

Registration Number 1159R

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 29 FEBRUARY 2020

OLD M'LL

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

COMPANY INFORMATION

Directors	Graham Jeffery - President Jeremy Fricker - Vice President Sue Barnard Suzanne Burgess Craig Doughty Jonathan Rich Derek Roberts Lynda Robertson Chris Warren Audit Committee - Jeremy Fricker, Sue Barnard, Lynda Robertson & Chris Warren Remuneration & Benefits Committee - Graham Jeffery, Jeremy Fricker & Sue Barnard Pension Trustees - Graham Jeffery, Suzanne Burgess, Jonathan Rich & Derek Roberts
Chief Executive/Secretary	Don Morris CMIIA FCCA
Company number	1159R
Registered office	3 Wells Hill RADSTOCK Somerset BA3 3RQ Telephone: 01761 431555 Fax: 01761 436187 Website: www.radstockcoop.co.uk E-mail: enquiries@radstockcoop.co.uk
Auditor	Old Mill Audit LLP Bishopbrook House Cathedral Avenue WELLS Somerset BA5 1FD
Bankers	Barclays Bank 4 Queen Street BATH BA1 1HE

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

CONTENTS

	Page
President's Statement	1
Strategic report	2 - 3
Directors' report	4 - 6
Directors' responsibilities statement	7
Statement of Corporate Governance	8 - 13
Key Co-operative, Environmental and Social Performance Indicators	14 - 15
Remuneration and Benefit Committee	16 - 17
Independent auditor's report	18 - 19
Revenue account	20
Statement of comprehensive income	21
Balance sheet	22
Statement of changes in equity	23
Statement of cash flows	24
Notes to the financial statements	25 - 53
Five Year Comparative Statement	53

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

PRESIDENT'S STATEMENT

FOR THE PERIOD ENDED 29 FEBRUARY 2020

As I write this, like you, I am only too aware of the impact the COVID-19 pandemic is having on the world as we know it. The pandemic has devastated families and has wreaked havoc on communities and businesses. Amongst this backdrop our Society and colleagues have risen to these unprecedented challenges and responded with innovation, compassion and resolve. On behalf of the Board of Directors may I take this opportunity to wish you and your loved ones the very best, stay safe.

2019 will be remembered for many reasons but the granting of planning permission for the redevelopment of the RADCO superstore will feature locally. This ambitious project, which will take a number of years to complete, will see the flagship of the retail estate returned to glory as part of an environmentally and community focused development. The improvement in the Society's Gross Sales during this trading period is pleasing to note along with an improving operating surplus.

One new store was opened during the year in Highbridge, Somerset and a significant investment was made in our Shepton Mallet store enabling it to continue to expand its trade. In October, our Paulton store transferred the local post office into its store. The local Post Office had been threatened with closure until the Society stepped in to save this vitally important community asset. We also made improvements to our Street store with additional refrigeration, extension to the instore bakery provision and repositioned some fixtures to provide a more logical journey through the store.

Our new store openings and the addition of new services to existing stores, created job opportunities for local residents and provided valuable work experience for those wishing to combine paid work with continuing in education. We are also proud that two of our retail colleagues were amongst the first to complete an apprenticeship in retail supervision.

Membership of the Society continues to expand as we open new stores in a wider trading area and attract new members through our existing stores. Total membership now stands at 18,543 at the year-end, an increase of 2,050 or 12.4 over the prior year. As a successful co-operative business, dividend paid out to our members amounted to £82,496.26 for the financial year.

We continued to provide financial support to various causes within our communities. In June, at the Society's AGM, members voted for Julia's House Children's Hospice and We Hear You, a cancer counselling charity, to be the Society's chosen charities for the year. Both charities received cheque donations of £1,000. We also continued our support of the Miners' Reunion Lunch held at the Radstock Museum.

Our colleagues have again participated in various activities and events to raise money for charities and good causes. Among the many events a walk by a finance colleague for Parkinson's UK raised over £600 whilst colleagues from across the Society dressed up again this year and raised £2,018 for the BBC's Children in Need Appeal.

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 efforts and hard work during the year.



Graham Jeffery - President

Director

24/09/2020

Dated

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 29 FEBRUARY 2020

Review of the business and future developments

The whole of the retail industry is changing. 2019 had the slowest rate of spending growth since 2010, which is seen as largely driven by Brexit uncertainty. The industry faced large-scale business restructuring with 85,000 jobs lost and 9,169 store closures. Radstock Co-operative Society by and large bucked this trend by continuing to grow the retail estate and its dairy farm operation. Pressure on margins and increasing operating costs did materialise but were carefully managed by the business. These pressures are likely to continue into the future as the devastating effects of the COVID-19 pandemic are felt in 2020 and beyond.

Gross sales during the financial year amounted to £41.9m growing by £3,022,954 or 7.8% (2018/19: £38.8m). The Society's stores achieved increased sales of £2,680,653 or 7.6%. The Society made a trading loss for the year of £426k (2018/19: loss £63k) partly as a result of known costs relating to our newer stores, a continuing deterioration in the profitability of our superstore in Radstock and the recognition of an impairment charge regarding this store. This position is improved when the contribution from the Farm and Property income are applied leading to an operating deficit of £117k (2018/19: surplus of £230k). After property revaluations this deficit turns into a Surplus before distributions and stands at £220k (2018/19: £1.042m).

2019 was an extremely challenging year for the travel industry with the collapse of Thomas Cook and the Freedom Travel Group having a direct impact on our travel department, our members and customers. Very early in this crisis the Society was able to take advantage of its excellent relationships with other co-operative businesses and in October 2019 became an accredited body member of the Midcounties Co-operative Travel Consortium.

The Society has continued to expand its retail estate and in February 2020 our 21st retail store was opened in Highbridge, Somerset. As always, the store has been fitted out to a high specification with energy-efficient chillers, freezers and lighting and low-level fixtures with plenty of natural light providing for an enjoyable shopping experience. The store also saw the installation of self-scan checkouts as part of an on-going pilot project. The new store in Highbridge had been planned for quite some time and links our stores in Weston Super Mare and Bridgwater, consolidating our position along the Somerset M5 corridor.

The farm produced an outstanding result in 2019, a surplus of £86k (2018/19: £78k) when one considers it was achieved whilst the farm had embarked on a £2.5m investment in its dairy operation. The construction project has involved the building of new and expanded housing for the dairy herd, a brand-new rotary milking parlour and building along with six new silage clamps and a number of environmental improvements. The Society continues to work closely with our Farm Director and Farm Manager from Velcourt. This exciting investment will be completed in 2020 and will ensure we have a modern and efficient dairy farm operation and has allowed the Society to continue to expand the dairy herd.

Turning now to future developments, in October 2019, the Society received planning permission for our ambitious plans to redevelop the RADCO superstore site. The proposals include a brand-new purpose-built supermarket fit for our members and customers in the 21st century along with complimentary retail units, residential houses and apartments, and office space in a mixed-use development. The redevelopment project will take a number of years to complete and therefore the Society has announced we will be moving the Radstock store to temporary premises in the town centre so that we can continue to serve our members and customers.

2019 was another tough year for the Society but a year that saw our plans to rebuild and renew starting to take shape. We will continue this journey but always ensuring that the Society remains financially safe and secure. 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 as we continue to progress our exciting plans.



.....
Don Morris CMIIA FCCA
Chief Executive/Secretary

24/09/2020

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 29 FEBRUARY 2020

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.

By order of the board



.....
Don Morris CMIIA FCCA
Chief Executive/Secretary

24/09/2020

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 29 FEBRUARY 2020

The directors present their annual report and financial statements for the period ended 29 February 2020.

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;
- develop the Radstock store and the Farm;
- engage with colleagues in order to develop and adapt recruitment and retention in-line with performance and economic conditions.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Graham Jeffery - President

Jeremy Fricker - Vice President

Sue Barnard

Suzanne Burgess

Craig Doughty

Jonathan Rich

Derek Roberts

Lynda Robertson

Chris Warren

Results and distributions

The results for the period are set out on page 20.

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.

Directors' insurance

The Society maintains insurance policies on behalf of all the directors against liability arising from negligence, breach of duty and breach of trust in relation to the Society.

Supplier payment policy

The Society's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

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

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 29 FEBRUARY 2020

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The Society's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Society's performance. The Society is an Equal Opportunities Employer.

The Society achieved the Investors in People Silver Award following the assessment that took place from October 2018 to January 2019. This was an excellent achievement as the new 'Generation 6 IIP' framework is more demanding and requires much greater examination of the business and its people processes. This confirms that the Society is a good place to work, is an ethical employer and cares and contributes to the community.

Future developments

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

In accordance with the company's articles, a resolution proposing that Old Mill Audit LLP be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

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 20 to 53 are hereby signed on behalf of the Board of Directors pursuant to Section 82(1) of the Co-operative and Community Benefit Societies Act.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

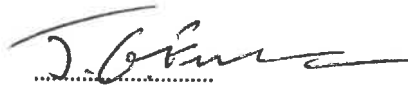
DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 29 FEBRUARY 2020

By order of the board


.....

Graham Jeffery - President
Director


.....

Jeremy Fricker - Vice President
Director


.....

Don Morris CMIIA FCCA
Chief Executive/Secretary

Date: 24/09/2020

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

BOARD OF DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 29 FEBRUARY 2020

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

Co-operative and Community Benefit Societies Act 2014 requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Co-operative and Community Benefit Societies Act 2014 the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the Society for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Society's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They are also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of 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

STATEMENT OF CORPORATE GOVERNANCE

FOR THE PERIOD ENDED 29 FEBRUARY 2020

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.

Directors

Graham Jeffery - President
Jeremy Fricker - Vice President
Sue Barnard
Suzanne Burgess
Craig Doughty
Jonathan Rich
Derek Roberts
Lynda Robertson
Chris Warren

Sub Committees of the Board

Audit Committee

Jeremy Fricker (Chair)
Sue Barnard
Lynda Robertson
Chris Warren

Remuneration & Benefits Committee

Graham Jeffery
Jeremy Fricker
Sue Barnard

Pension Trustees

Graham Jeffery
Suzanne Burgess
Jonathan Rich
Derek Roberts

Senior Management Team

Don Morris - Chief Executive/Secretary
Alan Jackson - Head of Retail Operations
Vicki Przytocki - Head of Human Resources
Claire Shaw - Head of Finance & IT (Appointed 17 February 2020)
Ann Sillwood - Former Head of Finance & IT (Departed 07 October 2019)

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.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

FOR THE PERIOD ENDED 29 FEBRUARY 2020

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.

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.

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. To be eligible to stand for election to the Board of Directors, an individual must be a member with a share account balance of a minimum of £50 for two years. 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
Suzanne Burgess	2017	2020
Jeremy Fricker	2008	2020
Derek Roberts	2011	2020
Craig Doughty	2015	2021
Graham Jeffery	2014	2021
Lynda Robertson	2015	2021
Sue Barnard	2016	2022
Jonathan Rich	2014	2022
Chris Warren	2016	2022

Directors' fees are approved by the Society's members. The current fee levels were recommended to the membership and approved by them in June 2018. 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.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

FOR THE PERIOD ENDED 29 FEBRUARY 2020

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.

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 two standing committees: an Audit Committee and a Remuneration and Benefits 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 & Benefits Committee	Employees' Superannuation Fund
Graham Jeffery	11 (13)	4 (4)	1 (1)	1 (1)
Jeremy Fricker	13 (13)		1 (1)	
Sue Barnard	9 (13)	4 (4)	1 (1)	
Suzanne Burgess	13 (13)			1 (1)
Craig Doughty	13 (13)			
Jonathan Rich	12 (13)			1 (1)
Derek Roberts	11 (13)			0 (1)
Lynda Robertson	13 (13)	4 (4)		
Chris Warren	12 (13)	4 (4)		

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 full Board undertook one full days training, facilitated by an external trainer, on Property and Development. Two directors attended two full days' attendance and training at the Co-operatives UK National Retail Conference. Directors were presented to HRH Countess of Wessex for the 150th Year Celebrations.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED
STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)
FOR THE PERIOD ENDED 29 FEBRUARY 2020

The changes in directors during the period are as follows:

Sue Barnard	re-elected 11 June 2019 (3 year term)
Jonathan Rich	re-elected 11 June 2019 (3 year term)
Chris Warren	re-elected 11 June 2019 (3 year term)

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 South West Audit Partnership Limited, 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 Jeremy Fricker. 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 their internal auditors programme and agree to focus on areas in order to mitigate risk and ensure robust management and financial controls are in place. 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 valuations and the contract management of the farm. These issues were highlighted due to the high value and materiality involved in these areas. 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. The Internal Audit work assessed the adequacy of key controls over sales, orders, replenishment and holding of stock as well as reviewing the contract in place with Velcourt with a focus on the terms, management and monitoring of the contract.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

FOR THE PERIOD ENDED 29 FEBRUARY 2020

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 2020, 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.

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 11.

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.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

FOR THE PERIOD ENDED 29 FEBRUARY 2020

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 worked with South West Audit Partnership Limited 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.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

KEY CO-OPERATIVE, ENVIRONMENTAL AND SOCIAL PERFORMANCE INDICATORS

FOR THE PERIOD ENDED 29 FEBRUARY 2020

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 (%)	This information is now available from the EPOS system following configuration and verification of the reporting modules. Dividend points issued as a percentage of relevant turnover shows that the participation of members was 23.8% (2018/19: 24.4%) of total trade. The % reduction relates to the number of new stores with low participation.
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. Directors returned un-opposed.
3	Participation of employees and members in training and education schemes	All types of training	Employees attended 1,906 (2018/19:2,339) training events equating to 307 full days during 2019/20. This included personal development, management training (time management, disciplinary handling, recruitment, managing performance, personal licence) customer excellence, GDPR, 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 continued with our trainee manager and trainee supervisor programme. Our apprentices successfully attained Team Leading in Retail qualifications and we enrolled an employee onto an IT Technician apprenticeship programme.
4	Staff injury and absentee rates	Staff injury rates/number of accidents/number reportable. Total absentee rate	During 2019/20, there were 58 accidents (2018/19: 54), of which 3 were reportable (2018/19: 1). The average employee absence rate for 2019/20 was 4.2% per period (2018/19: 3.9%).
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 (2018/19: 65% female, 35% male). Employees with ethnic origin other than White British are 0.4% (2018/19: 0.5%).

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

KEY CO-OPERATIVE, ENVIRONMENTAL AND SOCIAL PERFORMANCE INDICATORS (CONTINUED)

FOR THE PERIOD ENDED 29 FEBRUARY 2020

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". The Society's average mystery shopping score was 94% (2018/19: 91%) which is above the required pass mark of 92%. Our mystery shopping partner suspended the service in March 2020 due to the coronavirus situation.
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. A major farm investment project which is still progressing has provided significant benefits both in terms of animal welfare and environmental impact.
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 £ £2,600 was donated in support of our community relations strategy, with the directors donating a further £50. The total represents 1.2% of pre-tax surplus. The involvement of colleagues within stores in community initiatives and fundraising is significant with at least £5,500 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 (CO ₂) emissions arising from operations	Annual CO ₂ emissions associated with energy used for all on-site operations i.e. offices / shops	During 2019/20 we purchased energy from our electrical and gas supply contract, which provides energy from renewable sources. This resulted in 1,695 tonnes of CO ₂ 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 CO ₂ 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 CO ₂ per year.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REMUNERATION & BENEFITS COMMITTEE FOR THE PERIOD ENDED 29 FEBRUARY 2020

The Remuneration and Benefits Committee is pleased to present its Report to members for the 53 week period ended 29 February 2020.

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 12 December 2019. 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 Graham Jeffery. The other Committee members are Jeremy Fricker 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.

Title	Chief Executive Officer	Head of Retail Operation	Head of Human Resources	Head of Finance & IT
	£	£	£	£
Salary	155,720	89,579	71,076	46,203
Employers Pension Contributions	12,727	7,232	3,646	3,590
Total Emoluments	168,447	96,811	74,722	49,793

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REMUNERATION & BENEFITS COMMITTEE (CONTINUED)

FOR THE PERIOD ENDED 29 FEBRUARY 2020

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 2019/20	Expenses 2019/20	Total Emoluments
	£	£	2019/20 £
Graham Jeffery	3,731	-	3,731
Jeremy Fricker	3,827	982	4,809
Sue Barnard	2,834	49	2,883
Suzanne Burgess	2,834	-	2,834
Craig Doughty	2,834	49	2,883
Jonathan Rich	2,834	-	2,834
Derek Roberts	2,834	-	2,834
Lynda Robertson	2,834	26	2,860
Chris Warren	2,834	36	2,870

By order of the Board



Graham Jeffery - President and Chair of the Remuneration & Benefits Committee
Director

24/9/20

Dated

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RADSTOCK CO-OPERATIVE SOCIETY LIMITED

Opinion

We have audited the financial statements of Radstock Co-operative Society Limited (the 'society') for the period ended 29 February 2020 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the society's affairs as at 29 February 2020 and of its income and expenditure for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF RADSTOCK CO-OPERATIVE SOCIETY LIMITED

Matters on which we are required to report by exception

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

- the society has not kept proper books of account, 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, 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the society's members, as a body, in accordance with section 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.



Tim Lerwill BSc BFP FCA (Senior Statutory Auditor)
for and on behalf of Old Mill Audit LLP
Statutory Auditor

9/10/2020

Bishopbrook House
Cathedral Avenue
WELLS
Somerset
BA5 1FD

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REVENUE ACCOUNT

FOR THE PERIOD ENDED 29 FEBRUARY 2020

		Period ended 29 February 2020 £	Period ended 23 February 2019 £
	Notes		
Gross takings		51,520,481	48,196,745
Less agency and concession turnover		(9,661,542)	(9,360,760)
Gross sales (including VAT)		41,858,939	38,835,985
Value added tax		(4,057,016)	(3,714,715)
Retail turnover	4	37,801,923	35,121,270
Cost of Sales		(27,513,840)	(25,671,171)
Gross Profit		10,288,083	9,450,099
Other operating income	4	846,052	822,788
Retail expenses	5	(11,559,795)	(10,335,713)
Trading (deficit)		(425,660)	(62,826)
Farm surplus	6	86,200	78,201
Non trade property surplus	7	222,950	214,484
Operating (deficit)/surplus		(116,510)	229,859
Profit on Sale of Investment Property	10	-	363,821
Revaluation gain/(loss) on investment properties	10	373,634	485,000
Interest receivable and similar income	8	9,270	7,466
Interest payable and similar expenses	9	(46,592)	(44,364)
Surplus before distributions		219,802	1,041,782
Share interest		(888)	(1,000)
Donations		(3,042)	(3,419)
Death benefits		(200)	(532)
Surplus before tax		215,672	1,036,831
Taxation	14	(54,133)	(100,566)
Surplus for the period		161,539	936,265

The profit and loss account has been prepared on the basis that all operations are continuing operations.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 29 FEBRUARY 2020

	Period ended 29 February 2020 £	Period ended 23 February 2019 £
Surplus for the period	161,539	936,265
	<hr/>	<hr/>
Other comprehensive income		
Revaluation of tangible fixed assets	-	7,644,000
Actuarial loss on defined benefit pension schemes	(503,000)	(125,625)
Tax relating to other comprehensive income	154,075	(1,353,750)
	<hr/>	<hr/>
Other comprehensive income for the period	(348,925)	6,164,625
	<hr/>	<hr/>
Total comprehensive income for the period	(187,386)	7,100,890
	<hr/>	<hr/>

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

BALANCE SHEET

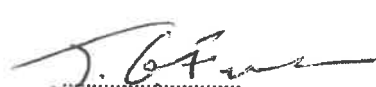
AS AT 29 FEBRUARY 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Goodwill	16	136,039		168,940	
Tangible assets	17	18,648,127		16,239,575	
Investment properties	18	3,747,634		3,481,000	
Investments	19	54,769		54,769	
		<u>22,586,569</u>		<u>19,944,284</u>	
Current assets					
Stocks	20	2,637,895		2,429,975	
Debtors	21	1,740,428		3,176,322	
Investments	22	1,765,163		282,209	
Cash at bank and in hand		450,955		1,873,109	
		<u>6,594,441</u>		<u>7,761,615</u>	
Creditors: amounts falling due within one year	23	(3,479,103)		(4,005,289)	
Net current assets		<u>3,115,338</u>		<u>3,756,326</u>	
Total assets less current liabilities		<u>25,701,907</u>		<u>23,700,610</u>	
Creditors: amounts falling due after more than one year	24	(2,029,943)		-	
Provisions for liabilities	27	(3,332,113)		(3,173,555)	
Net assets		<u>20,339,851</u>		<u>20,527,055</u>	
Capital and reserves					
Called up share capital	28	267,740		267,558	
Revaluation reserve		6,440,608		6,299,033	
Profit and loss reserves		13,631,503		13,960,464	
Members' funds		<u>20,339,851</u>		<u>20,527,055</u>	

The financial statements were approved by the board of directors and authorised for issue on 24/09/2020 and are signed on its behalf by:



Graham Jeffery - President
Director



Jeremy Fricker - Vice President
Director



Don Morris CMIIA FCCA
Chief Executive/Secretary

Company Registration No. 1159R

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 29 FEBRUARY 2020

	Notes	Share capital £	Revaluation reserve £	Revenue account £	Total £
Balance at 25 February 2018		262,628	-	13,158,607	13,421,235
Period ended 23 February 2019:					
Surplus for the period		-	-	936,265	936,265
Other comprehensive income:					
Revaluation of tangible fixed assets		-	7,644,000	-	7,644,000
Actuarial gains on defined benefit plans		-	-	(125,625)	(125,625)
Tax relating to other comprehensive income		-	(1,344,967)	(8,783)	(1,353,750)
Total comprehensive income for the period		-	6,299,033	801,857	7,100,890
Issue of share capital	28	10,154	-	-	10,154
Reduction of shares	28	(5,224)	-	-	(5,224)
Balance at 23 February 2019		267,558	6,299,033	13,960,464	20,527,055
Period ended 29 February 2020:					
Surplus for the period		-	-	161,539	161,539
Other comprehensive income:					
Actuarial gains on defined benefit plans		-	-	(503,000)	(503,000)
Tax relating to other comprehensive income		-	141,575	12,500	154,075
Total comprehensive income for the period		-	141,575	(328,961)	(187,386)
Issue of share capital	28	9,259	-	-	9,259
Reduction of shares	28	(10,967)	-	-	(10,967)
Interest on equity share		1,890	-	-	1,890
Balance at 29 February 2020		267,740	6,440,608	13,631,503	20,339,851

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 29 FEBRUARY 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	35	1,875,009		(212,429)	
Interest paid		(46,592)		(44,364)	
Income taxes refunded/(paid)		2,785		(9,560)	
Net cash inflow/(outflow) from operating activities		1,831,202		(266,353)	
Investing activities					
Purchase of tangible fixed assets		(3,746,948)		(1,405,521)	
Proceeds on disposal of tangible fixed assets		-		542,981	
Proceeds on disposal of investment property		-		1,033,821	
Interest received		9,270		7,466	
Movement in current asset investments		(1,482,954)		737,418	
Net cash (used in)/generated from investing activities		(5,220,632)		916,165	
Financing activities					
Increase in members' share capital		182		4,930	
Receipt of bank loan		2,000,000		-	
Payment of finance leases obligations		(32,906)		(65,828)	
Net cash generated from/(used in) financing activities		1,967,276		(60,898)	
Net (decrease)/increase in cash and cash equivalents		(1,422,154)		588,914	
Cash and cash equivalents at beginning of period		1,873,109		1,284,195	
Cash and cash equivalents at end of period		450,955		1,873,109	

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 FEBRUARY 2020

1 Accounting policies

Company information

Radstock Co-operative Society Limited is a society limited by shares incorporated in the United Kingdom and registered in England under the Co-operative and Community Benefit Society Act 2014. The registered office is 3 Wells Hill, RADSTOCK, Somerset, BA3 3RQ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Co-operative and Community Benefit Society Act 2014.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

In light of the current coronavirus pandemic, the directors have reviewed likely future developments and remain of the opinion that there is no reason to believe that the society will have to cease activities as a result of inadequate financial resources, or any other foreseeable event, within a period of at least 12 months from the date of the approval of these accounts.

The Society's business activities, together with the factors likely to affect 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.

Budget and forecasts have been prepared and considered for a period of at least 12 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.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Revenue from trade Relationships, where the Society acts as an agent and receives commissions from the principal, are shown as other operating income.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 FEBRUARY 2020

1 Accounting policies

(Continued)

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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.

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 15 years. 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.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings	2.5% - 10% straight line
Fixtures, machinery and vehicles	7.5% - 25% straight line
Farm land	Nil
Farm buildings and equipment	2.5% - 25% straight line

Freehold land and assets in the course of construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 FEBRUARY 2020

1 Accounting policies

(Continued)

1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

The requirement of the Co-operative and Community Benefit Society 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.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

The Society has taken appropriate professional advice from Cooper and Tanner LLP, a firm of chartered surveyors to undertake the herd valuation. The farm diary 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 2020.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 FEBRUARY 2020

1 Accounting policies

(Continued)

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 FEBRUARY 2020

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 FEBRUARY 2020

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Recognition

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.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 FEBRUARY 2020

1 Accounting policies

(Continued)

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 FEBRUARY 2020

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Goodwill

Goodwill is amortised over the estimate of its useful economic life. The Directors have decided that the life of the lease is the relevant term, which is 15 years.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Depreciation

The directors use their knowledge of the business and the industry to estimate the useful life and residual of tangible fixed assets in order to arrive at applicable depreciation rates. In accordance with section 17 of FRS102, the directors review and update these estimates if there are indicators that current estimates should change.

Revaluation of investment property and farm land

The valuation of the Society's investment property and farmland is based on market value defined in VPS4 of the "Red Book" as being "The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. The valuations have been carried out by RICS Registered Valuers in a position to provide an objective and unbiased valuation. The Valuers undertake to have sufficient current local knowledge of the particular market together with the skills and understanding required and be competent to undertake the valuation. Each year following the valuation the directors assess whether, in their opinion, this is still a true & fair reflection of the value of the properties.

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. The valuation is carried out by a professional valuer who is a Fellow of the Institute of Actuaries. The valuation has undergone independent peer review in accordance with the requirements of the Actuarial Profession Standard APS X2: Review of Actuarial Work.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 FEBRUARY 2020

3	Operating (loss)/profit		2020	2019
			£	£
	Operating (loss)/profit for the period is stated after charging/(crediting):			
	Depreciation of owned tangible fixed assets		1,088,570	1,001,602
	Impairment of owned tangible fixed assets		356,826	-
	Profit on disposal of tangible fixed assets		-	(198,679)
	Loss on disposal of investment property		960	-
	Amortisation of intangible assets		32,901	32,281
	Operating lease charges		92,629	85,493
			<u> </u>	<u> </u>
4	Turnover and other revenue		2020	2019
			£	£
	Turnover analysed by class of business	Notes		
	Retail		37,801,923	35,121,270
	Farm	6	2,104,289	1,944,693
	Non-trade property	7	237,158	236,836
			<u> </u>	<u> </u>
			40,143,370	37,302,799
			<u> </u>	<u> </u>
			2020	2019
			£	£
	Other operating income			
	Concession income		347,604	260,024
	Rental income		22,301	19,063
	Travel income		77,376	127,738
	Other income		398,771	415,963
			<u> </u>	<u> </u>
			846,052	822,788
			<u> </u>	<u> </u>
			2020	2019
			£	£
	Turnover analysed by geographical market			
	UK		40,143,370	37,302,799
			<u> </u>	<u> </u>

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 FEBRUARY 2020

5 Retail

	2020	2019
	£	£
Retail expenses		
Personnel costs	6,686,026	6,318,910
Occupancy costs	1,807,807	1,667,405
Depreciation	1,011,100	925,675
Amortisation	32,901	32,281
Professional fees	45,080	79,624
Operating leases - land and buildings	24,796	24,444
Loss/(gain) on disposal of fixed assets	-	(195,538)
Loss on impairment of fixed assets	356,826	-
Other expenses	1,595,259	1,482,912
	<u>11,559,795</u>	<u>10,335,713</u>

6 Farm

	2020	2019
	£	£
Sales	2,104,289	1,944,693
Cost of Sales	(1,375,191)	(1,253,540)
Gross Profit	<u>729,098</u>	<u>691,153</u>
Farm expenses (See below)	(642,898)	(612,952)
Farm surplus/(deficit)	<u>86,200</u>	<u>78,201</u>
Farm expenses		
Personnel costs	270,157	260,705
Occupancy costs	85,012	85,952
Depreciation	77,471	68,585
General repairs	63,491	56,818
Legal & Professional	36,000	43,916
Operating leases - farm equipment	67,833	61,049
Loss/(gain) on disposal of fixed assets	-	(3,141)
Other expenses	42,934	39,068
	<u>642,898</u>	<u>612,952</u>

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 FEBRUARY 2020

7	Non trade property	2020	2019
		£	£
	Sales	237,158	236,836
	Cost of Sales	-	-
	Gross Profit	237,158	236,836
	Non trade property expenses (See below)	(14,208)	(22,352)
	Non trade property surplus/(deficit)	222,950	214,484
	Non trade property expenses		
	Occupancy costs	1,214	(1,889)
	Depreciation	-	7,342
	General repairs	422	928
	Legal & Professional	9,310	10,273
	Loss on disposal of land and buildings	960	
	Other expenses	2,302	5,698
		14,208	22,352
8	Interest receivable and similar income	2020	2019
		£	£
	Other income from investments		
	Other interest receivable and similar income	9,270	7,466
9	Interest payable and similar expenses	2020	2019
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Interest on bank overdrafts and loans	11,592	6,364
	Other finance costs:		
	Net interest on the net defined benefit liability	35,000	38,000
		46,592	44,364

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 FEBRUARY 2020

10	Amounts written off investments		
	fixed asset investments	2020	2019
		£	£
	Revaluation gain on investment properties	373,634	485,000
	Profit on sale of investment property	-	363,821
		<u>373,634</u>	<u>848,821</u>
11	Auditor's remuneration		
		2020	2019
	Fees payable to the Society's auditor and associates:	£	£
	For audit services		
	Audit of the financial statements of the Society	24,000	22,750
		<u>24,000</u>	<u>22,750</u>
	For other services		
	All other non-audit services	8,700	4,900
		<u>8,700</u>	<u>4,900</u>

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 FEBRUARY 2020

12 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

	2020 Number	2019 Number
Retail	435	435
Administration	25	27
Farm	6	6
	<u>466</u>	<u>468</u>

The full-time equivalent average number of employees was 291 (2019: 290).

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	6,341,979	6,095,285
Social security costs	325,116	319,485
Pension costs	289,088	164,845
	<u>6,956,183</u>	<u>6,579,615</u>

Analysed by:

	Notes	2020 £	2019 £
Retail	5	6,686,026	6,318,910
Farm	6	270,157	260,705
		<u>6,956,183</u>	<u>6,579,615</u>

13 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	100,167	97,374
Company pension contributions to defined contribution schemes	4,099	4,054
	<u>104,266</u>	<u>101,428</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2019 - 2).

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 FEBRUARY 2020

13 Directors' remuneration

(Continued)

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2020	2019
	£	£
Remuneration for qualifying services	36,426	35,562
Company pension contributions to money purchase pension schemes	3,096	3,023

14 Taxation

	2020	2019
	£	£
Deferred tax		
Origination and reversal of timing differences	54,133	100,566

The actual charge for the period can be reconciled to the expected charge for the period based on the profit or loss and the standard rate of tax as follows:

	2020	2019
	£	£
Profit before taxation	215,672	1,036,831
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	40,978	196,998
Tax effect of expenses that are not deductible in determining taxable profit	34,279	46,148
Tax effect of income not taxable in determining taxable profit	(256)	(387)
Adjustments in respect of prior years	8,342	-
Effect of revaluations of investments	-	(92,150)
Unrealised chargeable gains	39,507	89,388
Pension contribution adjustments	(48,830)	(30,400)
Profit on disposal of ineligible assets	-	(109,031)
Rate differences	(19,887)	-
Taxation charge for the period	54,133	100,566

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 FEBRUARY 2020

14 Taxation

(Continued)

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2020	2019
	£	£
Deferred tax arising on:		
Revaluation of property	(141,575)	1,344,967
Actuarial differences recognised as other comprehensive income	(12,500)	8,783
	<u>(154,075)</u>	<u>1,353,750</u>

15 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2020	2019
		£	£
In respect of:			
Property, plant and equipment	17	<u>356,826</u>	<u>-</u>
Recognised in:			
Administrative expenses		<u>356,826</u>	<u>-</u>

As explained in more detail in the Strategic report, the Society will be redeveloping the RADCO superstore site in the near future. Consequently the value of the Land & Buildings of the current RADCO store have been impaired in this year's financial statements.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 FEBRUARY 2020

16 Intangible fixed assets

	Goodwill £
Cost	
At 24 February 2019 and 29 February 2020	482,351
Amortisation and impairment	
At 24 February 2019	313,411
Amortisation charged for the period	32,901
At 29 February 2020	346,312
Carrying amount	
At 29 February 2020	136,039
At 23 February 2019	168,940

More information on the impairment arising in the period is given in note 15.

17 Tangible fixed assets

	Land and buildings £	Assets under construction £	Fixtures, machinery and vehicles £	Farm land £	Farm buildings and equipment £	Total £
Cost or valuation						
At 24 February 2019	4,863,298	706,586	8,380,191	7,870,000	1,295,602	23,115,677
Additions	-	2,801,445	921,504	-	23,999	3,746,948
Transfers	162,251	(354,168)	63,918	-	234,999	107,000
At 29 February 2020	5,025,549	3,153,863	9,365,613	7,870,000	1,554,600	26,969,625
Depreciation and impairment						
At 24 February 2019	1,739,008	-	4,080,234	-	1,056,860	6,876,102
Depreciation charged in the period	192,314	-	818,785	-	77,471	1,088,570
Impairment losses	356,826	-	-	-	-	356,826
At 29 February 2020	2,288,148	-	4,899,019	-	1,134,331	8,321,498
Carrying amount						
At 29 February 2020	2,737,401	3,153,863	4,466,594	7,870,000	420,269	18,648,127
At 23 February 2019	3,124,290	706,586	4,299,957	7,870,000	238,742	16,239,575

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 FEBRUARY 2020

17 Tangible fixed assets

(Continued)

Farm land with a carrying amount of £7,870,000 were revalued in August 2018 by Tom Ireland (MRICS) of Carter Jonas, independent valuers not connected with the company, with experience of the location and type of land and property being valued. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties. It is the opinion of the directors that this valuation is an accurate reflection of the value as at 29 February 2020.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2020	2019
	£	£
Cost	226,000	226,000
Accumulated depreciation	-	-
	<u> </u>	<u> </u>
Carrying value	<u>226,000</u>	<u>226,000</u>

Security

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

The long-term loan is secured by legal charge over the property at Manor and Ponds farm, Hardington to the value of £4,350,000.

Also there is a finance lease which is secured against the EPOS system, which is included within fixtures, machinery & vehicles.

More information on impairment movements in the period is given in note 15.

Land and buildings

Land and buildings at cost or value comprise £4,589,627 (2019: £4,427,376) freehold and £435,922 (2019: £435,922) short leasehold.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 FEBRUARY 2020

18 Investment property

	2020
	£
Fair value	
At 24 February 2019	3,481,000
Transfer	(107,000)
Net gains or losses through fair value adjustments	373,634
At 29 February 2020	<u>3,747,634</u>

Investment properties (excluding the Chew Magna flats), 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.

Following the conversion of an office to flats, the Chew Magna flats were revalued on 28 December 2017 by Myrica MacIntyre (MRICS) of Killens, in the capacity of an independent valuer.

Investment property were revalued, based on market value, in August 2018 by Tom Ireland (MRICS) of Carter Jonas, an independent valuer with experience of the location and type of land and property being valued.

The directors have reviewed the value of all investment properties and consider that these have increased in value during the year to 29 February 2020.

The historic cost of the revalued investment properties are £1.423m.

As set out in note 7, property net income earned during the year was £222,950 (2019: £214,484). 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:

	2020	2019
	£	£
Within one year	163,339	194,287
Between two and five years	594,364	747,161
In over five years	<u>477,165</u>	<u>654,888</u>

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 FEBRUARY 2020

19 Fixed asset investments

	2020 £	2019 £
Unlisted investments	54,769	54,769
Breakdown of the investments	2020	2019
	£	£
The Co-operative Group Limited shares	36,585	36,585
Other shares	6,468	6,468
Unquoted companies' shares	11,716	11,716
	54,769	54,769

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 29 February 2020 amounted to £2 (2019: £2).

Movements in fixed asset investments

	Investments other than loans £
Cost or valuation	
At 24 February 2019 & 29 February 2020	54,769
Carrying amount	
At 29 February 2020	54,769
At 23 February 2019	54,769

20 Stocks

	2020 £	2019 £
Agricultural stock	1,052,608	890,382
Goods for resale - retail stock	1,585,287	1,539,593
	2,637,895	2,429,975

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 FEBRUARY 2020

21 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	683,212	698,869
Other debtors	383,559	2,027,791
Prepayments and accrued income	219,172	171,122
	<u>1,285,943</u>	<u>2,897,782</u>
Amounts falling due after more than one year:		
	£	£
Other debtors	163,445	-
Deferred tax asset (note 26)	291,040	278,540
	<u>454,485</u>	<u>278,540</u>
Total debtors	<u>1,740,428</u>	<u>3,176,322</u>

22 Current asset investments

	2020	2019
	£	£
Unlisted investments	<u>1,765,163</u>	<u>282,209</u>
Breakdown of the investments		
	2020	2019
	£	£
Short term bank deposits	1,754,971	273,544
The Co-operative Group Corporate investor shares	10,192	8,665
	<u>1,765,163</u>	<u>282,209</u>

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 FEBRUARY 2020

23 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loans	25	57,431	-
Obligations under finance leases	29	-	32,906
Trade creditors		2,309,991	2,899,755
Corporation tax		28	(2,785)
Other taxation and social security		77,840	229,146
Other creditors		238,435	225,021
Accruals and deferred income		795,378	621,246
		<u>3,479,103</u>	<u>4,005,289</u>

24 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	25	1,942,569	-
Trade creditors		87,374	-
		<u>2,029,943</u>	<u>-</u>

25 Loans and overdrafts

	2020 £	2019 £
Bank loans	2,000,000	-
	<u>2,000,000</u>	<u>-</u>
Payable within one year	57,431	-
Payable after one year	1,942,569	-
	<u>1,942,569</u>	<u>-</u>

The long-term loan is secured by legal charge over the property at Manor and Ponds farm, Hardington, Near Frome, Somerset.

The repayments have been calculated on the basis of a 25 year repayment profile effective from the date of first drawdown of the Facility.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 FEBRUARY 2020

26 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2020 £	Liabilities 2019 £	Assets 2020 £	Assets 2019 £
Balances:				
Accelerated capital allowances	416,721	362,588	-	-
Revaluations	1,203,392	1,344,967	-	-
Retirement benefit obligations	-	-	291,040	278,540
	<u>1,620,113</u>	<u>1,707,555</u>	<u>291,040</u>	<u>278,540</u>
Movements in the period:				2020 £
Liability at 24 February 2019				1,429,015
Charge to profit or loss				54,133
Credit to other comprehensive income				(12,500)
Credit to equity				(141,575)
Liability at 29 February 2020				<u>1,329,073</u>

The deferred tax asset set out above is expected to reverse in over 12 months and relates to the defined benefit pension scheme. Some of the deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period. The rest of the deferred tax liability is in respect of the revalued farm land and is expected to reverse in over 12 months.

27 Provisions for liabilities

	Notes	2020 £	2019 £
Deferred tax liabilities	26	1,620,113	1,707,555
Retirement benefit obligations	31	1,712,000	1,466,000
		<u>3,332,113</u>	<u>3,173,555</u>

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 FEBRUARY 2020

28 Share capital

Reconciliation of movement of share capital during the period:

	2020	2019
	£	£
Balance at start of period	267,558	262,628
Contributions	9,259	10,154
Interest	1,890	-
Withdrawals	(10,967)	(5,224)
Balance at end of period	<u>267,740</u>	<u>267,558</u>

(a) Share capital is composed of one type of share.

(b) Share capital comprises 18,543 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.

29 Finance lease obligations

	2020	2019
	£	£
Future minimum lease payments due under finance leases:		
Within one year	<u>-</u>	<u>32,906</u>

The finance lease relates to the purchase of software for the EPOS system, included in Fixtures, machinery & vehicles.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 FEBRUARY 2020

30 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	605,676	568,547
Between two and five years	1,981,119	1,720,698
In over five years	2,987,712	2,640,628
	<u>5,574,507</u>	<u>4,929,873</u>

31 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>289,088</u>	<u>164,845</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

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 29 February 2020 by Mr Duncan Ross, Fellow of the Institute and Faculty 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.

Key assumptions	2020 %	2019 %
Discount rate	1.7	2.6
Future pension increases (5% RPI)	3.0	3.3
Future pension increases (2.5% CPI)	1.8	2.1
Rate of pension deferment	3.1	3.4
Inflation	<u>3.1</u>	<u>3.4</u>

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 FEBRUARY 2020

31 Retirement benefit schemes	(Continued)	
<i>Mortality assumptions</i>	2020	2019
Assumed life expectations on retirement at age 65:	Years	Years
Retiring today		
- Males	21.7	22.2
- Females	23.6	24.1
	<u> </u>	<u> </u>
Retiring in 20 years		
- Males	23.4	23.9
- Females	25.5	25.9
	<u> </u>	<u> </u>
	2020	2019
<i>Amounts recognised in the profit and loss account</i>	£	£
Net interest on net defined benefit liability/(asset)	35,000	38,000
	<u> </u>	<u> </u>
Total costs/(income)	35,000	38,000
	<u> </u>	<u> </u>
	2020	2019
<i>Amounts taken to other comprehensive income</i>	£	£
Other (gains) and losses	(503,000)	(125,625)
	<u> </u>	<u> </u>
Total cost/(income)	(503,000)	(125,625)
	<u> </u>	<u> </u>
The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:		
	2020	2019
	£	£
Present value of defined benefit obligations	9,111,000	8,652,000
Fair value of plan assets	(7,399,000)	(7,186,000)
	<u> </u>	<u> </u>
Deficit in scheme	1,712,000	1,466,000
	<u> </u>	<u> </u>

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 FEBRUARY 2020

31 Retirement benefit schemes

(Continued)

	2020	2019
	£	£
<i>Movements in the present value of defined benefit obligations</i>		
Liabilities at 24 February 2019	8,652,000	8,640,000
Benefits paid	(320,000)	(293,000)
Actuarial gains and losses	554,000	67,000
Interest cost	225,000	238,000
At 29 February 2020	9,111,000	8,652,000
	2020	2019
	£	£
<i>Movements in the fair value of plan assets</i>		
Fair value of assets at 24 February 2019	7,186,000	7,140,000
Interest income	190,000	200,000
Benefits paid	(320,000)	(293,000)
Contributions by the employer	292,000	198,000
Actuarial gains and losses	51,000	(59,000)
At 29 February 2020	7,399,000	7,186,000
	2020	2019
	£	£
<i>Fair value of plan assets at the reporting period end</i>		
Equity instruments	3,340,000	3,347,000
Diversified growth fund	2,619,000	2,587,000
Government bonds	1,257,000	1,078,000
Annuity Policies	105,000	102,000
Cash	78,000	72,000
	7,399,000	7,186,000

32 Events after the reporting date

Since the year end, there has been the global COVID-19 outbreak and associated lockdown in the UK. At the time of approving the accounts, this has had a limited impact on the society as it has continued to perform and be paid for its services.

Therefore the directors are of the opinion that this does not affect their assessment of the entity's ability to continue as a going concern.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 FEBRUARY 2020

33 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, which is considered to be the senior management team, is as follows.

	2020 £	2019 £
Aggregate compensation	393,798	415,426

34 Ultimate controlling party

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

35 Cash generated from/(absorbed by) operations

	2020 £	2019 £
Surplus for the period after tax	161,539	936,265
Adjustments for:		
Taxation charged	54,161	97,781
Finance costs	46,592	44,364
Investment income	(9,270)	(7,466)
Gain on disposal of tangible fixed assets	-	(198,678)
Gain on disposal of investment property	-	(363,821)
Fair value movement on investments	-	(2,125)
Distributions	4,130	4,951
Fair value movement on investment properties	(373,634)	(485,000)
Amortisation and impairment of intangible assets	32,901	32,281
Depreciation and impairment of tangible fixed assets	1,445,396	1,001,602
Pension scheme non-cash movement	(261,130)	(164,576)
Movements in working capital:		
Increase in stocks	(207,920)	(3,262)
Decrease/(increase) in debtors	1,448,394	(1,563,551)
(Decrease)/increase in creditors	(466,150)	458,806
Cash generated from/(absorbed by) operations	1,875,009	(212,429)

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 FEBRUARY 2020

36 Analysis of changes in net funds/(debt)

	24 February 2019	Cash flows	29 February 2020
	£	£	£
Cash at bank and in hand	1,873,109	(1,422,154)	450,955
Borrowings excluding overdrafts	-	(2,000,000)	(2,000,000)
Obligations under finance leases	(32,906)	32,906	-
	<u>1,840,203</u>	<u>(3,389,248)</u>	<u>(1,549,045)</u>

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 FEBRUARY 2020

Five Year Comparative Statement

	2020 No.	2019 No.	2018 No.	2017 No.	2016* No.
Membership	18,543	16,493	14,429	8,957	7,027
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenue Account	£000	£000	£000	£000	£000
Turnover	37,802	35,121	30,206	27,282	26,112
Trading result	(426)	(63)	(147)	72	12
Farm result	86	78	111	5	62
Surplus before distributions	220	1,042	282	218	291
Surplus for period	162	936	181	148	214
Depreciation and amortisation	1,121	1,034	1,082	1,026	827
Balance Sheet					
Fixed assets	22,587	19,944	12,456	10,932	9,958
Net current assets	3,115	3,757	2,760	4,419	5,019
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets less current liabilities	25,702	23,701	15,216	15,351	14,977
Less: Long term liabilities & provisions	(5,362)	(3,174)	(1,795)	(3,344)	(1,591)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Assets	20,340	20,527	13,421	12,007	13,386
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Share Capital	268	268	263	252	237
Reserves	20,072	20,259	13,158	11,755	13,149
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Members' Funds	20,340	20,527	13,421	12,007	13,386
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

*As restated for transition to FRS102