

Registration Number 1159R

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

Report and Financial Statements

52 week period ended 24 February 2018

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 24 February 2018

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RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 24 February 2018

DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Jeremy Fricker ^{2 3}	President
Graham Jeffery ^{1 2}	Vice-President
Derek Roberts ³	
Jonathan Rich ³	
Craig Doughty	
Lynda Robertson ¹	
Sue Barnard ^{1 2}	
Chris Warren ¹	
Suzanne Burgess ³	

¹ Audit Committee

² Remuneration and Benefits Committee

³ Pension Trustees

OFFICERS

Don Morris CMIIA FCCA	Chief Executive/Secretary
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REGISTERED OFFICE

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BANKERS

Barclays Bank
1 Queen Square
Bath
BA1 2HA

AUDITOR

Old Mill Audit LLP
Bishopbrook House
Cathedral Avenue
Wells
BA5 1FD

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

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BOARD'S REPORT TO MEMBERS

INTRODUCTION

The Board of Directors is pleased to present to members the report and financial statements for the 52 week period ended 24 February 2018.

PRINCIPAL ACTIVITIES

The Society's principal activities continue to be food and non-food retailing. In addition the Society has farming and travel agency operations and also manages a portfolio of investment properties, receiving rental income in relation to these commercial and residential properties.

BUSINESS MODEL

The Society's model to generate and preserve value is to:

- equip to succeed with continued development to the retail estate, IT systems and business continuity plans;
- engage with our members through statutory annual reporting and developing membership engagement;
- maintain financial control through retained earnings, property portfolios and liquid investments;
- sustain success within the current stores with a continuous re-fit plan and to extend the Estate
- improve the Radstock store's performance, and to improve the Farm's performance;
- engage with colleagues in order to develop and adapt recruitment and retention in-line with performance and economic conditions.

PRINCIPAL RISKS AND UNCERTAINTIES

The Society continually monitors risks to its strategies from both internal and external sources. Risks are categorised along financial, operational, property and Society wide areas and their potential impact assessed and scored. Principal risks include the threat of competition from other major food retailers, over-reliance on the Co-operative Retail Trading Group and the impact on margin economics. The Board recognises this risk and has committed to a strategy of investment aimed at protecting the core business.

FINANCIAL RISK MANAGEMENT

The Board considers the liquidity and credit risk not to be material given the healthy net current asset position of the business. However, the level of cash balances does give exposure to risks in movements in interest rates. Management has treasury management policies in place to review the rate of return achieved on cash investments.

EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. It is the policy of the Society that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels with the aim of ensuring that their views are taken into consideration when decisions are made that are likely to affect their interests. Communication with all employees continues through the newsletter and distribution of the annual report. The Society is an Equal Opportunities Employer.

CREDITOR PAYMENT POLICY

For trade creditors, it is the Society's policy to:

- agree the terms of payment at the start of business with that supplier;
- ensure that suppliers are aware of the terms of payment; and
- pay in accordance with its contractual and other legal obligations.

The Society does not follow a standard or code which deals specifically with the payment of suppliers

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PRESIDENT'S STATEMENT

It is an honour and a privilege to be able to write this statement as President during the year in which the Society enters its 150th year. For those 150 years Radstock Co-operative Society has served its members and customers, from humble beginnings to the vibrant and expanding business it has become today. Throughout that proud and independent journey the Society has demonstrated its relevance and its place in the communities it serves. Nowadays, when support often takes the form of assistance for local good causes and charities, we continue to cement our place in the community.

The trading environment, as we all know, has been particularly challenging throughout 2017. It is therefore pleasing to note that despite these challenges the Society has continued to grow and flourish. Since my last report, three new community stores have been opened in Warminster, Weston-super-Mare and Bridgwater, bringing the store estate up to nineteen, another milestone as we enter a hugely significant year in the Society's history. After a torrid year for the farm in 2016, it is pleasing to see a strong result from our dairy farm and the improvement in the Society's surplus before distributions.

Last year I was delighted to be able to report the progress we have made as a Co-operative Society attracting and recruiting new members. That progress has continued throughout 2018. Total membership now stands at 14,429 a significant increase of 5,472 or 61% over the prior year. As a successful co-operative business, dividend paid out to our members amounted to £79,064 for the financial year.

As always, our colleagues have participated in various activities and events in order to raise money for charities and good causes. These have included the Grand Appeal. Farrington Gurney Store Manager, Graham Perry, raised nearly £2,000 for the Bristol Children's Hospital 'Wallace and Gromit Grand Appeal' by jumping from an aeroplane and free falling 20,000 ft. The Society donated a further £400 from funds raised from our charity raffle that was held at last year's annual awards ceremony.

National fundraising appeals were again well supported with £615 raised for Comic Relief, £2,000 raised for Children in Need with £2,485 raised in support of the Poppy Appeal. In addition the Society made numerous small scale donations and gave products and prizes in support of a variety of community groups and causes. We are grateful as ever for the continuing generosity of our customers and colleagues who provide much needed financial support for many a deserving cause.

The member-selected charities for the year, YMCA Mendip and the Midsomer Norton and Radstock Silver Band, both received donations of £1,100. Cheque presentations of £250 were made to pupils who attend the Minster Church of England School to mark the opening of the new Warminster store, pupils at Ashcombe Primary School who attended the opening of our Weston Super Mare store and pupils from Elmwood Special Needs School who were VIP guests for the opening of the Bridgwater store.

In January of this year the Society was awarded the prestigious silver accreditation against the Investors in People Standard, demonstrating commitment to high performance through good people management. I'd like to quote Paul Devoy, Head of Investors in People, who said: "We'd like to congratulate Radstock Co-operative Society. Investors in People accreditation is the sign of a great employer, an outperforming place to work and a clear commitment to success. Radstock Co-op should be extremely proud of their achievement."

On behalf of your Board of Directors I would like to thank our members and customers for their continued support and our colleagues for all their hard work during the year. A number of exciting events are planned throughout 2018 across the Society's trading area to celebrate our 150th year. The Board of Directors look forward to welcoming all to these celebrations.

Jeremy Fricker
President

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REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Radstock Co-operative Society has been a West Country business at the heart of the community since 1868. Throughout that history the Society has remained independent not only in its status but also in its thinking, a trait that can be traced to its mining heritage. Our founding fathers believed that the co-operative movement could teach communities to be provident and self-reliant and it was their duty to seek to spread these principles far and wide.

Owned by our members, in 2018 we operate eighteen community stores, a superstore in Radstock and a 1,000 acre dairy farm at Hardington. We've expanded rapidly in recent years with a clear vision. Locally owned and locally managed, we aim to be the best community retailer, growing the business for the future, considering co-operative principles in everything we do.

As a Society, in-line with our continuing strategy, we have seized the opportunity to grow our retail sales by continuing to invest in our community store business through new store openings and in our existing estate through store refits. We have introduced further in-store bakeries and extended fresh and chilled product lines. Our largest store, RADCO, has again made a modest but very hard fought contribution to the retail estate. The farm, after a very difficult year in 2016 for the milk industry, has rebounded and made a significant contribution to our surplus in 2017 helped by our strategy to expand milk volumes and control costs. The pressure on business seen in 2017 will continue in 2018 with demand on margins, increasing operating costs and uncertainty over Brexit exacerbating the challenges we face.

Gross takings during the financial year exceeded £40m for the very first time growing by £3,831,094 or 10% and now stand at £42.4m (2016/17: £38.6m). On a like-for-like basis the Society's stores achieved increased turnover of £1,231,862 or 4.1%. The Society made a small trading loss for the year of £146,650 (2016/17: £71,824) partly as a result of known costs relating to the establishment of pricing and merchandising skill sets previously provided to the Society by others and the start-up costs of our new stores. This position is reversed when the contribution from the Farm and Property income are applied leading to an operating surplus of £174,483 (2016/17: £253,998). After Finance Costs and revaluation gains on investment properties, due to the construction of two new residential flats above our Chew Magna store, the surplus before distributions are up 30% and stand at £282,411 (2016/17: £217,842).

The Society has had a very busy year with the addition of three new stores, two opening before 24 February 2018 and one shortly after. Warminster is a new purpose-built community store and has become our second store in the County of Wiltshire. Located on Victoria Road the location is prominent being on a major road with a large number of houses in the location and the site offers good access with parking. Milton Road in Weston-super-Mare became the Society's eighteenth store and Taunton Road in Bridgwater the nineteenth. As always the stores have been fitted out to a high specification with energy-efficient chillers, freezers and lighting and low-level fixtures. The layouts have been designed to provide a light and spacious environment with wide aisles to ease navigation and plenty of natural light providing for an enjoyable shopping experience. The new stores expand our geographical trading area and are strong additions to the retail estate.

2017 was a good year for the farm as the price of milk at the farm gate rose steadily from the 'milk price crisis' of 2016. The welcomed surplus of £110,921 (2016/17: £5,078) made an important contribution to the Society's profitability. Our Farm Manager from Velcourt is continuing to make the necessary improvements in land management, feedstock and animal husbandry and we remain a member of the Co-operative Dairy Group (CDG). The Society will continue to make appropriate infrastructure investments especially to aid efficiencies in the dairy operation in preparation for our continued expansion of the dairy herd.

Turning now to future developments, the Society will continue to review its trading locations and their development to ensure that all stores meet the needs of our members and customers. We will also pursue our expansion strategy whilst ensuring the Society remains financially safe and secure.

In what has turned out to be an exceptionally busy but rewarding year it gives me great pleasure to thank all colleagues for their hard work and to thank our members and customers for their continued trading support. Our attention now turns to the Society's 150th year. I look forward to celebrating this outstanding achievement with our members, customers and colleagues.

Don Morris, Chief Executive

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GOING CONCERN

Budgets and forecasts have been prepared and considered for a period of at least twelve months after the signing date and support the adoption of the going concern basis.

After taking into account the trading performance, the strength of the balance sheet and the cash balances held by the Society, the Directors have a reasonable expectation that the Society has adequate resources to continue in existence for the foreseeable future. There are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern. For this reason, they continue to adopt the going concern basis in preparing the Society's Financial Statements in accordance with Section D1.1 of the Co-operatives^{UK} Limited's Corporate Governance Code of Best Practice Volume 1.

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint Old Mill Audit LLP will be proposed at the forthcoming Annual General Meeting.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Society maintains appropriate Directors' and Officers' liability insurance cover in respect of legal action against its Directors and officers.

APPLICATION OF PROFITS

The distributions made by the Society recognise and reward members for their trade with the Society. The Dividend Card records points earned for purchases from the society.

BOARD CERTIFICATION

Having taken all the matters considered by the Board and brought to the attention of the Board during the year, we are satisfied that the annual report and accounts, taken as a whole, is fair, balanced and understandable.

The Board's Strategic Report to Members and the Statement of Corporate Governance are hereby signed on behalf of the Board and the Financial Statements and notes on pages 19 to 39 are hereby signed on behalf of the Board of Directors pursuant to Section 82(1) of the Co-operative and Community Benefit Societies Act.



Jeremy Fricker
President



Graham Jeffery
Vice-President



Don Morris
Chief Executive/Secretary

Date 26/04/18

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

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BOARD'S RESPONSIBILITIES STATEMENT

Co-operative and Community Benefit Societies Act 2014 requires the Directors to ensure that the financial statements give a true and fair view of the state of affairs of the Society at the end of the financial period, and of the surplus or deficit for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Society will continue in business; and
- keep proper accounting records that disclose with reasonable accuracy at any time the financial position of the Society and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They have a 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.

Under applicable law the Directors are also responsible for preparing a Directors' Report that complies with those Acts. The Directors are responsible for the maintenance and integrity of the Society's website.

The Directors confirm they have complied with the above requirements in preparing the financial statements.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

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STATEMENT OF CORPORATE GOVERNANCE

The role of the Board is to effectively govern the co-operative; it is accountable to its membership and is collectively responsible for the long-term success of the business in accordance with the International Co-operative Alliance Values and Principles.

BOARD OF DIRECTORS

Jeremy Fricker
Graham Jeffery
Allan Curtis (retired (18/5/17))
Derek Roberts
Jonathan Rich
Craig Doughty
Lynda Robertson
Sue Barnard
Chris Warren
Suzanne Burgess (appointed 14/6/17)

SUB COMMITTEES OF THE BOARD AUDIT COMMITTEE

Graham Jeffery (Chair)
Lynda Robertson
Sue Barnard
Chris Warren

REMUNERATION AND BENEFITS COMMITTEE

Jeremy Fricker
Graham Jeffery
Sue Barnard

SENIOR MANAGEMENT TEAM

Don Morris	Chief Executive/Secretary
Ann Sillwood	Head of Finance & IT
Alan Jackson	Head of Retail Operations
Vicki Przytocki	Head of Human Resources

Corporate Governance is the system by which an organisation is directed and controlled at the most senior levels in order to achieve its objectives and meet the necessary standards of accountability and probity.

Guidance on achieving the highest possible standards of governance is contained in the Combined Code on Corporate Governance issued by the Financial Reporting Council in 2012 and other relevant standards and directives. As a Co-operative and Community Benefit Society (formerly an Industrial and Provident Society until August 2014), Radstock Co-operative Society Limited is not required to adhere to the provisions of the revised Combined Code. However, Co-operatives^{UK}, the apex body for co-operative enterprises in the UK, has issued a Code of Best Practice ('the Code') for consumer co-operatives with which it requests voluntary compliance. This Code (revised November 2013) is based on the principles contained in the Combined Code but is tailored to the particular governance characteristics found in consumer co-operative societies.

It is the Board's objective to comply with Co-operatives^{UK} Corporate Governance Code of Best Practice as far as practicable in the Society's particular circumstances. The Board recognises that work needs to be completed before full compliance with the code is completed. However, a significant start has been made.

Areas of non-compliance are the establishment of a Search Committee, Interim Report, refreshing the Board, a written Board diversity policy, position of Chief Executive and Secretary being held by one individual, and co-option of professional external directors. The Society has not conformed to the Code in these areas but is working towards compliance with the Code of Best Practice.

The summary that follows highlights the main features of the corporate governance arrangements in the Society that the directors believe are most appropriate for the organisation at this time.

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STATEMENT OF CORPORATE GOVERNANCE (continued)

OUR MEMBERS

Co-operatives are member-owned democratic organisations and the Board has sought to encourage members to play their part in the governance of the business and improve membership participation. The Board considers membership issues on a regular basis and reviews the Society's performance in this area.

The Board welcomes contested elections and encourages the participation of the membership in the electoral process. It is recognised that the involvement of a participatory membership is central to our co-operative identity and the Board is keen to attract potential future directors.

Elections to determine who will serve on the Board are held ahead of the Annual General Meeting each year. All members are entitled to vote in such elections. Members vote in person at any of the Society's retail stores on specified election polling days. Election results are announced at the Society's Annual General Meeting which is publicised to members in all retail stores.

The Annual General Meeting is used to communicate with the members and encourage them to exercise their democratic rights and their active participation. Annual Statutory accounts are available to all members at least 14 days prior to the Annual General Meeting. The Society ensures that all notified amendments to the membership register are promptly updated.

THE BOARD

The Board of Directors consists of up to nine members who are directly elected from, and by, the membership. After you have been a member for two years with a minimum of £50 in your share account, you become eligible to stand for election to the Board of Directors. Any member can nominate another member who meets the criteria to stand for election. Directors are elected for a maximum of three years in line with the recommendations of the Corporate Governance Code of Best Practice. The Society does not have a policy of co-opting professional external directors onto the Board. The Board appoints, or reappoints, the President and Vice-President on an annual basis.

Name	First elected	Term expires
Jeremy Fricker	2008	2020
Derek Roberts	2011	2020
Suzanne Burgess	2017	2020
Jonathan Rich	2014	2019
Sue Barnard	2016	2019
Chris Warren	2016	2019
Graham Jeffery	2014	2018
Craig Doughty	2015	2018
Lynda Robertson	2015	2018

Directors' fees are approved by the Society's members. The current fee levels were recommended to the membership and approved by them in June 2017. In addition to their fees, directors are able to claim expenses reasonably incurred in carrying out Society business.

The Board is led by the President, who is also the Chairman, and who should ensure that the Board is in effective control of the Society's affairs and alert to its obligations to its members. The Chairman should promote an effective working relationship between directors and encourage the active engagement and participation of all the members of the Board.

The Board is responsible for ensuring that business is conducted in the best interests of the Society and its members and in accordance with co-operative values and principles. In particular, the Board determines the vision and strategies of the Society and ensures that policies and organisational structures are in place to deliver the long-term objectives.

The Board also ensures that the Society's actions comply with the Society's rules, relevant laws and regulations. The Board meets at least monthly, with additional sub-committee meetings on a regular scheduled basis.

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STATEMENT OF CORPORATE GOVERNANCE (continued)

THE BOARD (continued)

The Board as a whole assumes responsibility for membership engagement. It reviews existing member activity, member research and feedback and develops proposals for membership engagement and development programmes which it monitors and reviews. The Board is responsible for plans for membership communication and membership benefits and for the strategic direction of community support.

The Society maintains appropriate directors' and officers' liability cover in respect of legal action against its directors and officers. The arrangements are reviewed periodically.

The Board has established four sub-committees: an Audit Committee; a Remuneration and Benefits Committee; a Membership Committee and a Farm Committee. The Board determines the powers delegated to its sub-committee and receives regular reports from them. The President and three directors serve as Trustees of the Pension Scheme along with four elected representatives of the Scheme's members (Member Nominated Trustees).

Detailed Board and Committee papers are distributed in advance of the meetings to provide the opportunity for directors to fully prepare for meetings. The Minutes of all Board meetings are circulated to all directors. The Board receives regular presentations from management at its meetings to increase directors' understanding of the business. Where directors require clarification and advice outside of the expertise of management the Society's rules provide that they may take independent professional advice at the Society's expense in furtherance of their duties.

The Society's directors have attended the following Board and Committee meetings during the period:

Director	Main Board		Audit Committee		Remuneration and Benefits Committee		Employees' Superannuation Fund	
Jeremy Fricker	11	(12)			2	(2)	3	(3)
Graham Jeffery	10	(12)	3	(4)	2	(2)		
Allan Curtis	2	(3)	0	(2)			1	(1)
Derek Roberts	10	(12)					2	(2)
Jonathan Rich	11	(12)					2	(2)
Craig Doughty	12	(12)						
Lynda Robertson	12	(12)	4	(4)				
Sue Barnard	11	(12)	3	(4)	2	(2)		
Chris Warren	12	(12)	2	(2)				
Suzanne Burgess	9	(9)					1	(1)

The number in brackets indicates the total number of meetings the director was eligible to attend during the period.

Directors are inducted into their role; they are briefed and informed in order to enable them to carry out their duties effectively. The Society has developed an induction process detailing board issues, directors' duties and the Society's business.

During the year the Board undertook one full days training, facilitated by an external trainer, on Financial Update. Eight directors attended two full days' attendance and training at the Co-operatives UK National Retail Conference and directors visited The East of England Co-operative.

The changes in directors during the period are as follows:

Jeremy Fricker	re-elected 14 June 2017 (3 year term)
Derek Roberts	re-elected 14 June 2017 (3 year term)
Suzanne Burgess	elected 14 June 2017 (3 year term)
Allan Curtis	Retired 18 May 2017

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STATEMENT OF CORPORATE GOVERNANCE (continued)

THE AUDIT COMMITTEE

The principal role of the Audit Committee is to help the Board fulfil its obligations in respect of financial reporting, risk management and internal control principles. The Audit Committee considers value for money across the expenditure of the business as a whole.

The Audit Committee has documented Terms of Reference which include its role, responsibilities, membership and authority delegated to it by the Board. Under its terms of reference, the Audit Committee:

- monitors the integrity of the Society's financial statements, including its annual reports;
- reviews the consistency of, and any changes to, accounting policies and methods on a year-on-year basis;
- reviews the effectiveness of the Society's internal controls and risk management system, risks are identified and reviewed on an annual basis;
- monitors and reviews the effectiveness, independence and objectivity of the internal audit function outsourced to RSM Risk Assurance Services LLP, in the context of the Society's overall risk management system. It is responsible for approving their remit, their appointment and removal, and management's responsiveness to the findings and recommendations of the internal auditor;
- reviews the Society's whistle-blowing procedures, ensuring that appropriate arrangements are in place for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters;
- monitors the effectiveness of the external audit process and makes recommendations to the Board in relation to the appointment, reappointment and remuneration of the external auditor; and
- ensures that an appropriate relationship between the Society and the external auditor is maintained, including reviewing non-audit services and fees.

The Committee comprises four directors. The Chairman of the Committee is Graham Jeffery. In accordance with the Code neither the Chairman of the Board nor the Chief Executive Officer sits on this Committee and employee directors are barred from membership.

The Audit Committee discharged its responsibilities by considering the above issues during the four meetings held in the year. At the start of the year the Audit Committee reviewed and approved RSM's annual internal audit programme agreeing areas to be focused on in order to mitigate risk and ensure robust management and financial controls are in place. RSM gave an Audit Report, Management Actions Updates and detailed reports on the audit work carried out to the Audit Committee. The Audit Committee reviewed capital expenditure on projects and discussed and updated the risk register.

The Audit Committee worked with the external auditors, Old Mill, to agree accounting and reporting policy and approved the statutory accounts. The Committee considered significant issues in relation to the financial statements; these included stock valuation and the valuation of the pension scheme. These issues were highlighted due to the high value and materiality involved in these areas, which affects the profitability of the Society and the wider retail sector.

These issues have been addressed throughout the year through the internal audit process, the monitoring of management processes and reviewing of financial and non-financial information presented both to the Audit Committee and to the Board. Work has been carried out in the year to monitor stock more effectively and provide accurate management reporting; with external stocktakes to verify the results. Financial reporting to the Board and Senior Management Team comparing actual revenues to budgets and forecasts with gross profit margins has been available to monitor progress of all trading sectors of the Society. The Co-operative Muller milk contract provides the Society with some protection against the severe fluctuations of the milk price. The pension scheme liability has been calculated by external actuaries, a full three year valuation completed in 2017, with management and external auditors checking the assumptions used.

These internal findings and results are then communicated to the external auditor for further review. A full external audit report is presented to the Audit Committee, which reports on their findings and areas they feel should also be addressed. The Audit Committee meets with the external auditor to review and discussed the audit review and check all significant issues been considered. How the external auditors have addressed these significant issues is shown in the Independent Auditor's report.

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STATEMENT OF CORPORATE GOVERNANCE (continued)

THE AUDIT COMMITTEE (continued)

The Committee met both the external auditor and the internal auditor. Both the external and internal auditors have direct access to the President and the Chairman of the Committee at all times and the Committee meets with the Society's external auditor at least once each year. The Chair of the Audit Committee presents the minutes of the Committee's meeting to the Board after each meeting. Committee minutes are also circulated to all directors.

The Society has a policy of allowing the external auditor to provide other services to the Society on the provision that it does not impair its independence. The Board reviews the independence of the external auditor through monitoring of the level and nature of non-audit services. Fees paid to the external auditor are disclosed in note 6.

A resolution to reappoint Old Mill Audit LLP will be proposed at the forthcoming Annual General Meeting.

INTERNAL CONTROL

The Society continues to operate under the Co-operatives^{UK} Corporate Governance Code of Best Practice revised November 2013, under which the Board of Directors is collectively responsible for the system of internal control and for reviewing its effectiveness.

In order to assist the Board in discharging its duties in monitoring and assessing risks to the business it has an Audit Committee. The Audit Committee's responsibilities include receiving reports from the internal and external auditors, in addition to meeting with internal and external auditors and such external advisers as deemed necessary.

Systems are designed to manage and minimise risks to the business but can provide only reasonable but not absolute assurance against material misstatement or loss.

CONTROL ENVIRONMENT

The Society is committed to the highest standards of business conduct and seeks to maintain the standards throughout the Society. The Society has developed an appropriate management and organisation structure with defined lines of responsibility and delegation of authority for planning, controlling and monitoring the business operations.

RISK MONITORING AND MANAGEMENT

The Board and Executive Management have responsibility for identifying the key business risks facing the Society and for the development of appropriate policies and procedures to manage these risks. During the period under report the business risk register was updated. Risks have been scored in terms of both impact and the likelihood of each risk crystallising.

The Audit Committee has completed an annual review of the risk register and the effectiveness of the Society's risk management and internal control systems. The Audit Committee confirms that actions are in place or are being under taken to limit the risks and remedy any weaknesses in internal controls which have been identified throughout the year.

INFORMATION AND COMMUNICATION

The Society undertakes periodic strategic reviews, including the evaluation of business alternatives. Senior management prepare annual budgets, and performance against budget is actively monitored at store and cost centre level. Results are presented to the Board on a regular basis, and consequently the Society's performance is continually monitored and remedial action taken where required.

CONTROL PROCEDURES

Society control procedures are designed to produce complete and accurate accounting for financial transactions and to limit the potential exposure to loss of assets or fraud.

Capital projects and asset acquisitions and disposals require Board approval. The Board receives reports regularly on capital asset movements. Commitments, which require the use of the Society's seal, are authorised by the Board.

MONITORING

During the period under report the Society continued with RSM Risk Assurance Services LLP as its internal audit provider. The Audit Committee has received the results of an internal review and will approve internal audit plans for the forthcoming year. Management continues to monitor the internal control environment.

The Society has a documented Whistleblowing procedure in place that has been reviewed by the Audit Committee.

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KEY CO-OPERATIVE, ENVIRONMENTAL AND SOCIAL PERFORMANCE INDICATORS

As a responsible retailer the Society is keen to monitor its environmental and corporate social responsibility. One such measurement framework is the Co-operative Movement's Key Social and Co-operative Performance Indices. The Society is working towards being able to report against all of the following areas:

NO	AREA	MEASUREMENT	OUTCOME
1	Member economic involvement	Trade (£) conducted with members as a proportion of turnover (%)	There was no practical mechanism to apply this measurement during 2017/18.
2	Member democratic participation	Number of members voting in elections and as a % of total membership	Nominations from 3 candidates for 3 vacancies on the Board were received. Two directors were re-elected and one new candidates elected.
3	Participation of employees and members in training and education schemes	All types of training	Employees attended 1498 (2016/17: 1535) training events equating to 312 full days during 2017/18. This included personal development, management training (time management, disciplinary handling, recruitment, managing performance) customer excellence, First Aid, Fire Marshall/Warden, Fork Lift Truck, Food Handling, Herd Welfare. In additions, compliance training was completed using the e-learning platform and we implemented a trainee manager, trainee supervisor and apprenticeship scheme.
4	Staff injury and absentee rates	Staff injury rates/number of accidents/number reportable. Total absentee rate	During 2017/18, there were 43 accidents (2016/17: 42), of which 1 was reportable (2016/17: 3). The average employee absence rate for 2017/18 was 3.9% per period (2016/17: 3.6%).
5	Staff profile - gender and ethnicity % where data supplied (5% of the workforce have not supplied details of their ethnicity).	% male/female and non-white British employees	Of our employees, 65% are female and 35% are male (2016/17: 68% female, 32% male). Employees with ethnic origin other than White British are 1% (2016/17: 0.6%).
6	Customer satisfaction %	Number of customers satisfied as a %	We aspire to 100% customer satisfaction. We record customer feedback (including complaints) and employ "mystery shoppers". This information helps to direct us to those areas that need improvement. The Society's average mystery shopping score was 92% (2016/17: 95.1%) which satisfies the required pass mark of 92.0%.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED**REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 24 February 2018****KEY CO-OPERATIVE, ENVIRONMENTAL AND SOCIAL PERFORMANCE INDICATORS (continued)**

NO	AREA	MEASUREMENT	OUTCOME
7	Considerations of ethical issues in procurement and investment decisions	Qualitative Description of how these factors are considered in the course of business	The Society is a member of the Federal Retail and Trading Services and shares the procurement policy of that body. The ethical trading policy and procedures in FRTS address the issues of sound sourcing, animal welfare, food integrity and health and ecological sustainability. On the Society's own dairy farm in Hardington, livestock are treated in accordance with the highest standards of animal welfare.
8	Investment in community and co-operative initiatives	Annual proportion of pre-tax investment in community initiatives as a proportion of surplus before tax %	A total of £9,500 was donated in support of our community relations strategy. The total represents 3.5% of pre-tax surplus. £1,000 of charity funds received from the FRTS will be gifted to local charities at our annual Gala event. The involvement of colleagues within stores in community initiatives and fundraising is significant with at least £3,269 raised in the year.
9	Waste recycled/reused as % of waste arising	% of recycled/reused	100% of all packaging waste (cardboard and plastic) is recycled through the FRTS distribution centres.
10	Net carbon dioxide (CO2) emissions arising from operations	Annual CO2 emissions associated with energy used for all on-site operations i.e. offices / shops	During 2017/18 we purchased energy from our electrical and gas supply contract, which provides energy from renewable sources. This resulted in 1,455 tonnes of CO2 using the basis of measurement taken from the government conversion factors for company reporting. We have 39 hectares of forest on our farm estate at Hardington. This equates to approx. 210 tonnes of CO2 captured each year according to forestry Commission guidelines for UK woodlands. The actual capture depends upon climate, age and type of forest and the soil. A hectare of trees captures 1-10 tonnes of CO2 per year.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 24 February 2018

REMUNERATION AND BENEFITS COMMITTEE

The Remuneration and Benefits Committee is pleased to present its Report to members for the 52 week period ended 24 February 2018.

This report will be put to an advisory vote at the AGM.

The Committee is responsible for determining and agreeing with the Board the framework or broad policy for the remuneration of the Society's Chief Executive, the Society's Secretary and other members of the senior management team. In doing so it takes into account all factors which it deems necessary. The objective of such policy shall be to ensure that members of the senior management team of the Society are provided with an appropriate remuneration package to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Society.

The Remuneration and Benefits Committee met on the 27 April 2017 and 22 June 2017. The Committee plans to meet at least once a year and at such other times as the Chair of the Committee shall require or if requested by two members of the Committee.

The Committee comprises three directors. The Chairman of the Committee is Jeremy Fricker. The other Committee members are Graham Jeffery and Sue Barnard. In accordance with the Corporate Code of Best Practices published by Co-operatives^{UK} employee directors are not allowed to sit on the Committee. The fundamental principle that no Executive should be present for any part of a meeting when their own terms and conditions are being discussed has been fully observed.

The Committee is accountable to the Board and reports on its activities at the next Board meeting following a Committee meeting. All significant decisions made by the Committee are endorsed by the Board before implementation. The minutes of all Committee meetings are given to the Board for review.

Independent External Advice

The Committee's principal external adviser is the Co-operative Employers Association; its services have been utilised during the past year by the Society.

The Committee is also empowered to seek additional independent external advice whenever it deems necessary.

No external advice other than that obtained from the Co-operative Employers Association has been sought in the past year.

Service Contract

There has been no change in the service contract arrangements of our senior management team during the year. The Chief Executive's notice period is one year.

Pension Benefits

There has been no change to the pension arrangements of our senior management team during the year.

Senior Management Team Emoluments

Details of the total remuneration of the senior managers are given in the table below.

Name	Chief Executive Officer £	Head of Retail Operation £	Head of Human Resources £	Head of Finance & IT £
Salary	148,245	85,943	68,141	68,223
Employers Pension Contributions	12,081	5,562	5,494	5,188
Total Emoluments	160,326	91,505	73,635	73,411

RADSTOCK CO-OPERATIVE SOCIETY LIMITED**REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 24 February 2018****REMUNERATION AND BENEFITS COMMITTEE (continued)****Directors' Emoluments**

The rules of the Society require that the fees and expenses paid to directors are approved by the Society's members. The current annual fees payable to directors are set out below.

Directors are reimbursed all reasonable expenses incurred while carrying out their duties for the Society.

Name	Fees 2017/18 £	Expenses 2017/18 £	Total Emoluments 2017/18 £
Jeremy Fricker	3,757	577	4,334
Graham Jeffery	3,113	743	3,856
Allan Curtis	707	-	707
Derek Roberts	2,576	45	2,621
Jonathan Rich	2,576	-	2,576
Craig Doughty	2,576	-	2,576
Lynda Robertson	2,576	-	2,576
Sue Barnard	2,576	-	2,576
Chris Warren	2,576	45	2,621
Suzanne Burgess	1,874	-	1,874

By order of the Board



Jeremy Fricker

President and Chair of the Remuneration and Benefits Committee

Date 26/04/18

Independent auditor's report to the members of Radstock Co-operative Society

Opinion

We have audited the financial statements of Radstock Co-operative Society (the "society") for the 52 weeks ended 24 February 2018 which comprise the Revenue Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

In our opinion, the financial statements:

- give a true and fair view of the state of the society's affairs as at 24 February 2018 and of its income and expenditure for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The committee of management are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 24 February 2018

Matters on which we are required to report by exception

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

- the society has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation;
- the revenue account, any other accounts to which our report relates, and the balance sheet are not in agreement with the society's books of account; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the committee of management

As explained more fully in the committee of management's responsibilities statement set out on page 7, the committee of management 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 they 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 committee of management 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 committee of management either intend to liquidate the society or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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



*Tim Lerwill (Senior Statutory Auditor)
for and on behalf of Old Mill Audit LLP
Chartered Accountants and Statutory Auditor*

*Bishopbrook House
Cathedral Avenue
Wells
Somerset
BA5 1FD*

Date:

14/5/18

RADSTOCK CO-OPERATIVE SOCIETY LIMITED


REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 24 February 2018

REVENUE ACCOUNT

	Notes	52 week period ended 24 February 2018 £	52 week period ended 25 February 2017 £
Gross takings		42,400,042	38,568,948
Less agency and concession turnover		(9,121,650)	(8,554,141)
Gross sales (including VAT)		33,278,392	30,014,807
Value added tax		(3,072,702)	(2,732,503)
Retail turnover	3	30,205,690	27,282,304
Cost of sales		(21,966,585)	(19,663,577)
Gross profit		8,239,105	7,618,727
Other operating income	4	844,153	745,003
Expenses	5	(9,229,908)	(8,291,906)
Trading surplus/(deficit)		(146,650)	71,824
Farm surplus	7	110,921	5,078
Non-trade property net income	8	210,212	177,096
Operating surplus		174,483	253,998
Revaluation gain/(loss) on investment properties		186,061	-
Finance costs (net)	9	(78,133)	(36,156)
Surplus before distributions		282,411	217,842
Share interest	20	(944)	(939)
Donations		(5,822)	(3,727)
Death benefits		(570)	(1,112)
Surplus before tax		275,075	212,064
Taxation	11	(93,886)	(64,342)
Surplus for the period		181,189	147,722

All amounts derive from continuing operations.

The financial statements of Radstock Co-operative Society Limited (registered number 1159R) were approved by the board of directors and authorised for issue on 26 April 2018. They were signed on its behalf by:


Jeremy Fricker
 President


Graham Jeffery
 Vice-President


Don Morris
 Chief Executive/Secretary

RADSTOCK CO-OPERATIVE SOCIETY LIMITED**REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 24 February 2018****STATEMENT OF COMPREHENSIVE INCOME**

		52 week period ended 24 February 2018 £	52 week period ended 25 February 2017 £
	Note		
Profit for the period		<u>181,189</u>	<u>147,722</u>
Remeasurement of net defined benefit liability	22	1,443,000	(1,836,000)
Tax relating to components of other comprehensive income	19	<u>(220,749)</u>	<u>294,470</u>
Other comprehensive income/(expense)		<u>1,222,251</u>	<u>(1,541,530)</u>
Total comprehensive income/(expense) attributable to equity shareholders of the Company		<u><u>1,403,440</u></u>	<u><u>(1,393,808)</u></u>

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 24 February 2018

BALANCE SHEET At 24 February 2018

	Note	52 week period ended 24 February 2018 £	52 week period ended 25 February 2017 £
Fixed assets			
Intangible assets	12	201,221	233,501
Tangible assets	13	12,201,959	10,645,509
Investments	14	52,644	52,644
		<u>12,455,824</u>	<u>10,931,654</u>
Current assets			
Stocks	15	2,426,713	2,132,422
Debtors – due within one year	16	1,334,231	957,574
Debtors – due after one year	16	287,323	506,882
Investments	14	1,019,627	3,291,890
Cash at bank and in hand		1,284,195	81,234
		<u>6,352,089</u>	<u>6,970,002</u>
Creditors: amounts falling due within one year	17	<u>(3,591,744)</u>	<u>(2,550,099)</u>
Net current assets		<u>2,760,345</u>	<u>4,419,903</u>
Total assets less current liabilities		<u>15,216,169</u>	<u>15,351,557</u>
Creditors: amounts falling due after more than one year	18	<u>(1,532,912)</u>	<u>(3,166,735)</u>
Provisions for liabilities	19	<u>(262,022)</u>	<u>(177,664)</u>
Net assets		<u>13,421,235</u>	<u>12,007,158</u>
Capital and reserves			
Called-up share capital	20	262,628	251,991
Revenue account		13,158,607	11,755,167
Members' funds		<u>13,421,235</u>	<u>12,007,158</u>

The financial statements of Radstock Co-operative Society Limited (registered number 1159R) were approved by the board of directors and authorised for issue on 26 April 2018. They were signed on its behalf by:



Jeremy Fricker
President



Graham Jeffery
Vice-President



Don Morris
Chief Executive/Secretary

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 24 February 2018

STATEMENT OF CHANGES IN EQUITY

At 24 February 2018

	Called-up share capital £	Revenue account £	Total £
At 27 February 2016	236,601	13,148,975	13,385,576
Profit for the financial year	-	147,722	147,722
Remeasurement of net defined benefit liability	-	(1,836,000)	(1,836,000)
Tax relating to items of other comprehensive income	-	294,470	294,470
Total comprehensive income		(1,393,808)	(1,393,808)
Issue of share capital	22,316	-	22,316
Interest on equity share	939	-	939
Withdrawals of share capital	(7,865)	-	(7,865)
At 25 February 2017	251,991	11,755,167	12,007,158
Profit for the financial year	-	181,189	181,189
Remeasurement of net defined benefit liability	-	1,443,000	1,443,000
Tax relating to items of other comprehensive income	-	(220,749)	(220,749)
Total comprehensive income		1,403,440	1,403,440
Issue of share capital	16,287	-	16,287
Interest on equity share	944	-	944
Withdrawals of share capital	(6,594)	-	(6,594)
At 24 February 2018	262,628	13,158,607	13,421,235

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 24 February 2018

CASH FLOW STATEMENT

	52 week period ended 24 February 2018 £	52 week period ended 25 February 2017 £
Cash flows from operating activities		
Operating surplus	174,483	253,998
Adjustment for:		
Depreciation and amortisation	1,082,437	1,019,986
(Profit) on sale of fixed assets	(2,910)	(5,590)
Taxation	(10,718)	(33,580)
Operating cash flows before movement in working capital	1,243,292	1,234,814
Increase in stocks	(294,291)	(69,406)
Increase in debtors	(376,657)	(134,909)
Increase in creditors	959,678	371,507
Adjustment for pension funding	(186,856)	(193,000)
Net cash flows from operating activities	1,345,166	1,209,006
Cash flows from investing activities		
Proceeds from sale of equipment	3,400	5,590
Purchase of equipment	(2,421,035)	(2,007,390)
Interest received	6,821	15,364
Interest paid	(7,898)	(4,520)
Withdrawals from short term investments	2,272,263	611,061
Net cash flows from investing activities	(146,449)	(1,379,895)
Cash flows from financing activities		
Donations paid	(6,392)	(4,839)
Repayments of other borrowings	-	(10)
Increase in members' share capital	10,636	15,390
Net cash flows from financing activities	4,244	(10,541)
Net increase (decrease) in cash and cash equivalents	1,202,961	(160,348)
Cash and cash equivalents at beginning of year	81,234	241,582
Cash and cash equivalents at end of year	1,284,195	81,234
Reconciliation to cash at bank and in hand:		
Cash at bank and in hand	1,284,195	81,234
Cash equivalents	-	-
Cash and cash equivalents	1,284,195	81,234

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 24 February 2018

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a. General information and basis of accounting

Radstock Co-operative Society Limited is a society incorporated in the United Kingdom and registered in England under the Co-operative and Community Benefit Societies Act 2014. The address of the registered office is given on page 1. The nature of the society's operations and its principal activities are set out in the Board's Report to Members on pages 2 to 6.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Radstock Co-operative Society Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the society operates.

b. Going concern

The Society's business activities, together with the factors likely to affect its future development, performance and position are set out in the Board's Report to Members. This report further describes the financial position of the society; its cash flows, liquidity position and borrowing facilities; the society's objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposure to credit risk and liquidity risk.

Budgets and forecasts have been prepared and considered for a period of at least twelve months after the signing date and support the adoption of the going concern basis.

After taking into account the trading performance, the strength of the balance sheet and the cash balances held by the Society, the Directors have a reasonable expectation that the Society has adequate resources to continue in existence for the foreseeable future, being a period of at least 12 months from issuing these financial statements. There are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the society to continue as a going concern. For this reason, they continue to adopt the going concern basis in preparing the Society's Financial Statements in accordance with Section D1.1 of the Co-operatives^{UK} Limited's Corporate Governance Code of Best Practice Volume 1.

c. Intangible assets

Goodwill is the amount by which the purchase consideration for businesses acquired exceeds the fair value of net assets acquired at the date of acquisition. Goodwill is capitalised as an intangible asset and is amortised over the estimate of its useful economic life as follows:

Acquisition of trade and assets	15 years
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This is longer than the 10 years proposed by FRS102 as the Directors have decided that the life of the lease is the relevant term.

d. Tangible fixed assets

Fixed assets are stated at their purchase cost, together with any incidental costs of acquisition. Cost includes all expenditure incurred in delivery to its current location and condition. Depreciation is charged over the expected useful economic lives of the assets concerned less its residual value on a straight-line basis at the following rates:

Investment Property	NIL
Land & Buildings	2.5% to 10% per annum
Farm Land, buildings & equipment	2.5% to 25% per annum
Fixtures, machinery and transport	7.5% to 25% per annum

No depreciation is provided on freehold land, farm land or assets under construction.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 24 February 2018

NOTES TO THE FINANCIAL STATEMENTS CONTINUED.

1. Accounting policies (continued)

e. Investment properties

Investment properties for which fair value can be measured reliably without undue cost or effort on an ongoing basis are measured at fair value annually with any change recognised in the profit and loss account.

The requirement of the Industrial and Provident Societies Acts 1965 to 2014 (replaced by the Co-operative and Community Benefit Society 2014 from 1 August 2014) is to depreciate all properties, but that requirement conflicts with the generally accepted accounting principle set out in FRS 102 Section 16. The directors consider that, as these properties are not held for consumption but for investment, to depreciate them would not give a true and fair view, and that it is necessary to adopt FRS 102 Section 16 in order to give a true and fair view.

f. Financial instruments

Financial assets and financial liabilities are recognised when the society becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the society after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when there exists a legally enforceable right to set off the recognised amounts and the society intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the society transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the society, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Investments

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored. The financial statements present information about the society as an individual entity and not about its group.

(iii) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 24 February 2018

NOTES TO THE FINANCIAL STATEMENTS CONTINUED.

1. Accounting policies (continued)

g. Stocks

Retail stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

The Society has taken appropriate professional advice from Cooper and Tanner LLP, a firm of chartered surveyors to undertake the herd valuation. The farm dairy cattle stocks are valued on a herd basis. Young cattle, grain and sundries are stated at market valuation. The valuations are performed annually, with the most recent valuation performed in February 2018.

Provision is made to reduce stock to its estimated recoverable value.

h. Impairment of assets

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

i. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the society's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the society is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the society intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the society has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 24 February 2018

NOTES TO THE FINANCIAL STATEMENTS CONTINUED.

1. Accounting policies (continued)

j. Turnover

Turnover includes cash sales and goods sold on credit. Turnover excludes VAT.

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer which is normally at the point of sale in our shops. Revenue from trade relationships, where the Society acts as an agent and receives commissions from the principal, are shown as other operating income.

k. Farm and property income

Farm income is recognised in accordance with the Society's revenue recognition policy as defined above and is included in the revenue account net of related expenditure.

Rental income from non-trade properties is recognised on an accruals basis. Non-trade property income is included in the revenue account net of related expenditure.

l. Employee benefits

The Society operates a defined contribution scheme available to all employees. The amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

The defined benefit scheme was closed to future accrual during the financial year 2010-11. Amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Society, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

m. Leases

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 24 February 2018

NOTES TO THE FINANCIAL STATEMENTS CONTINUED.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the society's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the Society's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the society's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Key source of estimation uncertainty –defined benefit pension scheme assumptions

The valuation of the Society's defined benefit pension scheme involves complicated actuarial assumptions to determine future pension increases, mortality rates, long term discount and inflation rates. These assumptions are inherently judgemental.

3. Turnover

An analysis of the Society's turnover by class of business is set out below.

	2018	2017
	£	£
Turnover:		
Retail	30,205,690	27,282,304
Farm (note 7)	1,934,019	1,670,597
Non-trade property (note 8)	236,826	209,596
	32,376,535	29,162,497

All of the Society's turnover is derived from UK operations.

4. Other operating income

	2018	Restated 2017
	£	£
Concession income	230,239	223,812
Rental income	112,697	29,444
Travel income	162,461	138,624
Other income	338,756	353,136
	844,153	745,003

The prior year breakdown has been restated to better reflect the appropriate categories.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 24 February 2018

NOTES TO THE FINANCIAL STATEMENTS CONTINUED.

5. Retail expenses

	2018	2017
	£	£
Personnel costs (note 10)	5,522,388	4,858,153
Occupancy costs	1,304,758	990,660
Depreciation (note 13)	941,958	901,717
Amortisation (note 12)	32,280	32,280
Professional fees (note 6)	66,021	42,935
Operating leases – land and buildings	33,281	258,374
Loss/(gain) on disposal of fixed assets	-	2,779
Other expenses	1,329,222	1,205,008
	<u>9,229,908</u>	<u>8,291,906</u>

6. Auditor's remuneration

Professional fees include fees payable to Old Mill Audit LLP and their associates for the audit of the society's annual accounts of £22,750 (2017: Deloitte LLP £27,750). Also included in professional fees are fees payable to Old Mill Audit LLP and their associates for non-audit services of £4,900 (2017: Deloitte LLP £12,945).

7. Farm surplus

	2018	2017
	£	£
Sales	1,934,019	1,670,597
Cost of sales	(1,271,356)	(1,167,163)
Gross profit	<u>662,663</u>	<u>503,434</u>
Expenses (note A)	(551,742)	(498,356)
Farm surplus	<u>110,921</u>	<u>5,078</u>

A. Expenses

	£	£
Personnel costs (note 10)	203,436	142,553
Occupancy costs	70,413	76,399
Depreciation (note 13)	93,165	87,777
General repairs	57,736	59,579
Legal and professional	35,003	33,718
Other expenses	93,899	94,819
Profit on disposal of fixed assets	(2,910)	2,811
Valuation fee	1,000	700
	<u>551,742</u>	<u>498,356</u>

The average monthly number of employees (including executive directors) was:

	Number	Number
Full time equivalent	<u>5</u>	<u>3</u>

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 24 February 2018

NOTES TO THE FINANCIAL STATEMENTS CONTINUED.

8. Non-trade property net income

	2018	2017
	£	£
Sales	236,826	209,596
Cost of sales	-	-
Gross profit	236,826	209,596
Expenses (note A)	(26,614)	(32,500)
Net income	210,212	177,096
A. Expenses	£	£
Occupancy costs	5,142	5,177
Depreciation (note 13)	8,532	4,712
General repairs	4,175	12,190
Legal and professional	3,658	6,443
Other expenses	5,107	3,978
	26,614	32,500

9. Finance costs (net)

	2018	2017
	£	£
Interest payable and similar charges	84,954	51,520
Less: Investment income	(6,821)	(15,364)
	78,133	36,156
Investment income	£	£
Other interest receivable and similar income	6,821	15,364
Interest payable and similar charges	£	£
Other interest payable	6,954	4,520
Net interest cost on defined benefit pension scheme (note 22)	78,000	47,000
	84,954	51,520

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 24 February 2018

NOTES TO THE FINANCIAL STATEMENTS CONTINUED.

10. Directors, Staff numbers and costs

a) Employee costs

The average monthly number of employees (including executive directors) was:

	2018 Number	2017 Number
Retail		
- full time	83	80
- part time	288	262
Administration	30	30
	<u>401</u>	<u>372</u>

The full-time equivalent average number of employees was 255 (2017: 228).

Their aggregate remuneration comprised:

	£	£
Wages and salaries	5,281,126	4,602,631
Social security costs	292,654	257,868
Other pension costs (note 22)	152,044	140,207
	<u>5,725,824</u>	<u>5,000,706</u>

Analysed by:

	£	£
Retail (note 5)	5,522,388	4,858,153
Farm (note 7)	203,436	142,553
	<u>5,725,824</u>	<u>5,000,706</u>

b) Directors' remuneration

	£	£
Emoluments	94,886	91,303
Company contributions to money purchase pension schemes	3,980	3,897
	<u>98,866</u>	<u>95,200</u>

The number of directors who:

Are members of a defined benefit pension scheme

Are members of a money purchase pension scheme

Number	Number
-	-
<u>2</u>	<u>2</u>

Remuneration of the highest paid director:

Emoluments

Company contributions to money purchase pension schemes

£	£
34,918	34,194
<u>2,968</u>	<u>2,906</u>

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 24 February 2018

NOTES TO THE FINANCIAL STATEMENTS CONTINUED.

10. Directors, Staff numbers and costs (continued)

c) Senior management team remuneration	2018 £	2017 £
Salaries	370,553	325,339
Company contributions to money purchase pension schemes	28,324	19,779
	<u>398,877</u>	<u>345,118</u>

11. Tax on profit on ordinary activities

The tax charge comprises:

	2018 £	2017 £
Current tax on profit on ordinary activities		
UK corporation tax	39,491	57,321
Adjustments in respect of prior years	(28,773)	(4,394)
Total current tax	<u>10,718</u>	<u>52,927</u>
Deferred tax		
Origination and reversal of timing differences	184,927	37,250
Adjustment in respect of previous periods	(101,759)	(5,467)
Effect of a change in tax rates	-	(20,368)
Total deferred tax (see note 19)	<u>83,168</u>	<u>11,415</u>
Total tax on profit on ordinary activities recognised in the profit and loss account	<u>93,886</u>	<u>64,342</u>
Deferred tax charge/(credit) recognised in other comprehensive income	<u>220,749</u>	<u>(294,470)</u>

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	£	£
Profit on ordinary activities before tax	<u>275,075</u>	<u>212,064</u>
	£	£
Tax on profit on ordinary activities at standard UK corporation tax rate of 20% (2016: 20%)	52,521	42,413
Effects of:		
- Expenses not deductible for tax purposes	44,725	52,697
- Income not taxable in determining taxable profit	(216)	(540)
- Adjustments to tax charge in respect of previous periods	(130,532)	(9,860)
- Regarding unrealised chargeable gains	194,701	-
- Re Pension contribution adjustments	(23,867)	-
- revaluation of Fixed Assets	(35,525)	-
- Changes to tax rates	(7,921)	(20,368)
Total tax charge for period	<u>93,886</u>	<u>64,342</u>

From 1 April 2016, the main rate of corporation tax reduced to 20%. This rate has been used to calculate deferred tax balances as it was substantively enacted at the balance sheet date. In the budget on 8 July 2016, the government announced further reductions in the main rate of corporation tax to 19% from 1 April 2017 and 17% from 1 April 2020. These changes were substantively enacted on 26 October 2016.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 24 February 2018

NOTES TO THE FINANCIAL STATEMENTS CONTINUED.

12. Intangible fixed assets

	Goodwill £
Cost as at 25 February 2017 and 24 February 2018	482,351
Amortisation	
At 25 February 2017	248,850
Charge for the year	32,280
At 24 February 2018	281,130
Net book value	
At 24 February 2018	201,221
At 25 February 2017	233,501

13. Tangible fixed assets

	Investment properties £	Land and buildings £	Farm land, buildings and machinery £	Fixtures, machinery and vehicles £	Assets in the course of construction £	Total £
Cost or valuation						
At 25 February 2017	2,804,000	5,295,595	1,829,530	6,057,829	92,290	16,079,244
Additions	-	137,517	86,304	1,247,357	949,856	2,421,034
Revaluations	186,061	-	-	-	-	186,061
Disposals	-	-	(9,300)	-	-	(9,300)
Transfers	675,939	(208,562)	(470,000)	-	-	(2,623)
At 24 February 2018	3,666,000	5,224,550	1,436,534	7,305,186	1,042,146	18,674,416
Depreciation						
At 25 February 2017	-	1,345,023	912,036	3,176,676	-	5,433,735
Charge for the year	-	230,839	93,165	726,151	-	1,050,155
Disposals	-	-	(8,810)	-	-	(8,810)
Transfers	-	(2,623)	-	-	-	(2,623)
At 24 February 2018	-	1,573,239	996,391	3,902,827	-	6,472,457
Net book value						
At 24 February 2018	3,666,000	3,651,311	440,143	3,402,359	1,042,146	12,201,959
At 25 February 2017	2,804,000	3,950,572	917,494	2,881,153	92,290	10,645,509

i. Investment properties

Investment properties, which are all freehold, were revalued to fair value at 27 February 2016, based on a valuation undertaken by Graham Jones (MRICS) of Carter Jonas, an independent valuer with recent experience in the location and class of the investment property being valued. The method of determining fair value was based on market realisable value. There are no restrictions on the realisability of investment property. The society has concluded that there is no evidence that the valuations have moved significantly and therefore has decided to retain the 2016 valuations for this year end.

During the year, following the conversion of an office to flats, one property was revalued on 28 December 2017 by Myrica MacIntyre (MRICS) of Killens, in the capacity of an independent valuer.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 24 February 2018

NOTES TO THE FINANCIAL STATEMENTS CONTINUED.

13. Tangible fixed assets (continued)

As set out in note 8, property net income earned during the year was £210,212 (2017: £177,096). No contingent rents have been recognised as income in the current or prior year.

At the balance sheet date, the Society had contracted with tenants for the following future minimum lease payments:

	2018 £	2017 £
Within one year	194,287	231,667
In the second to fifth years inclusive	766,404	926,668
After five years	830,412	1,012,890

ii. Land and buildings

Land and buildings at cost or value comprise £4,788,628 (2017: £5,011,602) freehold and £435,922 (2017: £283,993) long leasehold.

iii. Security

The Society's defined benefit pension scheme holds security over the Hardington farm land to the value of £3,800,000.

iv. Finance leases

An asset is held on finance lease (note 21).

14. Investments

Other investments

	Non-current investments		Current investments	
	2018 £	2017 £	2018 £	2017 £
The Co-operative Group Limited shares	36,585	36,585	-	-
Other shares	4,343	4,343	-	-
Unquoted companies' shares	11,716	11,716	-	-
Short-term bank deposits	-	-	1,012,457	3,286,222
The Co-operative Group Corporate investor shares	-	-	7,170	5,668
	52,644	52,644	1,019,627	3,291,890

Other investments are held at cost less impairment because their fair value cannot be measured reliably.

Included within the society's investments is a £2 shareholding in Radco Country Style Limited, a company registered in England (registration number 01846031). This represents 100% of the ordinary share capital of this dormant company. The aggregate share capital and reserves of the subsidiary at 1 March 2018 amounted to £2 (2017: £2).

15. Stocks

	2018 £	2017 £
Agricultural stock	855,470	869,272
Goods for resale – retail stock	1,571,243	1,263,150
	2,426,713	2,132,422

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 24 February 2018

NOTES TO THE FINANCIAL STATEMENTS CONTINUED.

16. Debtors

	2018	2017
	£	£
Amounts falling due within one year:		
Trade debtors - retail	511,622	444,756
Trade debtors – farm	130,455	138,569
Other debtors	457,804	185,976
Prepayments	234,350	188,273
	<u>1,334,231</u>	<u>957,574</u>
Amounts falling due after more than one year:		
Deferred tax asset (note 19)	<u>287,323</u>	<u>506,882</u>

17. Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	2,741,070	1,724,630
Corporation tax	9,560	43,126
Other taxation and social security	(52,908)	12,394
Other creditors	322,841	146,821
Accruals	508,051	564,912
Dividend points and stamps	63,057	58,143
Stamp clubs	73	73
	<u>3,591,744</u>	<u>2,550,099</u>

18. Creditors: amounts falling due after one year

	2018	2017
	£	£
Defined benefit pension scheme (note 22)	1,500,000	3,068,000
Finance Lease (note 21)	32,912	98,735
	<u>1,532,912</u>	<u>3,166,735</u>

19. Deferred tax

Deferred tax liability

Deferred tax is provided as follows:

	2018	2017
	£	£
Accelerated capital allowances	<u>262,022</u>	<u>177,664</u>
	£	£
Provision at start of the period	177,664	214,034
Deferred tax charge in revenue account for the period (note 11)	<u>84,358</u>	<u>36,370</u>
Provision at end of the period	<u>262,022</u>	<u>177,664</u>

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 24 February 2018

NOTES TO THE FINANCIAL STATEMENTS CONTINUED.

19. Deferred tax (continued)

Deferred taxation asset relating to defined benefit pension deficit

	2018 £	2017 £
At start of the period	506,882	260,197
(Charged)/credited to the statement of other comprehensive income	(220,749)	294,470
Charge to the revenue account (note 11)	1,190	(47,785)
At end of the period	287,323	506,882

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Company.

20. Called-up share capital and reserves

	2018 £	2017 £
Balance at start of the period	251,991	236,601
Contributions	16,287	22,316
Interest	944	939
	269,222	259,856
Withdrawals	(6,594)	(7,865)
Balance at end of the period	262,628	251,991

- (a) Share capital is composed of one type of share.
- (b) Share capital comprises 14,429 members with a minimum holding of £2.00 per member. Balances over £25 attracted interest at 0.5% p.a.
- (c) Shares may be withdrawn by members upon giving one week's notice to the Society in accordance with Rule 22 of 2010 Rule Book.
- (d) Each member is entitled to one vote.
- (e) In the event of winding up, any balance remaining after meeting all liabilities would be distributed in a manner prescribed by the Co-operative and Community Benefit Society Act ruling at the time of dissolution, and in accordance with the Society's rules at the time of dissolution.

21. Financial commitments

Total future minimum lease payments under non-cancellable leases are as follows:

	Finance Lease		Farm Equipment		Land and buildings	
	2018 £	2017 £	2018 £	2017 £	2018 £	2017 £
Within one year	65,822	65,823	43,077	41,771	361,545	245,750
Between one and five years	32,912	98,735	30,875	16,161	970,555	873,000
After five years	-	-	-	-	717,810	356,375
	98,734	164,558	73,952	57,932	2,049,910	1,475,125

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 24 February 2018

NOTES TO THE FINANCIAL STATEMENTS CONTINUED.

22. Employee benefits

Defined contribution schemes

The Society operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to profit or loss in the period ended 24 February 2018 was £152,044 (2017: £140,207).

Defined benefit schemes

The Society operates defined benefit schemes which are now closed to future accrual (the Radstock Co-operative Society Limited Employees' Superannuation Fund) in the UK. No other post-retirement benefits are provided. The assets of the fund are held in a separate fund administered by the trustees.

The most recent actuarial valuations of scheme assets and the present value of the defined benefit obligation were carried out at 25 February 2017 by Mr Paul Bunzl, Fellow of the Institute of Actuaries. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

	2018	Valuation at 2017
Key assumptions used:		
Discount rate	2.8%	2.7%
Future pension increases (5% LPI)	3.4%	3.5%
Future pension increases (2.5% LPI)	2.2%	2.2%
Rate of pensions deferment	3.6%	3.7%
Inflation	3.6%	3.7%

Mortality assumptions:

Investigations have been carried out within the past three years into the mortality experience of the Group's defined benefit schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	2018 52 week period	Valuation at 2017 52 week period
Retiring today:		
Males	22.3	22.5
Females	24.2	24.6
Retiring in 20 years:		
Males	24.0	24.7
Females	26.0	26.9

Amounts recognised in the profit and loss account in respect of these defined benefit schemes are as follows:

	2018 £	2017 £
Net interest cost	78,000	47,000
Recognised in the revenue account (note 9)	78,000	47,000
Recognised in other comprehensive income	1,443,000	1,836,000
Total (income)/cost relating to defined benefit scheme	1,443,000	1,883,000

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 24 February 2018

NOTES TO THE FINANCIAL STATEMENTS CONTINUED.

22. Employee benefits (continued)

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	2018	2017
	£	£
Present value of defined benefit obligations	(8,640,000)	(9,940,000)
Fair value of scheme assets	7,140,000	6,872,000
Net liability recognised in the balance sheet	(1,500,000)	(3,068,000)

Movements in the present value of defined benefit obligations were as follows:

	£	£
Opening defined benefit obligation	9,940,000	7,138,000
Adj to include insured pensions	-	106,000
Interest cost	264,000	280,000
Actuarial gains and losses	(1,247,000)	2,714,000
Benefits paid	(317,000)	(298,000)
Closing defined benefit obligation	8,640,000	9,940,000

Movements in the fair value of scheme assets were as follows:

	£	£
At 1 January	6,872,000	5,760,000
Adj to include insured pensions	-	106,000
Interest income	186,000	233,000
Actuarial gains and losses	196,000	878,000
Contributions from the employer	203,000	193,000
Benefits paid	(317,000)	(298,000)
At 31 December	7,140,000	6,872,000

The analysis of the scheme assets at the balance sheet date was as follows:

	Fair value of assets	
	2018	2017
Equity instruments	48%	48%
Diversified growth fund	35%	34%
Government bonds	15%	16%
Annuity Policies	2%	2%
Cash	0%	0%
	100%	100%

23. Related party transactions

There have been no transactions with related parties outside of standard commercial terms.

24. Controlling party

In the view of the directors, there is no controlling party.

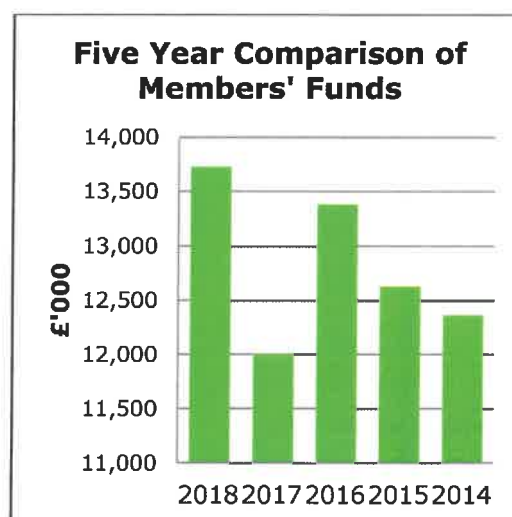
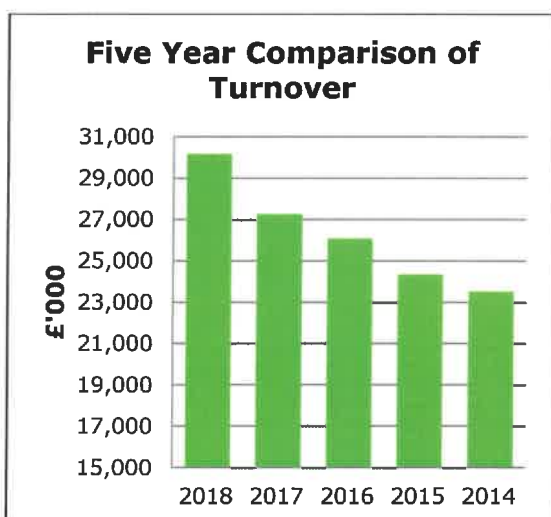
RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 24 February 2018

FIVE YEAR COMPARATIVE STATEMENT

	2018 No.	2017 No.	2016* No.	2015* No.	2014 No.
Membership	14,429	8,957	7,027	7,013	6,988
REVENUE ACCOUNT	£000	£000	£000	£000	£000
Turnover	30,206	27,282	26,112	24,365	23,543
Trading result	(147)	72	12	42	153
Farm result	111	5	62	129	74
Surplus before distributions	282	218	291	817	412
Surplus for period	181	148	214	679	307
Depreciation and amortisation	1,082	1,026	827	820	700
BALANCE SHEET					
Fixed assets	12,456	10,932	9,958	9,107	8,820
Net current assets	2,760	4,419	5,019	5,873	5,179
Total assets less current liabilities	15,216	15,351	14,977	14,980	13,999
Less: Long term liabilities	(1,795)	(3,344)	(1,591)	(2,348)	(1,632)
NET ASSETS	13,421	12,007	13,386	12,632	12,367
Share capital	263	252	237	235	234
Reserves	13,158	11,755	13,149	12,397	12,133
MEMBERS' FUNDS	13,421	12,007	13,386	12,632	12,367

* As restated for transition to FRS 102.



RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 24 February 2018

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Society will be held on:

Tuesday 12 June 2018 at 7.00pm at the Radstock Working Men's Club, RADSTOCK.

Agenda

1. To confirm the Minutes of the last meeting.
2. To receive the Directors' Report and audited Financial Accounts for the 52 week period ended 24 February 2018.
3. To appoint the Society's Auditor.
4. To declare the results of the election to the Directors to the Board.

Admission to Shareholders' Meetings

Members must present their Share Account Statement or Membership Dividend Card to attend Shareholders' Meetings.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 24 February 2018

STANDING ORDERS

1. Order of Business

The order of business at every ordinary or special meeting of the Society shall be in accordance with the printed Agenda of business issued with the notice of the meeting.

2. Speaking

- (a) The mover of a motion or amendment shall be allowed 10 minutes in which to state the case. The mover of the motion shall also have the right to reply at the end of the discussion, and in replying shall be confined to answering previous speakers and shall not be permitted to introduce new matters into the debate. Five minutes shall be allowed for this right of reply after which the motion or amendment shall be put to the vote.
- (b) In regard to any motion amendment no other speaker shall be allowed more than five minutes.
- (c) Every member who speaks shall address the Chair and confine their speech to the subject under discussion.
- (d) Whenever the Chairman rises during a debate any member then speaking or attempting to speak must resume their seat.
- (e) No member shall address the meeting more than once on the same subject except as *provided in 2(a)*.
- (f) The Chairman may invite an officer or professional adviser of the Society present at the meeting to give a report and/or to respond to any comments or questions raised by a member.
- (g) In response to any question or comment raised by a member, the Chairman reserves the right to arrange for a written response to be forwarded to the member in due course.

3. Closure of Debate

- (a) "That the question be now put" may be moved on any motion or amendment before the meeting and if seconded, shall at once be put to the vote without discussion. If this is carried, the question before the meeting shall then be put to the vote and decided upon without further delay.
- (b) All meetings shall terminate not later than two-and-a-half hours after the commencement time specified in the notice of the meeting.

4. Chairman of Meetings

- (a) The Chairman may call attention to continued irrelevance, repetition, unbecoming language or any breach of order on the part of a member and may direct such member to discontinue their speech.
- (b) If the Chairman considers that a motion or amendment has been discussed sufficiently he/she may move that the question be now put, and the motion or amendment shall at once be put to the vote without further discussion.
- (c) The decision of the Chairman on any point shall be final.