch	Director, Revolver Co-operative Limited Director, Revolver World Limited Director & Secretary, Revolver Music Limited Director, Heavy Metal Records Limited Director, FM-Revolver Records Limited Trustee, Revolver World Foundation Committee member, Wolverhampton City Planning	
Paul Mather	Director, Moonlink Limited (Company dissolved 12 May 2021) Director, Co-operative Futures Limited	
Stephen Raymond Allsopp	Director, Co-operative Futures Ltd Director, Swindon House Company Limited Board member, Public Power Solutions Limited	Resigned 14 October 2021
Victoria Green	Director, Co-operative Press Limited	
Vivian Stanley Woodell	Director, Co-operative UK Limited Director, West Oxfordshire Community Transport Limited Director, Student Co-operative Homes Limited Director, The Co-operative Loan Fund Limited CEO and Secretary, The Phone Co-op Foundation for Co-operative Innovation Limited Trustee, The Co-operative College Trust Director, Lawrence Home Nursering Team Limited Director, Westmill Wind Farm Co-operative Limited Director, Cooperatives Europe asbl	

Company Name	Company/Society No.
Avoco UK Limited	05469935
BCOMP 527 Limited	11164455
Buffer Bear Limited	02893177
Buffer Bear Nurseries Limited	03137571
Co-op Energy Limited	07422179
Co-op Travel Direct Limited	03428851
Co-op Travel Limited	02816303
Co-op Travel Services Limited	08903986

Registered societies
Limited companies

Co-operative Energy Limited	06993470
Co-operative Holidays Limited	09709386
Co-operative Payroll Giving Limited	07660849
Co-operative Renewables Limited	31379R
Countrystore (Maidenhead) Limited	02885574
Early Birds Nursery School Limited	05366096
Ecobilling Limited	03879644
Energy Coop Limited	07027177

First Steps (Stonehouse Farm) Limited	07288525
First Steps Children's Nursery (Group) Ltd	07520405
First Steps Childrens Nursery (Rathvilly) Limited	06883358
First Steps Children's Nursery (St Edwards) Ltd	08527769
First Steps Childrens Nursery Limited	04610698
Floridian Homes Ltd	08601565
Flow Energy Limited	07489062
Harry Tuffin Limited	10789475

Hubcentre Limited	01624807
Kenmare Estates Limited	30170R
Kwik Travel Ltd.	02997144
Needham Hall Limited	02064313
Oakshower Services Limited	02103391
Phone Co-op Numbering Limited	07432108
Places for Children (PFP) Limited	04483351
Reeves & Pain Limited	04118757

Rusts Limited	01397782
Tavistock House Day Nursery Limited	04569965
The Co-operative Childcare Limited	03792011
The Green Energy Co-op Limited	30578R
The Midcounties Co-op Travel Ltd	12682240
The Midcounties Co-operative Community Fund	1143181
The Midcounties Co-operative Developments Limited	03072883
The Midcounties Co-operative Estates Limited	03051198

The Midcounties Co-operative Investments Limited	30164R
The Midcounties Co-operative Limited	19025R
The Midcounties Co-operative Pension Trustee Limited	06470728
The Midcounties Co-operative Properties Limited	28112R
The Midcounties Co-operative Trading Limited	30165R
The Midcounties Co-operative Willow Limited	4769
The Midcounties WR1 Limited	08185378
The Midcounties WR2 Limited	01282570

Thomas Ely Limited	00753078
Tuffin Investments Limited	07888726
Volt Energy Supply Limited	00275266
Warners Retail (Bidford) Limited	05776689
Warners Retail (Moreton) Limited	06020641
West Midlands Co-operative Chemists Limited	12713R

REGISTERED SOCIETY NUMBER: 19025R

THE MIDCOUNTIES CO-OPERATIVE LIMITED

DIRECTORS' REPORT
AND FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 22 JANUARY 2022

The Midcounties Co-operative Limited

Directors' report and financial statements for the 52 weeks ended 22 January 2022

The Midcounties Co-operative Limited
Directors' report for the 52 weeks ended 22 January 2022

The directors take pleasure in presenting their annual report and the financial statements for the 52 weeks ended 22 January 2022.

Principal activity

The Midcounties Co-operative Limited is a consumer co-operative, subscribing to co-operative values and principles.

Its main activities are in retailing within funeral, travel, childcare outlets and post offices.

Review of the business

The directors consider that the results for the period and the period end financial position are satisfactory and expect that the present level of activity will be sustained for the foreseeable future.

Travel

Our Travel Group's trading performance continued to be significantly affected by government restrictions on international travel due to the impact of Covid-19 both in the UK and overseas. As restrictions were introduced, or tightened, bookings declined and when they eased bookings increased – a strong indication of the level of pent-up demand for travel by consumers.

Restrictions on 'non-essential retail' also impacted performance, as our retail branches and those of our Consortium members were closed. When the restrictions were lifted, our branches reopened on reduced hours and we continued to adjust opening hours in response to customer demand.

As a result, gross sales have remained suppressed, totalling £209.0m (revenue £44.1m) for the year. This was £165.4m up on last year, but significantly lower than pre-pandemic levels (£280.2m below gross sales for 2019/20). Revenues have shown a similar pattern, increasing from £62.0m to £93.5m, but still remain below pre-pandemic levels.

Our Consortium members and self-employed Personal Travel Agent (PTA) partners were impacted by the same constrained demand and we have continued to support them during this time, providing financial flexibility where possible.

During the year, we focused on helping customers book 2021 UK holidays and overseas breaks for 2022. UK Seacations (cruises around the UK), operated by the majority of cruise lines, were particularly popular. As restrictions eased, we launched new marketing campaigns promoting offers and giving customers reassurance through our Co-op Holidays promise, which provides flexibility and refund guarantees on Co-op Holidays products. We also introduced pop-up units in six food stores, offering advice and holiday booking services to customers and members.

During lockdown periods, colleagues either worked from home as part of our Virtual Call Centre, supported other trading groups or were furloughed. When non-essential retail was allowed to re-open, all colleagues returned with the support of flexi-furlough while we operated on reduced hours. From October to December, when the government furlough support scheme ended but travel restrictions remained in place, colleagues volunteered to work in other parts of the Society, take unpaid leave or work reduced hours to mitigate costs.

It is a great testament to our colleagues' skills and resilience that we have received strong positive feedback from customers throughout the year, with more than 90% of customers saying they were 'highly satisfied' each period.

In June 2021, the business partnered with Go Beyond, a charity offering breaks of a lifetime to children and young people facing serious challenges. Through our charity partnership, we have donated £25,000, enabling hundreds of young people to enjoy either a week-long residential holiday or a day trip.

Childcare

While most of our nurseries have started to show an improvement in occupancy, government guidance to work from home coupled with the introduction of more flexible hybrid working arrangements by many employers has continued to impact trade at our city, town centre and commuter nurseries where occupancy remains below pre-pandemic levels. Sales were 35% higher than in 2020/21.

The pandemic brought many difficulties, including persistent recruitment challenges and workforce issues exacerbated by the self-isolation requirements. Our temporary agency costs rose to around £900,000 in the year and total payroll costs for 2021/22 were 67% of revenue, 5% lower than the previous year, but higher than typical pre-pandemic levels of around 63%.

Despite the turbulence, the Childcare Group remains profitable and continues to seek opportunities for new locations, as well as investing in its existing sites through the Little Pioneers re-brand programme.

The Group refurbished and rebranded a further five nurseries, despite delays to scheduled works and difficulty sourcing materials. Nurseries in the North East and South benefited from investment in their indoor and outdoor environments, and over 30% of the estate is now rebranded.

Two new purpose-built sites opened during the year, in Cheltenham and Bristol, and a further site is planned for 2022. The new 100 place sites are off to a promising start with a combined 151 families attending or registered to attend.

In a testament to the fantastic work of our Childcare colleagues, with 97% of children attending our nurseries meeting or exceeding their expected development in the year, the Group was delighted to be a finalist at the Nursery Management Today Awards for Nursery Group of the Year. Despite not winning the award, we were praised for supporting families during the pandemic, delivering high-quality childcare and ensuring colleagues were motivated and well trained. We also featured in the Top 20 Large Nursery Groups by Daynurseries.co.uk for the sixth year running.

In October, we launched a new organisational structure, introducing new and modified roles to the central support team and adding more expertise at a senior level, with new roles for Educational Excellence, Head of Commercial Growth and Head of Operations. These will allow the Group to achieve its strategic ambitions and thrive over the coming years.

Utilities

Our Utilities business has performed well over the past year, continuing to manage the changing mix of phone and broadband services accessed by our customers. We have retained a higher number of Energy customers than expected, aided by lower industry churn rates.

The two core areas of the business – Energy and Telecoms – have both faced challenges this year. Telecoms has continued to experience a decline in call revenue as individuals and businesses move to web-based communication methods. Meanwhile, Energy has been hit by the unprecedented price challenges seen across the whole market.

To support our Energy customers, we have offered energy saving advice and guidance not to switch supplier, recommending instead that customers and potential customers stay on a variable tariff with their incumbent provider – the most sensible option in such a volatile market.

Our white label partnership with Octopus, rebranded as Younity, is working well and now provides energy to 148,690 customers. We have significantly increased the number of community energy partners on our books and are purchasing more energy from them than ever before. At the year end we had 186 community energy partners, more than double the number from the same time last year.

Working with Octopus, we have set up the Younity Renewable Fund, providing a simple loan facility for community energy groups to help them get their projects off the ground. In February this year we also launched PowerShare – the first community initiative in the UK to allow people to invest directly in renewable community power.

We relaunched the Phone Co-op website under the Your Co-op brand, with a strong focus on our new climate positive broadband offer. Delivered with Ecologi, this sees new trees being planted for future decarbonisation and offsets the broadband carbon footprint with carbon credits. At the year-end we had 681 customers on the tariff, cutting 158 tonnes of carbon, and 3,432 trees had been planted creating jobs, protecting ecosystems and helping mitigate the future impacts of climate change.

We were pleased to receive the Trusted Service Award from Feefo for Your Co-op Utilities for the second year running, in recognition of delivering consistently excellent customer service.

We are the UK's biggest supporter of Fairphone and 2021 saw the launch of the Fairphone 4, a sustainable Android handset with a four-star review from The Guardian. Unfortunately, electronic waste is one of the world's fastest growing waste streams, but the Fairphone has a five-year warranty coupled with a modular design, that allows components to be upgraded or replaced. Fairphones are produced using Fairtrade, ethically sourced and recycled materials, and the business tops up the pay of its manufacturing workers to ensure they earn a living wage.

We are now offering an electric vehicle (EV) salary sacrifice scheme allowing employees to lease electric vehicles tax free through a salary sacrifice arrangement with their employer. We are running another EV trial during the first half of 2022, this time installing charge points outside some of our food stores to provide lower-cost charging for our members. We are also offering EMopeds to colleagues through a credit union loan in partnership with CCU.

We continue to see a decline in the number of parents using our scheme for childcare vouchers since the scheme was closed to new entrants in 2019 following the introduction of the Government's Tax Free Childcare scheme. However, the decline has been much slower than expected.

Funeral

In June our Board jointly announced an agreement to the transfer of the majority of our Funeral homes and business into the Central England Co-operative's operations. The transfer was completed in November. While most of our homes transferred to Central England Co-operative, we also arranged for four to transfer to Southern Co-op and one to Heart of England Co-operative. These moves ensured that over 95% of colleagues transferred their employment on a continuous basis to another co-operative society.

Dividends

Final Dividends was declared and approved (October 2021) by the Society £1,100,000 (2021: £1,400,000) in respect of the 52 weeks ended 22 January 2022.

Political donations

At the 2021 Annual General Meeting members approved a distribution of £60,000 to the Campaigns Fund (2020: £45,000).

During the year the Fund made grants to the Co-operative Party nationally of £32,640, the Society's three local Co-operative Party Councils of £13,290 and three other campaigning bodies of £14,503.

Charitable donations

The Society made no charitable donations during the period (2021: £nil).

Modern Slavery Act

For the Society's Modern Slavery Act Disclosure go to www.midcounties.coop.

Directors

The directors of the Society as at 22 January 2022, all of whom had held office for the whole of the period unless otherwise stated, were:

S Allsopp	C Booker	E Boyle	W Willis	F Ravenscroft	B Rainford
V Green	M Lane	K Petersen	H Richardson	H R Wiseman	V S Woodell
I Kirkman	O Birch	B Connor	P Mather		

S Allsopp – resigned 14 October 2021
K Petersen – resigned 14 October 2021
N Milton – appointed 14 October 2021
E Godfrey – appointed 14 October 2021

Principal risks and uncertainties

We continue to develop and refine our risk identification, monitoring and reporting mechanisms to ensure risk is appropriately managed within the Society. Risks are rated using a probability and impact matrix and our Internal Audit activity is based on a risk assessed approach. We have focused on strengthening our second line compliance functions to allow for better management control and to increase the independence of the Internal Audit function. The Executive Risk Committee meets on a monthly basis to review and challenge Society-wide risks and acts as an escalation point to the Board if required. The Board, led by the Audit & Risk Committee, has been developing a risk appetite statement to define a set of risk parameters for the Society as a whole. Risk management is an evolving process and further focus will continue through 2021 and beyond on the following risks -

Ongoing Russia/Ukraine conflict
– The continuing impact of the conflict on global commodity markets.

Business continuity & disaster recovery
– Failure to develop/maintain robust business continuity and disaster recovery plans

Competition
– The impact of significant disrupting activity by new/existing competitors in the markets where we operate

Coronavirus
– The impact of the pandemic on the Society

Environment
– The impact of not taking action in line with our policies and procedures to meet our environmental obligations

Financial performance
– Failure to deliver our business plan numbers impacting our ability to operate as a member-based co-operative

Funding
– Failure to develop/maintain a relationship with our financial stakeholders affecting our ability to fund our businesses

Global events
– For example, acts of terrorism, natural disasters, health scares

Governance
– A breakdown in effective decision making and governance for the long-term interests of the Society and its members

Health & Safety
– Failure to develop/maintain appropriate policies and procedures and the risk of a serious Health & Safety breach

Innovation
– Failure to innovate – in our ways of working; in our use of technology; in our customer and member propositions

Membership
– Failure to uphold the membership model
– Failure to develop/maintain a co-operative relationship with our members

People
– A risk of weak management capability and/or succession planning

Principle 6 – co-operation among co-operatives
– A risk that our relationship with other co-operative societies becomes damaged/unworkable

Regulatory risk
– Failure to plan for and implement regulatory change
– The impact of unforeseen regulatory change

Reputational risk
– Arising from significant non-compliance with our policies and procedures
– Arising from the actions of our partners

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Society's auditor is unaware, and each director has taken all the steps that they ought to have taken as a director to make them aware of any relevant audit information and to establish that the Society's auditor is aware of that information.

Approved by the Board of Directors
And signed on behalf of the Board

Edward Parker
Secretary
17 August 2022

Registered office: Co-operative House, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA.

The Midcounties Co-operative Limited
Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements

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

Co-operative and Community Benefit law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under Co-operative and Community Benefit Society law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Society and of the profit or loss of the Society for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Society, or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Society's transactions and disclose with reasonable accuracy at any time the financial position of the Society and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Society and to prevent and detect fraud and other irregularities.

On behalf of the Board.

Helen Wiseman, President	**Heather Richardson, Vice-president**	**Vivian Woodell, Vice-president**

Edward Parker, Secretary
17 August 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MIDCOUNTIES CO-OPERATIVE LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Society's affairs as at 22 January 2022 and of its loss for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

We have audited the financial statements of The Midcounties Co-operative Limited ("the Society") for the 52 week period ended 22 January 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity 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 101 Reduced Disclosure Framework, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MIDCOUNTIES CO-OPERATIVE LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative or Community Benefit Societies Act 2014 to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the Society; or
- a satisfactory system of control has not been maintained over transactions; or
- the Society financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the entity and the industry in which it operates and considered the risk of acts by the entity which were contrary to applicable laws and regulations, including fraud. These included, but were not limited to, compliance with the Co-operative and Community Benefit Societies Act 2014 and accounting standards.

We communicated key estimate and judgements, relevant identified laws and regulations, and potential fraud and irregularity risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. We designed audit procedures to respond to these matters.

We focussed on areas that could give rise to a material misstatement in the entities Financial Statements. Our testing included, but was not limited to:

- Enquiries of management;
- Review of minutes of Board meetings throughout the year;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- Identifying and testing a sample of journal entries, to identify any outside of the normal course of business or indicative of manipulation of the financial statements;
- Challenge of key estimates and judgements, applied by management in the financial statements to check that they are free from management bias;
- Consideration of management's assessment of related parties and any other unusual transactions and evaluated the process for identifying and monitoring any such transactions; and
- Testing supplier and employee payment detail irregularities

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MIDCOUNTIES CO-OPERATIVE LIMITED

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Society's members, as a body, in accordance with Chapter 3 of Part 16 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.

DocuSigned by:
Laurie Hannant
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Laurie Hannant (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Birmingham, UK
Date: 23 August 2022
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

The Midcounties Co-operative Limited
Statement of Comprehensive Income for the 52 weeks ended 22 January 2022

	Note	2022 £'000	2021 £'000
Turnover	2	**93,492**	62,036
Cost of sales		**(40,832)**	(28,544)
Gross profit		**52,660**	33,492
Other operating income		**41**	9,070
Operating Expenses		**(73,380)**	(120,513)
Operating Expenses excluding significant items		**(71,348)**	(68,355)
Operating loss before significant items		**(18,647)**	(25,793)
Operating Expenses - Significant items	6	**(2,032)**	(52,158)
Operating loss		**(20,679)**	(77,951)
Gain on sale of fixed assets		**2,239**	19
Impairment of Investment		**-**	(1,984)
Income from interest in group undertakings		**40,000**	-
Net interest payable	7	**(4,817)**	(5,580)
Other finance expense		**(2,477)**	(2,652)
Profit / (loss) before dividend and grants		**14,266**	(88,148)
Grants and other member benefits	8	**(1,895)**	(1,859)
Profit / (loss) before taxation		**12,371**	(90,007)
Taxation	9	**454**	934
Profit / (loss) from the year from continuing operations		**12,825**	(89,073)
Profit for the year from discontinued operations net of tax	10	**5,764**	8,539
Profit / (loss) for the year		**18,589**	(80,534)
Other comprehensive income / (expense)			
Items that will not be reclassified to the income statement in future period:			
Remeasurement of defined benefit liability	23	**6,921**	(6,920)
Income tax on other comprehensive income / (expense)		**747**	2,164
Other comprehensive income / (expense) for the period, net of income tax		**7,668**	(4,756)
Total comprehensive income / (expense) for the period		**26,257**	(85,290)

The results for 2022 and 2021 relate to continuing operations.
The notes on pages 13 to 41 form an integral part of the financial statements.

The Midcounties Co-operative Limited
Statement of Financial Position as at 22 January 2022
Registered no. 19025R

	Note	2022	2022 £'000	2021	2021 £'000
Fixed assets					
Intangible assets	11		29,493		28,722
Tangible assets	12		27,275		26,228
Right of use assets	13		44,509		50,394
Investments	14		15,528		92,178
			116,805		197,522
Current assets					
Stocks	15	144		695	
Debtors (including £21,904,000 (2021: £21,054,000)) due after more than one year	16	277,327		244,667	
Investments	14	-		9,586	
Cash at bank and in hand		8,321		5,884	
		285,792		260,832	
Current liabilities					
Amount falling due within one year:					
Creditors	17	(234,083)		(213,676)	
Liabilities held for sale	18	(3,297)			
Lease Liabilities	21	(7,387)		(7,376)	
Loans	20	(13,126)		(12,671)	
		(257,893)		(233,723)	
Net current assets			27,899		27,109
Total assets less current liabilities			144,704		224,631
Long term liabilities					
Amounts falling due after more than one year:					
Creditors	17	(870)		(70,388)	
Lease Liabilities	21	(46,926)		(51,771)	
Loans	20	(36,831)		(60,101)	
			(84,627)		(182,260)
Net assets excluding pension liability			60,077		42,371
Net pension liability	25		(34,917)		(47,708)
Net assets including pension liability			25,160		(5,337)
Financed by:					
Share capital	22		85,198		78,991
Retained losses			(63,246)		(87,536)
Other reserve			3,208		3,208
Members' funds / (deficit)			25,160		(5,337)

The notes on pages 13 to 41 form an integral part of the financial statements.

These financial statements were approved by the board of directors on 17 August 2022 and were signed on its behalf by:

Helen Wiseman
Director

17 August 2022

The Midcounties Co-operative Limited
Statement of Changes in Equity for the 52 weeks ended 22 January 2022

	Share capital £'000	Other reserve £'000	Retained losses £'000	**Total £'000**
Balance at 25 January 2020	**75,153**	**3,208**	**(442)**	**77,919**
Loss for the period	-	-	(80,534)	**(80,534)**
Other comprehensive income:				
Actuarial gains on defined benefit plans	-	-	**(6,920)**	**(6,920)**
Income tax on other comprehensive income	-	-	**2,164**	**2,164**
Total other comprehensive loss	-	-	(4,756)	**(4,756)**
Shares issued and interest credited less shares withdrawn	3,838	-	-	**3,838**
Members' share interest	-	-	(2,227)	**(2,227)**
Income tax credit on members' share interest			423	**423**
Total contributions by and distributions to members	3,838	-	(1,804)	**2,034**
Balance at 23 January 2021	**78,991**	**3,208**	**(87,536)**	**(5,337)**
Profit for the period	-	-	**18,589**	**18,589**
Other comprehensive income:				
Actuarial gains on defined benefit plans	-	-	6,921	**6,921**
Income tax on other comprehensive income	-	-	747	**747**
Total other comprehensive income	-	-	7,668	**7,668**
Shares issued and interest credited less shares withdrawn	6,207	-	-	**6,207**
Members' share interest	-	-	(2,428)	**(2,428)**
Income tax credit on members' share interest			461	**461**
Total contributions by and distributions to members	6,207	-	(1,967)	**4,240**
Balance at 22 January 2022	**85,198**	**3,208**	**(63,246)**	**25,160**

The notes on pages 13 to 41 form an integral part of the financial statements.

The other reserve relates to unrealised profit created by the disposal of properties to other group undertakings.

1. Accounting policies

Basis of preparation

i) Statement of compliance

The Midcounties Co-operative Limited is a Co-operative Society domiciled in the United Kingdom. The financial statements for the period ended 22 January 2022 have been prepared in accordance with UK Accounting Standards – Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

ii) Basis of preparation

The financial statements are presented in pounds sterling (GBP), which is the Society's functional currency. All financial information presented in GBP has been rounded to the nearest thousand.

The Society is part of the ultimate parent Society, The Midcounties Co-operative Limited ("the Group") group banking facility and the cash headroom is connected to the Group forecast. As a result the Society cash flow and headroom has been considered as part of the overall review of the Group facilities. The Society meets its day to day working capital requirements, as part of the Group. As at 22 January 2022, the Group had total drawings of £56.8m under its bank loans and revolving credit facilities. The bank facilities are subject to continued compliance with both financial and administrative covenants. The Group has bilateral and syndicated club facilities amounting to £106.0m with its three long-term partner banks. These credit facilities will mature in August 2023. The Group has commenced work to determine the level of credit facilities needed beyond this period and intends to complete a re-financing by the end of 2022.

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Group and Society can continue in operational existence for a period of at least 12 months from the date of the approval of the financial statements.

Forecasts have been prepared through to the end of August 2023 to assist with this analysis, and a rigorous assessment has been undertaken of current and future trading which includes potential ongoing risks arising from the economic environment and the ongoing conflict in Russia / Ukraine and recovery from Covid-19. The scenarios outlined below are deemed to represent a severe and plausible test on the Group and Society's ability to continue to adopt the going concern basis.

Following this analysis, the Directors have concluded that the Group and Society has adequate resources and will comply with its covenant requirements, to allow it to continue in operational existence for the period of the going concern assessment. Whilst the Directors consider there are uncertainties, they do not consider the uncertainties to be material uncertainties that may cast significant doubt on the Group and Society's ability to continue as a going concern. Therefore, the financial statements are prepared on a going concern basis.

The impact of Covid-19 upon the Society has been significant in the year reported but is expected to have a lesser impact in the year ahead. We expect a recovery in the Travel sector through 2022 and a widespread re-commencement of travel plans. We also expect working patterns to gradually return to pre-pandemic norms and customer behaviours to impact the performance across many of our other businesses. During periods of lockdown and partial lockdown, the Society witnessed significant reductions in its Childcare and Travel businesses but has benefitted from stronger trading in Food Retail.

1. Accounting policies (continued)

Travel

In Travel, our base budget assumes that the market overall returns to approximately 90% of the pre-pandemic level (2019). This is in line with overall industry expectations and research undertaken and published by Mintel. We expect a significant number of cancellations in Q1 (to end April 22), to reflect the impact of ongoing testing and changes to plans made on re-bookings made throughout the pandemic. These cancellations are expected to slow through Q2 and return to pre-pandemic levels (c.5%) in H2 2022/23.

To test our financial resilience against further material risks we have assumed an additional 25% downturn in booking activity across the year. This test assumes that the market performs at 67.5% of the pre-pandemic (2019) levels and volumes are reduced accordingly across the year.
In terms of Government support we have assumed that none is offered in any scenario.

The Travel business benefits from strong underlying working capital. However, the extensive curtailment of travel over the past 12 months has meant that working capital balances have been significantly lower than expected. We expect pressure on working capital to continue throughout 2022 and as such have not assumed any significant increase in the year ahead.

The business does not assume that the travel sector will return to normal booking and departure profiles until at least financial year 2023/24

Childcare

In Childcare, we have assumed that occupancy levels increase in line with the easing of lockdown restrictions and return to historic levels by the end of 2022/23. This division has seen an improvement in occupancy since September and the budget assumes an average occupancy of 73% over the year compared with 68% last year. Pre-pandemic performance would deliver occupancy levels of 76%-78% across the year.

Reasonable downside modelling has been undertaken to demonstrate the impact of a decline in children attending based on our experience throughout 2021. As such we have modelled a scenario whereby 2021's occupancy at 68% is repeated into 2022 and that there is no year-over-year growth

Mitigation

The Directors have identified a number of mitigating actions which are modelled in the severe but plausible downside. These include but are not limited to; capital investment restrictions/deferments, central cost reductions and increased sale and leaseback deals. In addition, the Society continues to implement its strategy to divest non-core property assets and, while these are not included in stress-test scenarios, disposals have provided additional cash headroom in 2021/22 and are expected to contribute again in 2022/23.

The Directors believe it remains appropriate to prepare the financial statements on a going concern basis due to the availability of its committed banking facilities and significant mitigating actions and that they consider it unlikely for business revenues and receipts to decline by the amounts in the severe but plausible scenarios.

1. Accounting policies (continued)

iii) Use of estimates and judgements

The preparation of financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about areas of estimation, uncertainty and critical judgements used in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are shown below or included in the following notes:

a) Measurement of the recoverable amounts from cash generating units containing goodwill - goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to cash generating units and is tested annually for impairment. The recoverable amount of tangible assets and intangible assets with a finite life are reviewed should there be an indication of impairment at the balance sheet date. The recoverable amount is the greater of their fair value less costs to sell and their value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. These key judgements of the estimates used to calculate future cashflows and discount rates, are affected by prevailing market and economic factors which are largely outside of the Group’s control.

b) Measurement of pension obligations (note 25);

c) Valuation of financial instruments and assets held for sale – financial assets designated at fair value through the Income Statement and available for sale assets are carried at fair value. Under IFRS 7 Financial Instruments disclosures, such assets are classified by the way in which their fair value is calculated. All the assets are level 2 assets under IFRS 7. IFRS 7 defines level 2 assets as inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

iv) UK Accounting Standards – Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) - exemptions

The Society’s ultimate parent undertaking, The Midcounties Co-operative Limited includes the Society in its consolidated financial statements. The consolidated financial statements of The Midcounties Co-operative Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the Secretary, Co-operative House, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA. Society financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”).

1. Accounting policies (continued)

In these financial statements, the society has applied the exemptions available under FRS 101 in respect of the following disclosures:

(a) a Cash Flow Statement and related notes;
(b) comparative period reconciliations for tangible fixed assets and intangible assets;
(c) disclosure in respect of transactions with wholly owned subsidiaries;
(d) disclosures in respect of capital management;
(e) the effects of new but not yet effective IFRSs;
(f) disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of The Midcounties Co-operative Limited include equivalent disclosures, the Society has also taken the exemptions under FRS 101 available in respect of the following disclosures:

(a) certain disclosures required by IFRS 3 *Business Combinations* in respect of business combinations undertaken by the Society in prior periods including the comparative period reconciliation for goodwill; and
(b) disclosures required by IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* in respect of the cash flows of discontinued operations.
(c) certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets.
(d) certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Turnover

Turnover includes cash sales, goods and services sold on credit. Gross sales also include amounts recognised in respect of sales made on an agency basis, principally relating to travel (net sales only include the value of commission receivable) plus is inclusive of sales related taxes such as value added tax received or receivable net of returns, trade discounts and volume rebates.

Revenue is recognised in line with IFRS 15 (Revenue from Contracts with Customers). Revenue from the sale of goods and services is measured at the fair value of the consideration

The Society does not have contracts with variable consideration.

Revenue is recognised when the control is transferred to the customer upon performance obligation being satisfied, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

The revenue recognition criteria for each key revenue stream is summarised below:

Revenue Stream	Recognition criteria
Post Office	Commission earned is recognised when transaction takes place
Travel agency fees and commissions	Commission earned is recognised on booking of holiday (see below)
Travel principal revenue	Recognised on departure date of holiday (see below)
Travel foreign exchange	Commission recognised at point of sale (see below)
Childcare	When the childcare service is provided at the nursery.
Flexible benefits commissions	Commission recognised at the point of payment
Phone & Broadband Services	When separate performance obligations (being continuous access to phone and broadband services) are delivered to the customer over the life of the contract

1. Accounting policies (continued)

Travel agency fees and commissions revenue is where the society acts as a travel agent to book the holiday. The Society has varying routes to market include consortium, retail stores and personal travel assistants. Revenue represents the commission for the sale of holidays excluding value added tax and less a provision for cancellation. Revenue is recognised at the point of booking and the provision for cancellations is based on the Society's expectation of future holiday cancellations which will result in the refund of commission earnt on the booked holiday. Revenue recognised but not collected in cash are present in Trade receivables less appropriate expected credit loss provisions. From the sale of holidays, the Society receives part payment from the customer of the holiday by way of a deposit and payments on account until the date of departure. Payments received in excess of revenue earnt and payments collected on behalf of the Principal to the holiday are presented as a Travel payments on account within trade and other payables.

Travel principal revenue is where the Society acts as the principal tour operator. The Society is a principal where it has control over the asset before it is delivered to the customer as a package holiday. Revenue is recognised net of discounts and valued added tax and is measured as the aggregate amount earned from holidays. Revenue from the sale principal holidays is comprised of one performance obligation and the transaction price is recognised at the point of departure. For the sale of holidays, the Society receives part payment from the customer of the holiday by way of a deposit and payments on account until the date of departure. Payments received in excess of revenue earnt are presented as a Travel payments on account within trade and other payables. Trade receivables connected to Travel principal revenue only become due from the customer 14 weeks before the date of departure. At this date, a Trade receivable is recognised less any cumulatively payments on account received from the customers. For principal arrangements payments are made in advance to secure hotels, flights and other elements of a holiday and these are presented within Prepayments & deposits within Trade and Other receivables until due. Trade payables connected to Travel principal bookings only become due to the supplier 8 weeks before the date of departure. At this date, a Trade payable is recognised less any cumulatively payments on account made to suppliers.

Where the Society acts as travel foreign currency provider, revenue represents the difference between the cost and selling price of the currency (the translation margin). Travel foreign exchange is recognised at the point of sale to the customer.

Revenue Stream	**Recognition criteria**
Energy White Label	Commission recognised at date of agreed contractual obligation and on each anniversary following.
Other Sale of goods	Point of sale
Other Provision of services	When separate performance obligations are delivered to the customer

As a travel principal the society provides all the goods or services to the customer and is responsible for the delivery of the holiday, revenue is recognised for the whole travel package. When the Society acts as a Travel agent it arranges for the goods or services to be provided to the customer and is acting on behalf of a principal, the principal is responsible for the delivery of the holiday and therefore the Society will only recognise commission for its services within revenue.

Goodwill

Goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to cash generating units (CGUs) and is tested annually for impairment.

Other intangibles Intangible assets acquired by the Society are measured at cost less accumulated amortisation and impairment losses. Post Office licences are amortised over various periods depending on the revenue earned.

Amortisation rates used are as follows:

Software	3 to 10 years

1. Accounting policies (continued)

Impairment

For goodwill and intangible assets that have an indefinite useful life, the recoverable amount is estimated at each balance sheet date.

The recoverable amount of tangible assets and intangible assets with a finite life are reviewed should there be an indication of impairment at the balance sheet date. The recoverable amount is the greater of their fair value less costs to sell and their value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Discount rates applied range between 7.5% to 10.2% and are applied by division.

For the purpose of impairment testing assets are grouped together into the smallest group of assets that generate cash inflows from continuing use and are largely independent of the cash inflows of other assets or groups of assets. These are known as the cash generating unit (CGU). Management have determined that in most cases the cash generating units are individual branches. However, goodwill impairment testing is carried out at a divisional level being the lowest level at which goodwill is monitored.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. Impairment losses in respect of a CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying value of the net operating assets.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Depreciation

Depreciation is calculated to write off the original cost or valuation, less estimated residual value, over the estimated useful economic life of the asset on a straight line basis.

Depreciation rates used are as follows:

Plant, fixtures, and fittings	3 to 20 years
Vehicles	3 to 8 years

Capital grants

Capital based grants are included within creditors in the balance sheet and credited to the statement of comprehensive income over the estimated useful lives of the assets for which the grant was made.

Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

The fair value of stocks acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, plus a reasonable profit margin based on the effort required to complete and sell those stocks.

Right of Use Assets

The Society recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount

1. Accounting policies (continued)

of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Society is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

The Society has used a range of discount rates in between 2.0% to 4.3% dependent on the length of lease remaining and the quality of the asset being leased. The discount rates were provided by independent professional advisors who took into consideration market factors and the societies incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Society has also used the assumption that no lease break clauses will be applied, therefore assets and liabilities have been calculated on the full term of each lease. Right-of-use assets related to lease properties that do not meet the definition of investment properties are presented as property, plant and equipment.

Transfers of engagements accepted from incoming societies

Assets and liabilities accepted under a transfer of engagement are restated at fair value, including any adjustments necessary to comply with the accounting policies of the Society. The resulting surplus or deficit is taken directly to reserves.

Lease Liabilities

At the commencement date of the lease, the Society recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Society and payments of penalties for terminating a lease, if the lease term reflects the Society exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Society has used a range of discount rates in between 2.0% to 4.3% dependent on the length of lease remaining and the quality of the asset being leased. The discount rates were provided by independent professional advisors who took into consideration market factors and the societies incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Society applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (i.e. below £5,000). Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Taxation

Income tax expense comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity through other comprehensive income, in which case it is recognised as in equity.

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

1. Accounting policies (continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not recognised; the initial recognition of goodwill; the initial recognition of assets and liabilities that affect neither accounting or taxable profit other than in a business combination, and the differences relating to the investment in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Pension costs

Defined contribution plans
The Society operates a defined contribution scheme for all employees. All costs relating to the defined contribution schemes are charged to the income statement as incurred. Contributions to the defined contribution scheme in the year were £2,311,000 (2021: £2,530,000) and were charged through the income statement.

Defined benefit plans
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Society's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on a high quality corporate bond that has a maturity date approximating to the terms of the Society's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method. The Society recognises all actuarial gains and losses arising from the defined benefit plans directly in other comprehensive income immediately.

At the Statement of Financial Position date, The Midcounties Co-operative operated a defined benefit pension and a defined contribution plan for its employees. The defined benefit scheme is a Career Average Revalued Earnings (CARE) scheme. On 13 June 2014 it was closed to future accrual.

Payments to and on behalf of members

Payments to and on behalf of members, including dividends, grants to community projects and payments in support of co-operative developments, are recognised as a liability when approved by members in general meetings and are treated as an appropriation of profits. Where payments to employee members in their capacity as employees are

non-contractual and distinguishable from the operating activities of the business and payment is dependent on, and subject to, member approval in a general meeting, these payments are termed 'Payments to and on behalf of members'.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on transaction are included in the revenue account.

1. Accounting policies (continued)

Non-derivative financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

The Society applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

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

Investments in debt and equity securities

Other investments in debt and equity securities held by the Society are classified as being available-for-sale and are stated at fair value, with movements in the carrying value brought into equity through other comprehensive income as they arise, except for changes in value arising from impairment, which are recognised in the income statement. When these investments are derecognised, the cumulative gain or loss previously recognised in equity is recognised in the income statement.

Investments in joint controlled entities and subsidiaries are carried at cost.

Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and call deposits. Bank overdrafts that are payable on demand and form an integral part of the Society's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

2. Turnover

	2022 Gross sales £'000	2022 Turnover £'000	2021 Gross sales £'000	2021 Turnover £'000
Travel agency, fees and commissions	**188,650**	**23,718**	28,324	5,458
Travel principal revenue	**20,024**	**20,024**	15,179	15,179
Travel foreign exchange	**365**	**365**	413	413
Post Offices	**3,328**	**3,286**	3,152	3,109
Childcare	**37,279**	**37,064**	27,709	27,550
Phone and broadband services	**8,730**	**8,964**	10,206	10,147
Energy white label	**331**	**329**	710	706
Flexible benefits commissions	**8,899**	**879**	12,330	636
Other	**74**	**74**	101	100
	267,680	**94,703**	98,124	63,298
Member share of profits	**(1,211)**	**(1,211)**	(1,262)	(1,262)
	266,469	**93,492**	96,862	62,036
Discontinued operations	23,235	22,800	29,980	29,453

Turnover consists entirely of sales made in the United Kingdom.

Gross sales represents the amount of money customers pay or are liable to pay at the point of sale and delivery. Revenue consists of gross sales less agency fees, VAT and staff discount. Utilities included flexible benefits that the society earns commission on.

Members share of profits
The member share of profit points is earned as part of the membership offer are recognised as a discount to revenue at the point they are earned with a corresponding liability being held on the balance sheet. The liability is reduced, and the sale recognised when the rewards are redeemed.

3. Expenses

	2022 £'000	2021 £'000
Hire of plant and equipment - operating leases	**253**	215
Hire of land and buildings - operating leases	**1,397**	1,155
Depreciation of owned assets - property, plant and equipment	**435**	1,033
Depreciation of owned assets – Intangibles	**430**	661
Depreciation of assets held under finance leases	**5,374**	6,693
Fees paid to auditors for group and company financial statements:		
Audit	**430**	426
Other	**40**	40
Wages and salaries	**56,161**	50,578
Other expenses	**6,828**	7,554
	71,348	68,355

Other operating income includes an insurance claim relating to coronavirus impact and property recharges to other subsidiaries

4. Directors' remuneration

The total remuneration of the directors for their Board duties was as follows:

	2022	2021
	£'000	£'000
Fees	**195**	176

5. Employees

	2021	2021
	Number	Number
The average monthly number employed by the Society was:		
Full-time	**2,203**	**2,920**
Part-time	**5,091**	**4,945**
	7,294	**7,865**

	2021	2021
	£'000	£'000
The costs incurred in respect of these employees were:		
Salaries and wages	**116,232**	119,167
Social security costs	**8,320**	8,234
Expenses related to defined contribution pension scheme	**2,520**	2,510
Amounts recharged to The Midcounties Co-operative Trading Limited	**(70,131)**	(75,141)
Amounts recharged to West Midlands Co-operative Chemists Limited	**(780)**	(4,192)
	56,161	50,578

Income from Coronavirus Job Retention Scheme amounted to £1,768,000.

6. Significant items

Significant items are non-underlying items of income and expenditure that are one-off in nature, of significant magnitude and/or their volatility would otherwise distort the underlying financial performance of the Society.

	2022	2021
	£'000	£'000
a) Reorganisation costs	**380**	1,160
b) Business restructure review	**865**	-
c) Banking arrangements	**516**	-
d) Coronavirus expenditure	**-**	210
e) Expense of business acquisitions and disposals	**271**	677
f) Intercompany debtor impairment	**-**	50,111
	2,032	52,158

a) The Society continues to assets the structure within all trading groups. This resulted in a one-off cost related to a number of groups.

b) Cost relating to external consultants reviewing the strategic position of the Society.

c) Cost relating to changes to banking arrangements.

d) Expenditure primarily related to protective screens purchase and initialisation as a result of Coronavirus Pandemic.

e) In accordance with IFRS 3 revised, expenses related to business acquisitions are charged to the income statement. They are significant as they are one-off in nature and potentially also in size. In the current and prior year this mainly relates to legal costs incurred in relation to acquisitions and disposals.

f) Impairment to intercompany debtors owed

7. Net interest payable

	2022 £'000	2021 £'000
Interest receivable (note 14)	**(558)**	(201)
Interest payable	**5,375**	5,781
	4,817	5,580
Discontinued operations	**(33)**	(2,837)

Analysis of interest payable:

	2022 £'000	2021 £'000
Interest expense on bank loans	**2,819**	2,680
Interest expense in respect of IFRS16	**2,384**	2,302
Loan arrangement fees expenses	**172**	799
	5,375	5,781

8. Grants and other member benefits

	2022 £'000	2021 £'000
Grants and other member benefits	**1,452**	1,396
Employee member benefits	**432**	450
Charitable donations	**11**	13
	1,895	1,859

9. Taxation

	2022	2021
	£'000	£'000
Recognised in the profit and loss account		
UK corporation tax		
Current tax on income for the period	**-**	-
Adjustments in respect of prior periods	**-**	(1,563)
Total current tax	**-**	(1,563)
Deferred tax		
Origination and reversal of temporary differences	**1,069**	(18)
Adjustments in respect of prior periods	**997**	(96)
Effects of change in tax rate	**(2,324)**	(826)
Total deferred tax	**(258)**	(940)
Taxation on profit / (loss) on ordinary activities	**(258)**	(2,503)

	2022	2021
	£'000	£'000
Income tax recognised in other comprehensive income		
Actuarial gains on defined benefit pension plans	**(747)**	(2,164)

	2022	2021
	£'000	£'000
Deferred tax recognised directly in equity	**(461)**	(423)

Reconciliation of effective tax rate

	2022	2021
	£'000	£'000
Profit / (loss) for the year from continuing and discontinued operations	**18,589**	(80,534)
Tax credit on continuing operations	**(258)**	(2,503)
Profit / (loss) from continuing operations excluding taxation	**12,371**	(90,007)
Profit from discontinued operations excluding taxation	**5,960**	6,970
Total profit for the year excluding tax	**18,331**	(83,037)
Tax using the UK corporation tax rate of 19.00% (2021: 19.00%)	**3,483**	(15,777)
Difference in tax rate on gain on sale of discontinued operation	**(900)**	(4)
Non-deductible expenses	**861**	14,483
Utilisation of current year losses from other Group companies and societies	**(6,925)**	1,280
Adjustments in respect of prior periods	**-**	(1,563)
Effects of transfer pricing adjustments	**4,550**	-
Recognition of previously unrecognised tax losses	**997**	(96)
Effects of change in tax rate	**(2,324)**	(826)
Total tax credit	**(258)**	(2,503)
Taxation on continuing operations	**(454)**	(934)
Taxation on discontinued operations	**196**	(1,569)
Total tax credit	**(258)**	(2,503)

9. Taxation (continued)

Factors affecting future tax changes

The March 2020 Budget announced the UK corporation tax rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. The March 2021 Budget announced an increase in the UK corporation tax rate from 19% to 25% with effect from 1 April 2023. This change was substantively enacted on 24 May 2021 and therefore deferred tax has been calculated at a rate of 25%.

The Society will respect all tax laws and will not structure transactions in a way which does not reflect genuine commercial reasons. This includes establishing operations in other jurisdictions for the purpose of evading or avoiding the tax laws of the United Kingdom.

10. Discontinued operations

In November 2021 the Society agreed the sale of the Midcounties Co-operative Funeral Limited for a cash consideration of £22.174 million. Prior to the disposal, the Society hived up assets and liabilities relating to the funeral business into The Midcounties Co-operative Funeral Limited to use as a disposal vehicle in line with the transfer of engagement accounting policy.

The post-tax gain on disposals of discontinued operations was determined as follows:

	2021/22 £'000
Cash consideration received	22,174
Total consideration received	22,174
Cash disposed of	-
Net cash inflow on disposal of discontinued operation	22,174
Net assets disposed (other than cash)	
Property, plant and equipment	(7,405)
Intangibles	(47)
Trade and other receivables	(2,238)
Other financial assets	(85,966)
Other financial liabilities	76,023
Trade and other payables	170
	(19,463)
Pre-tax gain on disposal of discontinued operation	2,711
Related tax expense	-
Gain on disposal of discontinued operation	2,711

10. Discontinued operations (continued)

Midcounties Co-operative disposed of its Funeral business to Central England Co-operative under the Co-operative 'disposal of assets on union, amalgamation or transfer of engagements' rules. There is a specific capital gains tax rule (s217D TCGA 1992) for relevant bodies (including co-operative and community benefit societies) that allows for the transfer of engagements to take place at nil gain nil loss for chargeable gains purposes and unlike with the transfer of assets within a chargeable gains group the two societies do not need to be connected in order for the transfer to take place at nil gain nil loss. The transfer of Midcounties chargeable assets (including goodwill) did not result in a chargeable gain that was subject to corporation tax. Furthermore the statutory instrument (SI 2009/2971) that sets out the rules for the transfers of business of mutual societies clarifies that when there is a transfer of engagements then no de-grouping charges arise. This means that there are no clawback provisions which would seek to charge the transfers to corporation tax.

The post-tax gain on disposal of discontinued operations was determined as follows:

Result of discontinued operations	**2021/22**	2020/21
	£'000	£'000
Revenue	22,800	29,453
Expenses other than finance costs	(19,584)	(25,320)
Finance costs	33	2,837
Tax (expense)/credit	(196)	1,569
Gain from selling discontinued operations after tax	2,711	-
Profit for the year	5,764	8,539

11. Intangible fixed assets

	Purchased goodwill	Licences, brand and computer software	Customer relationships	**Total**
	£'000	£'000	£'000	**£'000**
Cost				
At 25 January 2020	23,420	9,438	305	**33,163**
Disposals	(130)	-	-	**(130)**
At 23 January 2021	23,290	9,438	305	**33,033**
Additions	495	441	-	**936**
Disposals	(110)	(245)	-	**(355)**
Transfers	-	510		**510**
At 22 January 2022	**23,675**	**10,144**	**305**	**34,124**
Accumulated amortization				
At 25 January 2020	38	3,490	305	**3,833**
Charge for the year	-	1,080	-	**1,080**
Disposals	-	(602)	-	**(602)**
At 23 January 2021	38	3,968	305	**4,311**
Charge for the year	-	417	-	**417**
Disposals	-	(97)	-	**(97)**
At 22 January 2022	**38**	**4,288**	**305**	**4,631**
Carrying amount				
At 23 January 2021	23,252	5,470	-	28,722
At 22 January 2022	**23,637**	**5,856**	**-**	**29,493**

12. Tangible fixed assets

Cost	Plant, fixtures & fittings £'000	Vehicles £'000	Assets under construction £'000	**Total £'000**
At 25 January 2020	105,824	81	1,552	**107,457**
Additions	1,359	-	1,081	**2,440**
Transfers from assets under construction	1,672	-	(1,672)	**-**
Acquisitions	216	-	-	**216**
Transfer to Right of Use (restated)	190			**190**
Disposals	(2,498)	(17)	-	**(2,515)**
Group transfers	(1,420)	-	-	**(1,420)**
Impairment reversal	104	-	-	**104**
At 23 January 2021	**105,447**	**64**	**961**	**106,472**
Additions	355	-	13,924	**14,279**
Transfers from assets under construction	13,044		(13,044)	**-**
Disposals	(12,612)	(57)	-	**(12,669)**
Transfer to Right of Use	(1,553)	-	-	**(1,553)**
Transfer to intangible assets	(510)	-	-	**(510)**
At 22 January 2022	**104,171**	**7**	**1,841**	**106,019**
Accumulated depreciation				
At 25 January 2020	74,368	44	-	**74,412**
Provided in the year (restated)	7,490	5	-	**7,495**
Disposals	(1,368)	(8)	-	**(1,376)**
Group transfers	4	-	-	**4**
Transfer to right of use	(291)	-	-	**(291)**
At 23 January 2021	80,203	41	-	**80,244**
Provided in the year	5,235	4	-	**5,239**
Disposals	(6,700)	(39)	-	**(6,739)**
At 22 January 2022	**78,738**	**6**	**-**	**78,744**
Carrying amount				
At 23 January 2021	25,244	23	961	26,228
At 22 January 2022	**25,433**	**1**	**1,841**	**27,275**

13. Right of use assets

The company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment The Company has used a range of discount rates in between 2.0% to 4.3% dependent on the length of lease remaining and the quality of the asset being leased. The discount rates were provided by independent professional advisors who took into consideration market factors and the societies incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

13. Right of use assets (continued)

Right-of-use assets related to lease properties that do not meet the definition of investment properties are presented as property, plant and equipment.

Cost	Properties £'000	Fixtures & Fittings £'000	Vehicles £'000	**Total £'000**
At 25 January 2020	40,497	4,354	3,769	**48,620**
Additions	7,750	4,801	2,361	**14,912**
Impairments	(92)	-	-	**(92)**
Transfers	(824)	(190)	-	**(1,014)**
At 23 January 2021	**47,331**	**8,965**	**6,130**	**62,426**
Additions	599	-	625	**1,224**
Disposals	-	-	(4,855)	**(4,855)**
Transfers	-	1,553	-	**1,553**
Effects of modification of lease terms	-	-	26	**26**
At 22 January 2022	**47,930**	**10,518**	**1,926**	**60,374**
Accumulated depreciation				
At 25 January 2020	3,581	731	1,029	**5,341**
Provided in the year (restated)	4,011	1,437	1,247	**6,695**
Transfers	-	(4)	-	**(4)**
At 23 January 2021	7,592	2,164	2,276	**12,032**
Provided in the year	2,275	1,953	1,146	**5,374**
Disposals	-	-	(1,541)	**(1,541)**
At 22 January 2022	**9,867**	**4,117**	**1,881**	**15,865**
Carrying amount				
At 23 January 2021	39,739	6,801	3,854	50,394
At 22 January 2022	**38,063**	**6,401**	**45**	**44,509**

The table below states the details of the type, the number and the term of leases held by the Society.

	Properties 2022	Properties 2021	**Fixtures & Fittings 2022**	Fixtures & Fittings 2021	**Vehicles 2022**	Vehicles 2021
Number of leases	**135**	134	**6**	6	**39**	198
Subleased Leases	**7**	7	**-**	-	**-**	-
Term of leases	**2 to 1000 Years**	2 to 1000 Years	**1 o 5 Years**	1 o 5 Years	**1 to 8 Years**	1 to 8 Years

Income from material subleased finance leases

The Society also sub-leases some of its non-occupied leased properties. The Society classifies the sub-lease as a finance lease, where the period of the sublease is for substantially the remaining term of the head lease. The following table sets out a maturity analysis of material sublease receivables, showing the present value lease payments to be received after the reporting date.

	Properties 2022 £000's	Properties 2021 £000's
6 months or less	**318**	338
6-12 months	**318**	338
1-2 years	**611**	650
2-5 years	**1,522**	1,686
More than 5 years	**1,619**	2,106
Total Present value of minimum lease payments receivable	**4,388**	5,118
Of which are:		
Current Lease receivables	**636**	676
Non-Current Lease receivables	**3,752**	4,442
	4,388	5,118

14. Investments and interest receivable

	Fixed		Current		Interest receivable (note 7)	
	2022	2021	**2022**	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Cost						
Co-operative Group	**1,588**	**1,562**	**-**	-	**63**	98
Funeral prepayment plans	**-**	**76,751**	**-**	9,586	**-**	-
Other (I&P Societies)	**1,500**	**1,712**	**-**	-	**31**	11
Other	**703**	**416**	**-**	-	**463**	91
Other investments	**11,737**	**11,737**	**-**	-	**-**	-
	15,528	**92,178**	**-**	9,586	**557**	200
Other					**1**	1
					558	201

Monies received in respect of funeral prepayment plans are invested under the terms of a custodian trustee agreement with State Street Bank and, from 1 January 2002, individual whole of life insured arrangements with Royal London. Interest earned on such investments is re-invested. An appropriate proportion of the investments (including accrued interest) is withdrawn when each funeral is invoked by the client's representative.

Investment in subsidiary companies and societies at cost

Cost and net book value	£'000
At beginning of year	11,737
At end of year	11,737

	2022	2021
	£	£
The Midcounties Co-operative Properties Limited	**100**	100
The Co-operative Childcare Limited	**100**	100
Buffer Bear Limited & Childcare Partners Limited	**512,238**	512,238
Early Birds Nursery School Limited	**74,657**	74,657
Co-op Travel Limited	**60**	60
Co-op Travel Direct Limited	**50,000**	50,000
Co-op Travel Services Limited	**1**	1
Co-operative Energy Limited	**1**	1
Co-operative Payroll Giving Limited	**1**	1
Co-operative Holidays Limited	**100**	100
Co-op Energy Limited	**1**	1
First Steps Children's Nursery (Group) Ltd	**359,198**	359,198
Floridian Homes Limited	**100**	100
The Green Energy Co-op Limited	**2**	2
Harry Tuffin Limited	**5,740,850**	5,740,850
Kwik Travel (Holdings) Limited	**286,670**	286,670
Places for Children (PfP) Limited	**2,858,050**	2,858,050
Thomas Ely Limited	**7,100**	7,100
Avoco UK Limited	**11,834**	11,834
Ecobilling Limited	**6,640**	6,640
Phone Co-op Numbering Limited	**100**	100
Tavistock House Day Nursery Limited	**1,829,190**	1,829,190
	11,736,993	11,736,993

14. Investments and interest receivable (continued)

Name	Registered office address	Place of incorporation and operation	Nature of business	Proportion of ownership interest (%)	Proportion of voting power held (%)
Avoco UK Limited	Co-operative House, Warwick Technology Park, Gallows Hill, Warwick. CV34 6DA.	England & Wales	Dormant	100	100
Buffer Bear Limited	Co-operative House, Warwick Technology Park, Gallows Hill, Warwick. CV34 6DA.	England & Wales	Dormant	100	100
Childcare Partners Limited	Co-operative House, Warwick Technology Park, Gallows Hill, Warwick. CV34 6DA.	England & Wales	Dormant	100	100
Co-op Energy Limited	Co-operative House, Warwick Technology Park, Gallows Hill, Warwick. CV34 6DA.	England & Wales	Dormant	100	100
Co-op Travel Direct Limited	Co-operative House, Warwick Technology Park, Gallows Hill, Warwick. CV34 6DA.	England & Wales	Dormant	100	100
Co-op Travel Limited	Co-operative House, Warwick Technology Park, Gallows Hill, Warwick. CV34 6DA.	England & Wales	Dormant	100	100
Co-op Travel Services Limited	Co-operative House, Warwick Technology Park, Gallows Hill, Warwick. CV34 6DA.	England & Wales	Travel	100	100
Co-operative Energy Limited	Co-operative House, Warwick Technology Park, Gallows Hill, Warwick. CV34 6DA.	England & Wales	Utilities	100	100
Co-operative Holidays Limited	Co-operative House, Warwick Technology Park, Gallows Hill, Warwick. CV34 6DA.	England & Wales	Travel	100	100
Co-operative Payroll Giving Limited	Co-operative House, Warwick Technology Park, Gallows Hill, Warwick. CV34 6DA.	England & Wales	Charitable donations	100	100
Early Birds Nursery School Limited	Co-operative House, Warwick Technology Park, Gallows Hill, Warwick. CV34 6DA.	England & Wales	Dormant	100	100
Ecobilling Limited	Co-operative House, Warwick Technology Park, Gallows Hill, Warwick. CV34 6DA.	England & Wales	Dormant	100	100
First Steps Children's Nursery (Group) Ltd	Co-operative House, Warwick Technology Park, Gallows Hill, Warwick. CV34 6DA.	England & Wales	Dormant	100	100
Floridian Homes Limited	Co-operative House, Warwick Technology Park, Gallows Hill, Warwick. CV34 6DA.	England & Wales	Dormant	100	100
Harry Tuffin Limited	Co-operative House, Warwick Technology Park, Gallows Hill, Warwick. CV34 6DA.	England & Wales	Dormant	100	100
Kwik Travel (Holdings) Limited	Co-operative House, Warwick Technology Park, Gallows Hill, Warwick. CV34 6DA.	England & Wales	Dormant	100	100
Phone Co-op Numbering Limited	Co-operative House, Warwick Technology Park, Gallows Hill, Warwick. CV34 6DA.	England & Wales	Dormant	50	50
Places for Children (PfP) Limited	Co-operative House, Warwick Technology Park, Gallows Hill, Warwick. CV34 6DA.	England & Wales	Dormant	100	100
The Co-operative Childcare Limited	Co-operative House, Warwick Technology Park, Gallows Hill, Warwick. CV34 6DA.	England & Wales	Dormant	100	100
The Green Energy Co-op Limited	Co-operative House, Warwick Technology Park, Gallows Hill, Warwick. CV34 6DA.	England & Wales	Dormant	100	100
The Midcounties Co-operative Properties Limited	Co-operative House, Warwick Technology Park, Gallows Hill, Warwick. CV34 6DA.	England & Wales	Property Management	100	100
Thomas Ely Limited	Co-operative House, Warwick Technology Park, Gallows Hill, Warwick. CV34 6DA.	England & Wales	Dormant	100	100
Tavistock House Day Nursery Limited	Co-operative House, Warwick Technology Park, Gallows Hill, Warwick. CV34 6DA.	England & Wales	Dormant	100	100

15. Stocks

	2022	2021
	£'000	£'000
Goods for resale	**144**	695
	144	695

All stock is expected to be realised within 12 months.
Goods bought for resale recognised as a cost of sale amounted to £10,864,702 (2021: £11,446,465).
The year-end stock provision is £nil (2021: £nil).
Stock writedowns in the year were £nil (2021: £nil).

16. Debtors

	2022	2021
	£'000	£'000
Trade debtors	**5,555**	20,764
Other debtors	**35,507**	24,474
Amounts owed by group undertakings	**196,398**	163,360
Deferred tax (note 17)	**18,078**	16,611
Prepayments & deposits	**21,789**	19,458
	277,327	244,667

	2022	2021
	£'000	£'000
Due within one year	**255,423**	223,613
Due after more than one year	**21,904**	21,054
	277,327	244,667

Included within prepayments and deposits is £18.347 million worth of prepaid travel bookings (2020/21 £15.249 million), which could be reimbursed to customers upon booking cancellation.

Credit risk: Credit risk arises from the possibility of customers failing to meet their obligations to the Society. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount. The Society does not require collateral in respect of financial assets. The Society considers that it is prudent in its impairment provisioning and it has no significant customer credit risk

The ageing of trade debtors, other debtors and amounts owed by group undertakings at the reporting date was:

	Gross	**Impairment**	Gross	Impairment
	2021/22	**2021/22**	2020/21	2020/21
	£'000	**£'000**	£'000	£'000
Not overdue	**237,011**	**-**	**207,812**	**-**
Overdue 0-30 days	**308**	**(115)**	**503**	**(189)**
Overdue 0-120 days	**86**	**(34)**	**718**	**(287)**
121 days to one year	**281**	**(135)**	**81**	**(263)**
More than one year overdue	**208**	**(150)**	**312**	**(89)**
	237,894	**(434)**	**209,426**	**(828)**

16. Debtors (continued)

Movement in Trade receivables Impairment for the year -

	£'000
Impairment balance as at 23 January 2021	(828)
2021 Utilised	(1,036)
Provision created in the year	1,430
Impairment balance as at 22 January 2022	(434)

17. Creditors

	Falling due within one year		Falling due after more than one year	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade creditors	70,622	47,700	-	-
Travel payments on account	13,035	28,191		
Accrued charges	12,673	13,967	-	-
Deferred income - Funeral Bonds	-	9,033	-	70,180
Deferred income – Other	1,599	3,815	870	208
Other creditors	13,328	8,530	-	-
Amounts owed to group undertakings	122,826	102,440	-	-
	234,083	213,676	870	70,388

The funds held within travel payments on account represent money received in advance from customers in relation to travel bookings. This balance could be refunded to customers upon cancelation of bookings.

Held within trade payables is £49.778 million (2020/21: £38.631 million) of pipeline monies due to the Society's tour operators relating to sales made by the Society acting as an agent. Balances in other payables of £13.035 million (2020/21: £28.192 million) represent payments on account due to the Society's suppliers relating to sales made by the Society acting as a principal.

18. Liabilities held for sale

	2022 £'000	2021 £'000
Funeral plans	3,297	-

Liabilities held for sale relate to funeral bonds. These sales are expected to complete in the next 12 months.

19. Deferred tax assets and liabilities

	Assets		Liabilities		Net	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Accelerated capital allowances	(7,283)	(5,399)	-	-	(7,283)	(5,399)
Other	(1,171)	(1,321)	-	-	(1,171)	(1,321)
Intangibles	(895)	(793)	-	-	(895)	(793)
Employee benefits	(8,729)	(9,098)	-	-	(8,729)	(9,098)
Transfer of engagements						
Net tax assets	(18,078)	(16,611)	-	-	(18,078)	(16,611)

19. Deferred tax assets and liabilities (continued)

There are £nil unrecognised deferred tax liabilities (2021: £nil).

The March 2020 Budget announced the UK corporation tax rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. The March 2021 Budget announced an increase in the UK corporation tax rate from 19% to 25% with effect from 1 April 2023. This change was substantively enacted on 24 May 2021 and therefore deferred tax has been calculated at a rate of 25%.

The UK government announced on 3 March 2021 that the government are intending to increase the corporation tax rate from 19% to 25% from April 2023. As this rate was not substantively enacted at the Statement of Financial Position date it has not been used to calculate the deferred tax balances.

20. Loans

	2022	2021
	£'000	£'000
Creditors falling due within less than one year		
Bank overdraft	**13,331**	**12,899**
Secured bank loans	**(205)**	**(228)**
Finance lease liabilities	**-**	**-**
	13,126	**12,671**

	2021	**2021**
	£'000	**£'000**
Creditors falling due more than one year		
Secured bank loans	**36,831**	**60,101**
Finance lease liabilities	**-**	**-**
	36,831	**60,101**

Secured bank loans are secured by a legal charge on certain of the subsidiaries' properties.

Bank overdraft incurs interest at 2.25% per annum and is repayable on demand.

Terms and conditions of outstanding loans were as follows:

	Currency	Nominal interest rate	Year of maturity	Facility	Carrying amount	Facility	Carrying amount
				2022	**2022**	2021	2021
				£'000	**£'000**	£'000	£'000
Royal Bank of Scotland loan	GBP	5.73%	2022	**23,497**	**23,343**	**23,467**	**23,468**
Royal Bank of Scotland loan	GBP	Libor + 0.90%	2022	**-**	**-**	**467**	**467**
Revolving credit facility Barclays	GBP	Sonia + 2.25%	2022	**26,118**	**16,832**	**26,448**	**15,245**
Revolving credit facility Lloyds	GBP	Sona + 2.75%	2022	**24,339**	**9,783**	**26,702**	**25,657**
Multi-Currency Revolving Facility	GBP	Sonia + 2.75%	2022	**32,000**	**-**	**23,702**	**7,935**
				105,954	**49,958**	**100,786**	**72,772**

The loans are shown net of an unamortised arrangement fee of £321,000 (2021: £244,000).

The total facilities available to the Society at 22 January 2022 were £106.0m.

21. Lease Liabilities

	Land & Buildings £000	Fixtures & Fittings £000	Vehicles £000	Total £000
At 25 January 2020	42,816	3,717	2,609	49,142
Additions	7,750	4,801	2,361	14,912
Interest Expense (restated)	1,830	354	118	2,302
Lease Payments (restated)	(4,074)	(1,640)	(1,320)	(7,034)
Disposals	-	(175)	-	(175)
At 23 January 2021	48,322	7,057	3,768	59,147
Additions	**599**	**-**	**625**	**1,224**
Interest Expense	**1,789**	**472**	**123**	**2,384**
Lease Payments	**(6,389)**	**(2,401)**	**(1,231)**	**(10,021)**
Transfers	**-**	**1,553**	**-**	**1,553**
Effect of modification of lease terms	**-**	**-**	**26**	**26**
At 22 January 2022	**44,321**	**6,681**	**3,311**	**54,313**
Of which are				
Current Lease liabilities	3,941	2,262	1,184	7,387
Non-Current Lease Liabilities	40,380	4,419	2,127	46,926
	44,321	6,681	3,311	54,313

22. Share capital

(i) Share capital is comprised entirely of equity shares of £1 each (as defined IFRIC 2 Members' Shares in Co-operative Entities and Similar Instruments).

(ii) Shares currently attract interest at rates between 0% and 4.25% per annum.

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

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

(v) In the event of a solvent winding up of the Society, the Society's rules state that a surplus remaining after all liabilities, including paid up share capital, have been settled would not be distributed to the members of the Society but shall be:
(a) transferred to one or more societies in membership of Co-operatives UK Limited having the same or similar rule provisions as regards surplus distribution; or
(b) shall be paid or transferred to Co-operatives UK Limited.

(vi) Dividends are paid to members, either directly into their share account, or in vouchers which can be spent or exchanged for cash in trading outlets, or donated to specific charities. Dividends are based on purchases made by members at a rate proposed by the Board and subject to approval at a members' meeting.

(vii) The Society follows a Code of Practice and has to provide a statement to its members of the nature of their share holding investment and any change affecting it. The statement is set out here.

"As a member you are a shareholder of The Midcounties Co-operative Limited. If the Society is unable to meet its debts and other liabilities, you will lose the whole amount held in shares, hence it is known as risk capital. This may make it inappropriate as a place to invest savings. The Financial Services Compensation Scheme, which applies to bank and building society accounts and to some investments, does not apply to your share account. The Society, unlike banks and building societies and investment firms, is not authorised and supervised by the Financial Conduct Authority (although it may be registered by it). Therefore you cannot claim compensation under this Scheme in the event of the Society not being able to pay out your share capital. You may withdraw money from your share account at any time unless the board of directors have removed the facility under the Society's rules. Withdrawable share capital does not

22. Share capital (continued)

characterise an investment in the conventional sense. The withdrawable share capital held in your share account may receive interest but the shares do not increase in value. It is primarily for the purpose of supporting your Society rather than making an investment. The Financial Ombudsman Service does not apply to your share account or your relationship with the Society but under the Society's rules any dispute may be subject of arbitration."

	2022 £'000	2021 £'000
Share capital	**85,198**	78,991

23. Dividends

	£,000
The following dividends were declared and paid by the Society:	
Final Dividend 2020/21 (approved Oct 2021)	1,100

24. Capital commitments

	2022 £'000	2021 £'000
Expenditure contracted but not provided for	**1,718**	448

25. Retirement benefits

Defined contribution plans

The Society operates a defined contribution scheme for all employees. All costs relating to the defined contribution schemes are charged to the income statement as incurred. Contributions to the defined contribution scheme in the year were £2.318 million (2020/21: £2.530 million) and were charged through the Income Statement.

Defined benefit plans

At the Statement of Financial Position date, the Society operated a defined benefit pension. The defined benefit scheme is a Career Average Revalued Earnings (CARE) scheme. On 13 June 2014 it was closed to future accrual. This cost is not recharge to other group subsidiaries.

Full actuarial valuations of the scheme were carried out at 31 December 2018 and were updated to 22 January 2022 by a qualified independent actuary.

	2022 £'000	2021 £'000
Plan Assets comprise		
Equities		
Developed equities	**39,199**	34,720
Senior Secured Loans		
Alternative credit	**27,378**	26,809
High quality bonds	**72,292**	93,237
Other	**9,429**	9,528
Property	**43,482**	42,527
Diversifying strategies	**37,295**	37,591
Cash and cash equivalents	**25,057**	2,503
Other		
Listed infrastructure	**10,507**	12,474
Other	**4,239**	4,266
Annuity policy	**720**	861
	269,598	264,516
Actual return on plan assets	**6,313**	13,306

25. Retirement benefits (continued)

The fair value of plan assets does not include any of the Society's own financial instruments or any property occupied by, or other assets used by the Society.

Annuity policy is additional voluntary contributions held with Royal London Group.

	2022 £'000	2021 £'000
Change in defined benefit obligation		
Defined benefit obligation at beginning of year	**312,224**	300,928
Interest cost	**4,768**	5,162
Actuarial (losses) / gains	**(4,860)**	15,817
Benefits paid	**(7,476)**	(9,577)
Annuity policy	**(141)**	(106)
Defined benefit obligation on plans that are wholly or partly funded	**304,515**	312,224
Change in plan assets		
Fair value of plan assets at beginning of year	**264,516**	254,846
Interest income	**4,077**	4,409
Actuarial gains	**2,061**	8,897
Administration expenses	**(1,787)**	(1,899)
Employer contribution	**8,348**	7,946
Benefits paid	**(7,476)**	(9,577)
Annuity policy	**(141)**	(106)
Fair value of plan assets at end of period	**269,598**	264,516
Net pension obligation		
Funded status	**(34,917)**	(47,708)
Unrecognised net actuarial losses / (gains)	**-**	-
Unrecognised past service cost / (benefit)	**-**	-
Net amount recognized	**(34,917)**	(47,708)

	2022 £'000	2021 £'000
Components of pension cost		
Interest cost	**4,768**	5,162
Expected return on plan assets	**(4,077)**	(4,409)
Administrative expenses and taxes	**1,787**	1,899
Total pension cost recognised in the Income Statement	**2,478**	2,652

	2022 £'000	2021 £'000
Actuarial losses immediately recognised in other comprehensive income		
Effect of changes in demographic assumptions	**(533)**	(445)
Effect of changes in financial assumptions	**(4,327)**	16,197
Effect of experience adjustments	**-**	65
Return on plan assets (excluding interest income)	**(2,061)**	(8,897)
Total pension income in other comprehensive income	**(6,921)**	6,920
Cumulative amount of actuarial losses immediately recognised	**76,812**	83,908

Weighted average assumptions used to determine defined benefit obligations	**2022**	2021
Discount rate	**1.95%**	1.55%
Inflation	**3.15%**	2.70%
Rate of increase to pensions in payment (pre July 2006)	**3.05%**	2.65%
Rate of increase to pensions in payment (post July 2006)	**2.00%**	1.90%

25. Retirement benefits (continued)

Weighted average assumptions used to determine net pension cost		
Discount rate	**1.55%**	1.75%
Inflation	**2.70%**	2.65%
Future salary increases	**N/A**	N/A
Rate of increase to pensions in payment (pre July 2006)	**2.65%**	2.60%
Rate of increase to pensions in payment (post July 2006)	**1.90%**	1.90%

Assumptions regarding future mortality are based on published statistics and mortality tables. These assumptions are detailed in the table below:

	Males		**Females**	
	2022	2021	**2022**	2021
The average life expectancy of an individual retiring at age 65	**22.2**	22.2	**23.9**	23.9
The average life expectancy of an individual retiring aged 45 retiring at age 65	**23.6**	23.7	**25.7**	25.6

Two year history

	2022	2021
	£'000	£'000
Benefit obligation at end of year	**(304,515)**	(312,224)
Fair value of plan assets at end of year	**269,598**	264,516
Deficit	**(34,917)**	(47,708)
Difference between expected and actual return on scheme assets:		
Amount	**2,061**	8,897
Percentage of scheme assets	**1%**	3%
Experience gains and losses on scheme liabilities:		
Amount	**-**	65
Percentage of scheme assets	**0%**	0%

Sensitivity analysis

Possible reasonable changes at the reporting date to one of the relevant actuarial assumptions (holding the other assumptions constant) would have affected the defined benefit obligation by the amounts shown below. Although the analysis does not take account of the full distribution of cashflows expected under the Scheme, it does provide an approximation of the sensitivity of the assumptions shown.

	Total deficit (£'000)	Change in reported deficit (£'000)
Minus 0.25% discount rate	50,667	(15,750)
Plus 0.25% discount rate	20,245	14,672
Minus 0.25% inflation rate	25,038	9,879
Plus 0.25% inflation rate	46,057	(11,140)
Mortality rate minus 1 year	46,400	(11,483)
Mortality rate plus 1 year	23,618	11,299

Management of the CARE scheme

The CARE Scheme is administered by The Midcounties Co-operative Pension Trustee Limited (the Trustee), which is a legal body separate to the Society. As at 22 January the Trustee comprises of three member-nominated representatives and three employer-nominated representatives. The Trustee is required to act in accordance with legislation and in the best interests of the Scheme members. The Trustee is responsible for agreeing the funding of the Scheme with the Society, setting the investment strategy and administering the benefits.

The Trustee is responsible for investing the Scheme's assets after consultation with the Society. The investment strategy is managed within a framework that has been developed to achieve long-term investment returns that are in line with the obligations of the Scheme. Within this framework, the long-term objective is to match assets to the

25. Retirement benefits (continued)

pension obligations by investing in assets that match the benefit payments as they fall due as far as possible whilst achieving an acceptable level of return.

The Trustee is responsible for agreeing the Scheme's funding arrangements with the Society. Every three years, the Trustee carries out an actuarial valuation of the Scheme for funding purposes using the assumptions set out in the Scheme's Statement of Funding Principles. If the funding valuation discloses a deficit within the Scheme, the Trustee and Society agree a recovery plan to rectify the deficit. Following the 31 December 2018 valuation of the Scheme, the Society is currently contributing £8m per annum in deficit recovery contributions. The active employees and the Society also contribute to the Scheme on a regular basis to cover the cost of benefits continuing to accrue.

The Scheme exposes the Society to risks such as longevity risk, interest rate risk, inflation risk and investment risk and an illustration of the impact of small changes in these is shown.

At 22 January 2022, the weighted average duration of the defined benefit obligation was approximately 21 years.

The CARE Scheme closed to future build up from 30 June 2014. Members at the date of closure were offered membership of a new defined contribution scheme with Legal & General. The Society matches member's contributions up to a maximum of 7%.

26. Contingent liability

The Society is party to a cross guarantee secured on the assets of the Society and other companies and societies in the group in respect of amounts owed by the group. Details of group bank borrowings are shown on the Society's balance sheet and disclosed in note 19.

27. Prepaid Funeral Plans

Up to the point of transfer of engagement funeral plans when a customer took out a plan, the monies were invested in whole of life policies where by value changes over time until redemption. The judgement the Society took was that on redemption of a policy, the funeral was invoiced at the current rate. The Society recognised investment gains in the income statement as they arose in accordance with IFRS 9. Consequently, because payments are received in advance of the delivery of a funeral then a financing transaction is recognised, such that the payments received from the customer grew over time by a rate which reflected a financing rate between the Society and the customer. Any investment gains and losses from our whole of life policies were measured at fair value through our income statement in accordance with IFRS 9 rather than being taken at net through operating profit. Revenue was considered to be the amounts we received from the customer in accordance with IFRS 15. Under this policy, payments were received from the customer in advance of a funeral being performed and so recognised an effective interest charge on the monies received from a customer in each year until the plan was redeemed at which point the revenue was recognised as the total of the monies received from the customer and the interest charged. The gains or losses arising from movements in the fair value of funeral plan investments have been recognised within our finance income or finance costs each year. A significant accounting estimate is present in deriving a suitable financing rate to apply to the monies received from a customer. This financing rate is fixed for the duration of the plan. The rate applied is based on an estimated borrowing rate between the customer and the Society at the point the contract is entered and reflects the security over our customers' plans through the whole of life policies we have in place. Aging of policies is based on national statistic life expectancy against the age of the plan holder. (Life expectancy for males is 82.3 (2020/21: 84.1) and 85.8 (2020/21: 86.5) for females.)

Determination of interest rate: Funeral prepayment plans
As noted above, a significant accounting estimate is present in deriving a suitable interest rate to apply to the monies received from a customer when they purchase a funeral plan. The interest rate is required to reflect the borrowing rate that would be applied between the Society and the customer in a separate financing transaction reflecting similar credit characteristics and similar security at the point the contract is entered into. These rates are then fixed for the duration of the plan. We derive the relevant interest rates by looking at the borrowing rates available to the Society at the point of time the funeral plan is taken out.

27. Prepaid Funeral Plans (continued)

	Note	2022 £'000	2021 £'000
Funeral Prepayment Plans – current	13	-	9,586
Funeral Prepayment Plans – non-current	13	-	76,751
Funeral Bond liability deferred income - current	16	-	(9,033)
Funeral Bond liability deferred income – non-current	16	-	(70,180)
Net		-	7,124

Movement in deferred income for the year

	2022 £'000	2021 £'000
Opening Balance	79,212	80,865
Redeemed in year: revenue	(4,599)	(5,048)
Net Interest	1,246	2,042
New plans in year	164	1,353
Disposed on transfer of engagement	(76,023)	-
Closing balance at the end of the year	-	79,212

28. Related parties

Vivian Woodell is Director of Student Co-operative Homes which received support of £6,000 in 2021/22 from the Co-operative and Social Economy Development Fund run by the Society, as part of agreed funding of £18,000 over three years. He is also a Trustee of The Co-operative College Trust and a Director of Co-operatives UK Limited.

Olivia Birch is Director of Revolver Co-operative Limited.

Steve Allsopp, Paul Mather, Barbara Rainford are directors of Co-operative Futures Ltd during the year.

Barbara Rainford and Victoria Green are also a Directors of Co-operative Press.

	2021 £'000	2020 £'000
Revolver Co-operative Limited	44	35
Co-op Press	16	12
Co-operative College	-	1
Co-operative Futures	48	49
Co-operatives UK	286	262

The Society was reimbursed £1.222 million by Premier Pensions in relation to pension scheme costs paid for by the Society

Remuneration of key management personnel for the year amounted to £2.431 million (2020/21 £1.876 million) including National Insurance contributions.

29. Subsidiary societies and companies

As at 22 January 2022, the Society consisted of The Midcounties Co-operative Limited and is the ultimate parent of the wholly owned subsidiary societies and companies listed below, which are all registered in England.

	Principal activity
Co-operative Payroll Giving Limited	Charitable donations
Co-operative Energy Limited	Utilities
Flow Energy Limited	Utilities
Co-operative Holidays Limited	Travel
Co-op Travel Services Limited	Travel
Kenmare Estates Limited	Property management
The Midcounties Co-operative Investments Limited	Property management
The Midcounties Co-operative Properties Limited	Property management
The Midcounties Co-operative Trading Limited	Retail
West Midlands Co-operative Chemists Limited	Retail

The following were dormant throughout the period:

Avoco UK Limited
BCOMP 527 Limited
Buffer Bear Limited
Buffer Bear Nurseries Limited
Co-op Energy Limited
Co-op Travel Direct Limited
Co-op Travel Limited
Countrystore (Maidenhead) Limited
Early Birds Nursery School Limited
Ecobilling Limited
Energy Coop Limited
First Steps Children's Nursery (Group) LTD
First Steps Childrens Nursery Limited
First Steps Childrens Nursery (Rathvilly) Limited
First Steps Children's Nursery (St Edwards) LTD
First Steps (Stonehouse Farm) Limited
Floridian Homes Ltd
Harry Tuffin Limited
Hubcentre Limited
The Midcounties WR1 Limited
The Midcounties WR2 Limited
Tavistock House Day Nursery Limited
The Midcounties Co-operative Willow Limited
Kwik Travel Limited
Needham Hall Limited
Oakshower Services Limited
Phone Co-op Numbering Limited
Places for Children (PFP) Limited
Reeves & Pain Limited
Rusts Limited
The Co-operative Childcare Limited
The Green Energy Co-op Limited
The Midcounties Co-operative Developments Limited
The Midcounties Co-operative Estates Limited
The Midcounties Co-operative Pension Trustee Limited
Thomas Ely Limited
Tuffin (Investments) Limited
Volt Energy Supply Limited
Warners Retail (Bidford) Limited
Warners Retail (Moreton) Limited

The Society also controlled and consolidated 50% of Co-op Community Energy Limited, 33% of The Co-operative Renewables Limited and 20% of Co-operative Web Limited. The results of any joint ventures have not been presented in these financial statements on the basis the results are immaterial to the financial statements.

The Society has elected to take the FRS 101 exemption which negates the requirement to disclose related party transactions between two or more members of a group.

The Midcounties Co-operative Limited includes the Society in its consolidated financial statements. The consolidated financial statements of The Midcounties Co-operative Limited may be obtained from the Secretary, Co-operative House, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA.