

Registration Number 1159R

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

Report and Financial Statements

52 week period ended 25 February 2017

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 FEBRUARY 2017

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RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 FEBRUARY 2017

DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

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

¹ Audit Committee

² Remuneration and Benefits Committee

³ Pension Trustees

OFFICERS

Don Morris CMIA FCCA	Chief Executive/Secretary
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REGISTERED OFFICE

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BANKERS

The Co-operative Bank
16 St Stephen's Street
Bristol
BS1 1JR

AUDITOR

Deloitte LLP
Bristol

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

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BOARD'S REPORT TO MEMBERS

INTRODUCTION

The Board of Directors is pleased to present to members the report and financial statements for the 52 week period ended 25 February 2017.

PRINCIPAL ACTIVITIES

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

BUSINESS MODEL

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

FINANCIAL RISK MANAGEMENT

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

EMPLOYEES

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

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

CREDITOR PAYMENT POLICY

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

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

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

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PRESIDENT'S STATEMENT

The grocery market continues to be a fiercely competitive environment with customers' shopping needs rapidly changing. In response to those changing needs, we have introduced new ranges with a greater emphasis on food to go, meal solutions, in-store bakery and fresh fruit and vegetables. The response from our customers has been positive with steady sales increases in those categories. During the year the Society opened another new store in Castle Mead, Trowbridge. The purpose built store is significant for the Society as for the first time we have extended our trading area from Somerset into Wiltshire. The Society secured the leasehold of this highly sought after development and with positive initial trading figures the future of the store bodes well for the Society. The improvement in the Society's trading surplus this year is pleasing to note.

We continued to invest in the existing retail estate with our Chilcompton store benefitting from a complete redesign including major building alterations resulting in significant improvements to the shopping experience. As a community retailer, we felt it was vital to retain the Post Office service, which was modernised and relocated within the retail operation enabling the opening hours to be extended. We also invested in the Coleford store through the installation of brand new, energy efficient refrigeration and freezer units. We also made significant improvements to the refrigeration at our Frome, Fosseway and Timsbury stores to extend our range of fresh and chilled ranges.

As announced last year, exciting changes to the Dividend Card scheme and membership have taken place. We have started to convert Dividend Card Members to membership of the Society. As at the year end, the number of confirmed members stands at 8,957, an increase of 1,930 over the previous total membership for the prior year. Our geographical expansion into new trading areas will provide opportunities to extend our membership base. As a successful co-operative business, we have continued to reward our members through the Dividend Scheme. In total, £87,465 was paid out during the year.

As selected by our membership at last year's Annual General Meeting, our two chosen charities for the trading year, SWALLOW and Freewheelers, received initial donations of £1,100 each. Several community hospitals and health centres providing services to residents within our retail estate received a share of £10,500, generated from the 'carrier bag' charging levy. The Society continues to support many local charities, schools and community groups through making donations, participation and involvement in events, providing support and raising awareness. Our colleagues continue to demonstrate their commitment to fund-raising activities to generate funds for both local causes and national campaigns.

In recognition of the support the Society has provided to the Carer's Centre, the Society was presented with the award of 'Business Partner of the Year' at the Somerdale Pavilion in Keynsham. Once again, the Society is proud to continue its support of the Miners Reunion and Britain in Bloom initiative.

During the year, the Timsbury store celebrated 100 years of serving the local community. The occasion was marked by colleagues who set up a displays showing the history of the Society's store in the village. This is only one of the key events in the Society's history. Next year, in 2018 we celebrate the Society's 150th anniversary since the Society first started trading. We look forward to sharing with you a series of events and activities to commemorate this special occasion!

As your President for the past year, it has been a privilege to be a part of the continuing development of the Society. On behalf of your Board of Directors, I would like to thank our members and customers for their loyalty and support and our colleagues for all their efforts and hard work during the year.

Jeremy Fricker
President

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 FEBRUARY 2017 REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The retail environment has undergone significant change over the past year. The lingering effects of the economic downturn, extensive changes in consumer shopping habits and the aggressive expansion of the discount supermarkets have continued to shake up the industry. As a Society, we have responded to these challenges by investing in our existing stores to exceed our customers' expectations. We have introduced further in-store bakeries, extended fresh & chilled product lines, undertaken major refits and invested in our IT infrastructure. In-line with our continuing strategy to expand the retail estate, we have again opened another new store. Our largest store, RADCO, has again improved its trading position making a modest but very hard fought and welcomed contribution to the retail estate. The farm, in a very difficult year for the milk industry, has been able to turn a predicted loss into a small surplus helped by our strategy to expand the milking herd, increase milk volumes and control costs as we saw significant reductions in farm gate milk price. We have entered 2017 in extraordinarily uncertain times. The political and economic environment has changed markedly, with a more challenging time difficult to remember. As a Society, we are committed to pursue our growth strategy whilst ensuring that the Society remains financially stable and secure.

Gross sales during the financial year grew by £1,300,692 or 4.5% and now stand at £30.0m (2015/16: £28.7m). On a like-for-like basis the Society's stores achieved increased sales of £ 1,145,233 or 4.0%. The trading surplus for the year amounted to £71,824 (2015/16: £12,483), a near six-fold increase on the prior year.

The Society was proud to extend its trading area into the County of Wiltshire for the first time, with the launch of its new purpose-built community store in Castle Mead, Trowbridge. This brings the number of stores in the retail estate to sixteen. The new store is in a prime location and has been designed and equipped to a high specification. Along with the acquisition of the new store, we created 20 new jobs which were filled by new colleagues from the local area. We welcome the team to the Society, led by our new store manager, Adam Wells. The store is performing well and is a strong addition to the retail estate.

In what can only be described as a torrid year for the dairy farm industry with commentators describing 2016 as a 'milk price crisis' our farm has been able to turnaround a forecasted, sizable loss to a small but welcomed surplus of £5,078 (2015/16: £62,008). Our defensive actions were to increase the size of the milking herd which now stand at 501 in milk, increase milk volumes whilst maintaining cost controls. Ross Edwards, our Farm Manager from Velcourt, is continuing to make the necessary improvements in land management, feedstock and animal husbandry and we continue to benefit from our membership of the Co-operative Dairy Group (CDG). The Society will continue to make appropriate infrastructure investments especially to aid efficiencies in the dairy operation, in preparation for our continued expansion of the dairy herd.

As highlighted last year, accounting treatment of our legacy, defined benefit employee pension scheme is now governed by accounting standard FRS102 Employee Benefits. The discount rate used to establish the liabilities of the scheme for annual accounting is now set by reference to the market yield on high quality corporate bonds. This year we have seen a significant reduction in the discount rate used in the actuarial calculations from 4% to 2.7% which increases the fair value of the pension liability. This, and other related movements, have affected our published reserves in a way beyond the control of the Society.

Turning now to future developments, the Society will continue to invest in new stores and expand its geographical trading area. Milton Road in Weston Super Mare will become the Society's seventeenth store. The new store is currently under construction with the original building being altered and extended to create a retail environment with all the usual design features and services. The location is prominent being on a major road with a large number of houses in the vicinity with the site offering good access and ample parking. Further store openings are planned in 2017 and I look forward with excitement to sharing the announcements as soon as I am able!

In what has been an exceptionally difficult but ultimately successful year our colleagues have continued to demonstrate their dedication and loyalty. It therefore gives me great pleasure to thank all colleagues for their hard work and to thank our members and customers for their continued support.

Don Morris, Chief Executive

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

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GOING CONCERN

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

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

AUDITOR

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

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

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

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

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

APPLICATION OF PROFITS

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

BOARD CERTIFICATION

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

The Board's Strategic Report to Members and the Statement of Corporate Governance are hereby signed on behalf of the Board and the Financial Statements and notes on pages 26 to 43 are hereby signed on behalf of the Board of Directors pursuant to Section 82(1) of the Co-operative and Community Benefit Societies Act.



Jeremy Fricker
President



Graham Jeffery
Vice-President



Don Morris
Chief Executive/Secretary

Date

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 FEBRUARY 2017

BOARD'S RESPONSIBILITIES STATEMENT

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

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

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

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

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

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STATEMENT OF CORPORATE GOVERNANCE

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

BOARD OF DIRECTORS

Jeremy Fricker
Graham Jeffery
Allan Curtis
Derek Roberts
Jonathan Rich
Craig Doughty
Lynda Robertson
Sue Barnard
Chris Warren

SUB COMMITTEES OF THE BOARD AUDIT COMMITTEE

Graham Jeffery (Chair)
Allan Curtis
Lynda Robertson
Sue Barnard

REMUNERATION AND BENEFITS COMMITTEE

Jeremy Fricker
Graham Jeffery
Sue Barnard

SENIOR MANAGEMENT TEAM

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

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

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

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

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

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

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STATEMENT OF CORPORATE GOVERNANCE (continued)

OUR MEMBERS

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

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

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

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

THE BOARD

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

Name	First elected	Term expires
Jeremy Fricker	2008	2017
Graham Jeffery	2014	2018
Allan Curtis	2008	2017
Derek Roberts	2011	2017
Jonathan Rich	2014	2019
Craig Doughty	2015	2018
Lynda Robertson	2015	2018
Sue Barnard	2016	2019
Chris Warren	2016	2019
George Donkin	2007	2016

Directors' fees are approved by the Society's members. The current fee levels were recommended to the membership and approved by them in June 2016. In addition to their fees, directors are able to claim expenses reasonably incurred in carrying out Society business.

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

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

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

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STATEMENT OF CORPORATE GOVERNANCE (continued)

THE BOARD (continued)

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

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

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

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

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

Director	Main Board		Audit Committee		Remuneration and Benefits Committee		Employees' Superannuation Fund	
Jeremy Fricker	11	(12)	2	(2)	1	(2)	1	(1)
Graham Jeffery	11	(12)	3	(4)	2	(2)		
Allan Curtis	10	(12)	3	(4)			2	(2)
Derek Roberts	11	(12)					2	(2)
Jonathan Rich	11	(12)					2	(2)
Craig Doughty	11	(12)						
Lynda Robertson	12	(12)	3	(4)				
Sue Barnard	9	(9)	1	(2)	1	(1)		
Chris Warren	8	(9)						
George Donkin	3	(3)			1	(1)	1	(1)

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

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

During the year the Board undertook one full days training, facilitated by Co-operatives UK on The Role of the Chair. On-site training visits were held for all directors at our Timsbury and Shepton Mallet stores and five directors attended two full days attendance and training at the Co-operatives UK National Retail Conference.

The changes in directors during the period are as follows:

George Donkin	term expired 10 June 2016
Sue Barnard	elected 10 June 2016 (3 year term)
Chris Warren	elected 10 June 2016 (3 year term)
Jonathan Rich	elected 10 June 2016 (3 year term)

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

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STATEMENT OF CORPORATE GOVERNANCE (continued)

THE AUDIT COMMITTEE

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

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

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

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

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

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

These issues have been addressed throughout the year through the internal audit process, the monitoring of management processes and reviewing of financial and non-financial information presented both to the Audit Committee and to the Board. Work has been carried out in the year to monitor stock more effectively and provide accurate management reporting; with external stocktakes to verify the results. Financial reporting to the Board and Senior Management Team comparing actual revenues to budgets and forecasts with gross profit margins has been available to monitor progress of all trading sectors of the Society. The Co-operative Muller milk contract provides the Society with some protection against the severe fluctuations of the milk price. The pension scheme liability has been calculated by external actuaries, a full three year valuation completed in 2014, with management and external auditors checking the assumptions used.

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

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STATEMENT OF CORPORATE GOVERNANCE (continued)

THE AUDIT COMMITTEE (continued)

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

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

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

INTERNAL CONTROL

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

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

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

CONTROL ENVIRONMENT

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

RISK MONITORING AND MANAGEMENT

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

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

INFORMATION AND COMMUNICATION

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

CONTROL PROCEDURES

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

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

MONITORING

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

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

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 FEBRUARY 2017

KEY CO-OPERATIVE, ENVIRONMENTAL AND SOCIAL PERFORMANCE INDICATORS

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

NO	AREA	MEASUREMENT	OUTCOME
1	Member economic involvement	Trade (£) conducted with members as a proportion of turnover (%)	There was no practical mechanism to apply this measurement during 2016/17.
2	Member democratic participation	Number of members voting in elections and as a % of total membership	Nominations from 7 candidates for 3 vacancies on the Board were received. One director was re-elected and two new candidates elected.
3	Participation of employees and members in training and education schemes	All types of training	Employees attended 1535 (2015/16: 778) training events equating to 300 full days during 2016/17. This included personal development, NVQ, professional development, management training, customer excellence, compliance training, product and services training and participation in new eLearning modules.
4	Staff injury and absentee rates	Staff injury rates/number of accidents/number reportable. Total absentee rate	During 2016/17, there were 42 accidents (2015/16: 45), of which 3 were reportable (1 customer, 1 employee, 1 concession staff) (2015/16: 2). The average employee absence rate for 2016/17 was 3.6% per period (2015/16: 3.74%).
5	Staff profile - gender and ethnicity % where data supplied (38% of the workforce have not supplied details of their ethnicity).	% male/female and non-white British employees	Of our employees, 68% are female and 32% are male (2015/16: 67% female, 33% male). Employees with ethnic origin other than White British are 0.6% (2015/16: 0.8%).
6	Customer satisfaction %	Number of customers satisfied as a %	We aspire to 100% customer satisfaction. We record customer feedback (including complaints) and employ "mystery shoppers". This information helps to direct us to those areas that need improvement. The Society's average mystery shopping score was 95.1% (2015/16: 92.3%) against a pass mark of 92.0%.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED**REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 FEBRUARY 2017****KEY CO-OPERATIVE, ENVIRONMENTAL AND SOCIAL PERFORMANCE INDICATORS (continued)**

NO	AREA	MEASUREMENT	OUTCOME
7	Considerations of ethical issues in procurement and investment decisions	Qualitative Description of how these factors are considered in the course of business	The Society is a member of the Federal Retail and Trading Services and shares the procurement policy of that body. The ethical trading policy and procedures in FRTS address the issues of sound sourcing, animal welfare, food integrity and health and ecological sustainability. On the Society's own dairy farm in Hardington, livestock are treated in accordance with the highest standards of animal welfare.
8	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.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 FEBRUARY 2017

REMUNERATION AND BENEFITS COMMITTEE

The Remuneration and Benefits Committee is pleased to present its Report to members for the 52 week period ended 25 February 2017.

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 2016. The Committee plans to meet at least once a year and at such other times as the Chair of the Committee shall require or if requested by two members of the Committee.

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

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

Independent External Advice

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

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

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

Service Contract

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

Pension Benefits

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

Senior Management Team Emoluments

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

Name	Chief Executive Officer £	Head of Retail Operation £	Head of Human Resources £	Head of Finance & IT £
Salary	118,566	83,545	59,097	64,131
Employers Pension Contributions	10,457	2,370	4,370	2,582
Total Emoluments	129,023	85,915	63,467	66,713

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 FEBRUARY 2017

REMUNERATION AND BENEFITS COMMITTEE (continued)

Directors' Emoluments

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

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

Name	Fees 2016/17 £	Expenses 2016/17 £	Total Emoluments 2016/17 £
Jeremy Fricker	3,617	1,322	4,939
Graham Jeffery	2,978	191	3,169
Allan Curtis	2,576	-	2,576
Derek Roberts	2,576	185	2,761
Jonathan Rich	2,576	231	2,807
Craig Doughty	2,576	-	2,576
Lynda Robertson	2,576	166	2,742
Sue Barnard	1,874	-	1,874
Chris Warren	1,874	-	1,874
George Donkin	1,042	127	1,169

By order of the Board



Jeremy Fricker
President and Chair of the Remuneration and Benefits Committee

Date

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 FEBRUARY 2017

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

Opinion on financial statements of Radstock Co-operative Society Limited

In our opinion:

- **the financial statements give a true and fair view of the state of the society's affairs as at 25 February 2017 and of its income and expenditure for the year then ended;**
- **have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and**
- **have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014.**

The financial statements that we have audited comprise:

- the Revenue Account;
- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Cash Flow Statement;
- the Statement of Changes in Equity; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Summary of our audit approach

Key risks	The key risk that we identified in the current year was: <ul style="list-style-type: none">• Revenue recognition When performing our risk assessment in the current year we have concluded that the valuation of inventory and the pension scheme do not present a significant risk of misstatement therefore have not classified these risks as significant but instead as normal risks.
Materiality	The materiality that we used in the current year was £380,000 which was determined on the basis of turnover.
Scoping	All audit work for the society was performed directly by the audit engagement team.
Significant changes to our audit scope	There have been no significant changes to our audit scope.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 FEBRUARY 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RADSTOCK CO-OPERATIVE SOCIETY LIMITED (continued)

Going concern and the directors' assessment of the principal risks that would threaten the solvency or liquidity of the company

We have reviewed the directors' statement regarding the appropriateness of the going concern basis of accounting contained within note 1 to the financial statements.

We are required to state whether we have anything material to add or draw attention to in relation to:

- the directors' confirmation on page 2 that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures on pages 14 to 15 that describe those risks and explain how they are being managed or mitigated;
- the directors' statement in note 1 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and
- the directors' explanation on page 26 as to how they have assessed the prospects of the company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We confirm that we have nothing material to add or draw attention to in respect of these matters.

We agreed with the directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Independence




We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and confirm that we are independent of the society and we have fulfilled our other ethical responsibilities in accordance with those standards.

We confirm that we are independent of the society and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RADSTOCK CO-OPERATIVE SOCIETY LIMITED (continued)

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. As we further understand the business we have further tailored our significant risk in relation to revenue recognition and changed this risk from completeness of revenue in 2016 to manual adjustments to revenue in 2017.

Revenue Recognition	
Risk description 	<p>We presume a risk of material misstatement due to fraud related to revenue and evaluate which types of revenue transactions give rise to such risks. Total revenue recognised in the year was £29m (2016: £28m) and is shown in note 3.</p> <p>Revenue recognised correlates closely with cash received, as would be expected in a retail business. Given that the majority of revenue transactions are low value and high volume and are generated automatically from the till system we consider the fraud risk within revenue to relate to any manual adjustments to revenue which management may make to manipulate results.</p>
How the scope of our audit responded to the risk 	<ul style="list-style-type: none"> • We assessed the design and implementation of controls over the reconciliation of sales at the till to revenue in the general ledger, as well as the calculation and authorisation of the Co-operative Retail Trading Group (CRTG) claims. These controls are designed to ensure that revenue recognised is appropriately based upon the sales made and the offers available from CRTG. • We have used our data analytics software to identify manual postings to revenue, which we have then corroborated by tracing the amounts posted to supporting data. • We have tested the completeness and accuracy of turnover using analytical reviews based upon known factors such as store openings.
Key observations 	<p>The revenue recognition accounting policy is consistent with prior years, and is disclosed appropriately in the financial statements.</p> <p>We have noted no issues in the manual adjustments to revenue and are satisfied that the revenue recognised within the period is appropriate</p>

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 FEBRUARY 2017

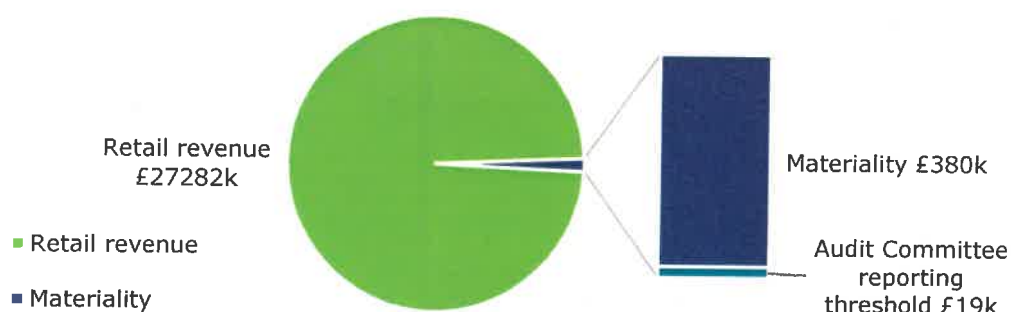
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RADSTOCK CO-OPERATIVE SOCIETY LIMITED (continued)

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	£380,000 (2016: £365,000)
Basis for determining materiality	1.4% of turnover.
Rationale for the benchmark applied	Turnover is the key driver of the business therefore was deemed to be the most appropriate benchmark upon which to calculate our materiality. This is consistent with the benchmark in the prior year.



We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £19,000 (2016: £18,250), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

The Society is made up of 16 stores and a farm all accounted for by a central head office team. When testing the valuation of stock, each year the audit team assesses the locations with material amounts of stock or those where an increased risk of misstatement is perceived. The Senior Statutory Auditor or a member of her team then visits locations based on this assessment, as well as a sample of other locations on rotation. Four stores (Radstock, Westfield, Peasedown and Paulton) and the farm were visited in the current year. There were no significant changes to our audit scope and no new service organisations to consider.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 FEBRUARY 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RADSTOCK CO-OPERATIVE SOCIETY LIMITED (continued)

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the society has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

We have nothing to report in respect of these matters.

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the society acquired in the course of performing our audit; or
- otherwise misleading.

We confirm that we have not identified any such inconsistencies or misleading statements.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

Other matters

Corporate Governance Statement

- Although not required to do so, the directors have voluntarily chosen to make a Corporate Governance statement detailing the extent of their compliance with the UK Corporate Governance Code.

We have reviewed this statement for factual accuracy and have nothing to report arising from our review.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 FEBRUARY 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RADSTOCK CO-OPERATIVE SOCIETY LIMITED (continued)

Respective responsibilities of the Board and auditor

As explained more fully in the Board's Responsibilities Statement, the committee of management is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team.

This report is made solely to the society's members, as a body, in accordance with Section 9 of the Co-operative and Community Benefit Society 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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the society's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Sonya Butters (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Bristol, UK

27 April 2017

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

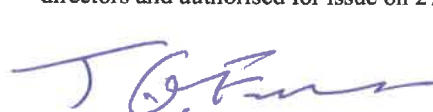
REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 FEBRUARY 2017

REVENUE ACCOUNT

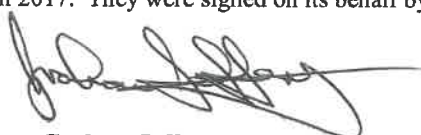
	Notes	52 week period ended 25 February 2017 £	52 week period ended 27 February 2016 £
Gross takings		38,568,948	37,677,847
Less agency and concession turnover		(8,554,141)	(8,963,732)
Gross sales (including VAT)		30,014,807	28,714,115
Value added tax		(2,732,503)	(2,602,318)
Retail turnover	3	27,282,304	26,111,797
Cost of sales		(19,663,577)	(18,945,241)
Gross profit		7,618,727	7,166,556
Other operating income	4	745,003	709,889
Expenses	5	(8,291,906)	(7,863,962)
Trading surplus		71,824	12,483
Farm surplus	7	5,078	62,008
Non-trade property net income	8	177,096	196,915
Operating surplus		253,998	271,406
Revaluation gain/(loss) on investment properties		-	71,004
Finance costs (net)	9	(36,156)	(51,836)
Surplus before distributions		217,842	290,574
Share interest	20	(939)	(1,001)
Donations		(3,727)	(5,730)
Death benefits		(1,112)	(1,206)
Surplus before tax		212,064	282,637
Taxation	11	(64,342)	(68,908)
Surplus for the period		147,722	213,729

All amounts derive from continuing operations.

The financial statements of Radstock Co-operative Society Limited (registered number 1159R) were approved by the board of directors and authorised for issue on 27 April 2017. They were signed on its behalf by:



Jeremy Fricker
President



Graham Jeffery
Vice-President



Don Morris
Chief Executive/Secretary

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 FEBRUARY 2017

STATEMENT OF COMPREHENSIVE INCOME

		52 week period ended 25 February 2017 £	52 week period ended 27 February 2016 £
	Note		
Profit for the period		<u>147,722</u>	<u>213,729</u>
Remeasurement of net defined benefit liability	22	(1,836,000)	717,000
Tax relating to components of other comprehensive income	19	<u>294,470</u>	<u>(178,700)</u>
Other comprehensive (expense)/income		<u>(1,541,530)</u>	<u>538,300</u>
Total comprehensive (expense)/income attributable to equity shareholders of the Company		<u><u>(1,393,808)</u></u>	<u><u>752,029</u></u>

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 FEBRUARY 2017

BALANCE SHEET

At 25 February 2017

	Note	52 week period ended 25 February 2017 £	52 week period ended 27 February 2016 £
Fixed assets			
Intangible assets	12	233,501	265,781
Tangible assets	13	10,645,509	9,641,136
Investments	14	52,644	50,971
		<u>10,931,654</u>	<u>9,957,888</u>
Current assets			
Stocks	15	2,132,422	2,063,016
Debtors – due within one year	16	957,574	822,665
Debtors – due after one year	16	506,882	260,197
Investments	14	3,291,890	3,904,625
Cash at bank and in hand		81,234	241,582
		<u>6,970,002</u>	<u>7,292,085</u>
Creditors: amounts falling due within one year	17	<u>(2,550,142)</u>	<u>(2,272,748)</u>
Net current assets		<u>4,419,860</u>	<u>5,019,337</u>
Total assets less current liabilities		<u>15,351,514</u>	<u>14,977,225</u>
Creditors: amounts falling due after more than one year	18	<u>(3,166,692)</u>	<u>(1,377,615)</u>
Provisions for liabilities	19	<u>(177,664)</u>	<u>(214,034)</u>
Net assets		<u><u>12,007,158</u></u>	<u><u>13,385,576</u></u>
Capital and reserves			
Called-up share capital	20	251,991	236,601
Revenue account		<u>11,755,167</u>	<u>13,148,975</u>
Members' funds		<u><u>12,007,158</u></u>	<u><u>13,385,576</u></u>

The financial statements of Radstock Co-operative Society Limited (registered number 1159R) were approved by the board of directors and authorised for issue on 27 April 2017. They were signed on its behalf by:



Jeremy Fricker
President



Graham Jeffery
Vice-President



Don Morris
Chief Executive/Secretary

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 FEBRUARY 2017

STATEMENT OF CHANGES IN EQUITY

At 25 February 2017

	Called-up share capital	Revenue account	Total
	£	£	£
At 28 February 2015	235,324	12,396,946	12,632,270
Profit for the financial year	-	213,729	213,729
Remeasurement of net defined benefit liability	-	717,000	717,000
Tax relating to items of other comprehensive income	-	(178,700)	(178,700)
Total comprehensive income	235,324	752,029	752,029
Issue of share capital	12,090	-	12,090
Interest on equity share	1,001	-	1,001
Withdrawals of share capital	(11,814)	-	(11,814)
At 27 February 2016	236,601	13,148,975	13,385,576
Profit for the financial year	-	147,722	147,722
Remeasurement of net defined benefit liability	-	(1,836,000)	(1,836,000)
Tax relating to items of other comprehensive income	-	294,470	294,470
Total comprehensive income	236,601	(11,755,167)	(1,393,808)
Issue of share capital	22,316	-	22,316
Interest on equity share	939	-	939
Withdrawals of share capital	(7,865)	-	(7,865)
At 25 February 2017	251,991	11,755,167	12,007,158

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 FEBRUARY 2017

CASH FLOW STATEMENT

	52 week period ended 25 February 2017 £	52 week period ended 27 February 2016 £
Cash flows from operating activities		
Operating surplus	253,998	271,406
Adjustment for:		
Depreciation and amortisation	1,019,986	827,330
(Profit) on sale of fixed assets	(5,590)	(299)
Taxation	(33,580)	(1,256)
Operating cash flows before movement in working capital	1,234,814	1,097,181
Increase in stocks	(69,406)	(114,617)
Increase in debtors	(134,909)	(169,285)
Increase in creditors	371,507	357,108
Adjustment for pension funding	(193,000)	(162,000)
Net cash flows from operating activities	1,209,006	1,008,387
Cash flows from investing activities		
Proceeds from sale of equipment	5,590	299
Purchase of equipment	(2,007,390)	(1,606,742)
Interest received	15,364	21,445
Interest paid	(4,520)	(1,281)
Withdrawals from short term investments	611,061	575,014
Net cash flows from investing activities	(1,379,895)	(1,011,265)
Cash flows from financing activities		
Donations paid	(4,839)	(6,936)
Repayments of other borrowings	(10)	(59)
Increase in members' share capital	15,390	1,277
Net cash flows from financing activities	(10,541)	(5,718)
Net decrease in cash and cash equivalents	(160,348)	(8,596)
Cash and cash equivalents at beginning of year	241,582	250,178
Cash and cash equivalents at end of year	81,234	241,582
Reconciliation to cash at bank and in hand:		
Cash at bank and in hand	81,234	241,582
Cash equivalents	-	-
Cash and cash equivalents	81,234	241,582

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 FEBRUARY 2017

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

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

a. General information and basis of accounting

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

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

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

b. Going concern

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

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

After taking into account the trading performance, the strength of the balance sheet and the cash balances held by the Society, the Directors have a reasonable expectation that the Society has adequate resources to continue in existence for the foreseeable future, being a period of at least 12 months from issuing these financial statements. There are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the 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.

c. Intangible assets

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

Acquisition of trade and assets	15 years
---------------------------------	----------

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

d. Tangible fixed assets

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

Freehold buildings	2.5% to 10% per annum
Building improvements	14.3% per annum
Fixtures, machinery and transport	10% to 20% per annum
Motor vehicles	25% per annum
Computers	25% to 50% per annum

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

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 FEBRUARY 2017

NOTES TO THE FINANCIAL STATEMENTS CONTINUED.

1. Accounting policies (continued)

e. Investment properties

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

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

f. Financial instruments

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

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

(i) Financial assets and liabilities

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

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

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

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

(ii) Investments

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

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

(iii) Fair value measurement

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

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 FEBRUARY 2017

NOTES TO THE FINANCIAL STATEMENTS CONTINUED.

1. Accounting policies (continued)

g. Stocks

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

The Society has taken appropriate professional advice from Cooper and Tanner LLP, a firm of chartered surveyors to undertake the herd valuation. The farm dairy cattle stocks are valued on a herd basis. Young cattle, grain and sundries are stated at market valuation. The valuations are performed annually, with the most recent valuation performed in February 2017.

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

h. Impairment of assets

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

i. Taxation

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

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

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

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

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

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

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

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

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

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 FEBRUARY 2017

NOTES TO THE FINANCIAL STATEMENTS CONTINUED.

1. Accounting policies (continued)

j. Turnover

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

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

k. Farm and property income

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

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

l. Employee benefits

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

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

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

m. Leases

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

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

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 FEBRUARY 2017

NOTES TO THE FINANCIAL STATEMENTS CONTINUED.

2. Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical judgements in applying the Society's accounting policies

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

Key source of estimation uncertainty –defined benefit pension scheme assumptions

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

3. Turnover

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

	2017 £	2016 £
Turnover:		
Retail	27,282,304	26,111,797
Farm (note 7)	1,670,597	1,805,320
Non-trade property (note 8)	209,596	270,517
	<u>29,162,497</u>	<u>28,187,634</u>

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

4. Other operating income

	2017 £	2016 £
Concession rental income	344,812	356,791
Rental income	379,879	328,737
Travel agency income	17,611	24,068
Other income	2,701	293
	<u>745,003</u>	<u>709,889</u>

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 FEBRUARY 2017

NOTES TO THE FINANCIAL STATEMENTS CONTINUED.

5. Retail expenses

	2017	2016
	£	£
Personnel costs (note 10)	4,858,153	4,645,146
Occupancy costs	990,660	869,097
Depreciation	901,717	701,808
Amortisation (note 12)	32,280	32,280
Professional fees (note 6)	42,935	45,385
Operating leases – land and buildings	258,374	242,086
Loss/(gain) on disposal of fixed assets	2,779	(299)
Other expenses	1,205,008	1,328,459
	<u>8,291,906</u>	<u>7,863,962</u>

6. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the company's annual accounts were £27,750 (2016: £31,850).

Fees payable to Deloitte LLP and their associates for non-audit services were £12,945 (2016: £13,535).

7. Farm surplus

	2017	2016
	£	£
Sales	1,670,597	1,805,320
Cost of sales	<u>(1,167,163)</u>	<u>(1,228,781)</u>
Gross profit	503,434	576,539
Expenses (note A)	<u>(498,356)</u>	<u>(514,531)</u>
Farm surplus	<u>5,078</u>	<u>62,008</u>

A. Expenses

	£	£
Personnel costs	142,553	162,563
Occupancy costs	76,399	77,279
Depreciation (note 13)	87,777	75,652
General repairs	59,579	70,603
Legal and professional	33,718	38,417
Other expenses	94,819	88,767
Profit on disposal of fixed assets	2,811	-
Valuation fee	700	1,250
	<u>498,356</u>	<u>514,531</u>

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

	Number	Number
Full time equivalent	<u>3</u>	<u>4</u>

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 FEBRUARY 2017

NOTES TO THE FINANCIAL STATEMENTS CONTINUED.

8. Non-trade property net income

	2017 £	2016 £
Sales	209,596	270,517
Cost of sales	-	-
Gross profit	<u>209,596</u>	<u>270,517</u>
Expenses (note A)	(32,500)	(73,602)
Net income	<u><u>177,096</u></u>	<u><u>196,915</u></u>
A. Expenses	£	£
Occupancy costs	5,177	41,312
Depreciation	4,712	17,590
General repairs	12,190	3,450
Legal and professional	6,443	10,293
Other expenses	3,978	957
	<u>32,500</u>	<u>73,602</u>

9. Finance costs (net)

	2017 £	2016 £
Interest payable and similar charges	51,520	73,281
Less: Investment income	(15,364)	(21,445)
	<u>36,156</u>	<u>51,836</u>
Investment income	£	£
Other interest receivable and similar income	15,364	21,445
Interest payable and similar charges	£	£
Other interest payable	4,520	1,281
Net interest cost on defined benefit pension scheme (note 22)	47,000	72,000
	<u>51,520</u>	<u>73,281</u>

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 FEBRUARY 2017

NOTES TO THE FINANCIAL STATEMENTS CONTINUED.

10. Directors, Staff numbers and costs

a) Employee costs

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

	2017 Number	2016 Number
Retail		
- full time	80	61
- part time	262	272
Administration	30	28
	<u>372</u>	<u>361</u>

The full-time equivalent average number of employees was 228 (2016: 217).

Their aggregate remuneration comprised:

	£	£
Wages and salaries	4,602,631	4,428,203
Social security costs	257,868	244,406
Other pension costs (note 22)	140,207	135,100
	<u>5,000,706</u>	<u>4,807,709</u>

Analysed by:	£	£
Retail (note 5)	4,858,153	4,645,146
Farm (note 7)	142,553	162,563
	<u>5,000,706</u>	<u>4,807,709</u>

b) Directors' remuneration

	£	£
Emoluments	91,303	125,359
Company contributions to money purchase pension schemes	3,897	9,901
Compensation for loss of office	-	23,000
	<u>95,200</u>	<u>158,260</u>

The number of directors who:

	Number	Number
Are members of a defined benefit pension scheme	-	2
Are members of a money purchase pension scheme	2	2

Remuneration of the highest paid director:

	£	£
Emoluments	34,194	61,513
Company contributions to money purchase pension schemes	2,906	2,268

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 FEBRUARY 2017

NOTES TO THE FINANCIAL STATEMENTS CONTINUED.

10. Directors, Staff numbers and costs (continued)

c) Senior management team remuneration

	2017	2016
	£	£
Salaries	325,339	387,343
Company contributions to money purchase pension schemes	19,779	22,860
	<u>345,118</u>	<u>410,203</u>

11. Tax on profit on ordinary activities

The tax charge comprises:

	2017	2016
	£	£
Current tax on profit on ordinary activities		
UK corporation tax	57,321	34,564
Adjustments in respect of prior years	(4,394)	(23,958)
Total current tax	<u>52,927</u>	<u>10,606</u>
Deferred tax		
Origination and reversal of timing differences	37,250	67,441
Adjustment in respect of previous periods	(5,467)	21,033
Effect of a change in tax rates	(20,368)	(30,172)
Total deferred tax (see note 19)	<u>11,415</u>	<u>58,302</u>
Total tax on profit on ordinary activities recognised in the profit and loss account	<u>64,342</u>	<u>68,908</u>
Deferred tax charge/(credit) recognised in other comprehensive income	<u>(294,470)</u>	<u>178,700</u>

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

	£	£
Profit on ordinary activities before tax	<u>212,064</u>	<u>282,637</u>
	£	£
Tax on profit on ordinary activities at standard UK corporation tax rate of 20% (2016: 20%)	42,413	56,527
Effects of:		
- Expenses not deductible for tax purposes	52,697	60,161
- Income not taxable in determining taxable profit	(540)	(14,683)
- Adjustments to tax charge in respect of previous periods	(9,860)	(2,925)
- Changes to tax rates	(20,368)	(30,172)
Total tax charge for period	<u>64,342</u>	<u>68,908</u>

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

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 FEBRUARY 2017

NOTES TO THE FINANCIAL STATEMENTS CONTINUED.

12. Intangible fixed assets

	Goodwill £
Cost as at 28 February 2016 and 25 February 2017	482,351
Amortisation	
At 28 February 2016	216,570
Charge for the year	32,280
At 25 February 2017	248,850
Net book value	
At 25 February 2017	233,501
At 28 February 2016	265,781

13. Tangible fixed assets

	Investment properties £	Land and buildings £	Farm land, buildings and machinery £	Fixtures, machinery and vehicles £	Assets in the course of construction £	Total £
Cost or valuation						
At 1 March 2016	2,911,000	5,008,908	1,516,061	4,763,647	12,830	14,212,446
Additions	-	417,812	101,776	1,400,572	87,230	2,007,390
Revaluations	-	-	-	-	-	-
Disposals	-	(3,125)	(23,307)	(113,390)	(770)	(140,592)
Transfers	(107,000)	(128,000)	235,000	7,000	(7,000)	-
At 25 February 2017	2,804,000	5,295,595	1,829,530	6,057,829	92,290	16,079,244
Depreciation						
At 1 March 2016	-	1,094,705	835,831	2,640,784	-	4,571,320
Charge for the year	137	253,336	87,777	646,456	-	987,706
Disposals	-	(3,125)	(11,572)	(110,594)	-	(125,291)
Transfers	(137)	107	-	30	-	-
At 25 February 2017	-	1,345,023	912,036	3,176,676	-	5,433,735
Net book value						
At 25 February 2017	2,804,000	3,950,572	917,494	2,881,153	92,290	10,645,509
At 28 February 2016	2,911,000	3,914,203	680,230	2,122,873	12,830	9,641,136

i. Investment properties

Investment properties, which are all freehold, were revalued to fair value at 25 February 2017, 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.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 FEBRUARY 2017

NOTES TO THE FINANCIAL STATEMENTS CONTINUED.

13. Tangible fixed assets (continued)

As set out in note 8, property net income earned during the year was £177,096 (2016: £196,915). 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:

	2017 £	2016 £
Within one year	231,667	202,267
In the second to fifth years inclusive	926,668	809,067
After five years	1,012,890	683,549

ii. Land and buildings

Land and buildings at cost or value comprise £5,011,602 (2016: £4,724,915) freehold and £283,993 (2016: £283,993) long leasehold.

iii. Security

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

iv. Finance leases

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

14. Investments

Other investments

	Non-current investments		Current investments	
	2017 £	2016 £	2017 £	2016 £
The Co-operative Group Limited shares	36,585	36,585	-	-
Other shares	4,343	2,670	-	-
Unquoted companies' shares	11,716	11,716	-	-
Short-term bank deposits	-	-	3,286,222	3,900,435
The Co-operative Group Corporate investor shares	-	-	5,668	4,190
	<u>52,644</u>	<u>50,971</u>	<u>3,291,890</u>	<u>3,904,625</u>

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

15. Stocks

	2017 £	2016 £
Agricultural stock	869,272	859,880
Goods for resale – retail stock	1,263,150	1,203,135
	<u>2,132,422</u>	<u>2,063,015</u>

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 FEBRUARY 2017

NOTES TO THE FINANCIAL STATEMENTS CONTINUED.

16. Debtors

	2017	2016
	£	£
Amounts falling due within one year:		
Trade debtors - retail	444,756	345,343
Trade debtors – farm	138,569	139,505
Other debtors	185,976	194,771
Prepayments	188,273	143,046
	<u>957,574</u>	<u>822,665</u>
Amounts falling due after more than one year:		
Deferred tax asset (note 19)	<u>506,882</u>	<u>260,197</u>

17. Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	1,724,630	1,466,428
Corporation tax	43,126	9,578
Other taxation and social security	12,394	12,849
Other creditors	146,862	171,470
Accruals	564,912	517,840
Dividend points and stamps	58,143	94,500
Stamp clubs	73	83
	<u>2,550,142</u>	<u>2,272,748</u>

18. Creditors: amounts falling due after one year

	2017	2016
	£	£
Defined benefit pension scheme (note 22)	3,067,957	1,377,615
Finance Lease (note 21)	98,735	-
	<u>3,166,692</u>	<u>1,377,615</u>

19. Deferred tax

Deferred tax liability

Deferred tax is provided as follows:

	2017	2016
	£	£
Accelerated capital allowances	<u>214,034</u>	<u>214,034</u>
	£	£
Provision at start of the period	214,034	163,891
Deferred tax charge in revenue account for the period (note 11)	<u>36,370</u>	<u>50,143</u>
Provision at end of the period	<u>177,664</u>	<u>214,034</u>

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 FEBRUARY 2017

NOTES TO THE FINANCIAL STATEMENTS CONTINUED.

19. Deferred tax (continued)

Deferred taxation asset relating to defined benefit pension deficit

	2017 £	2016 £
At start of the period	260,197	447,056
(Charged)/credited to the statement of other comprehensive income	294,470	(178,700)
Charge to the revenue account (note 11)	(47,785)	(8,159)
At end of the period	506,882	260,197

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

20. Called-up share capital and reserves

	2017 £	2016 £
Balance at start of the period	236,601	235,324
Contributions	22,316	12,090
Interest	939	1,001
	259,856	248,415
Withdrawals	(7,865)	(11,814)
Balance at end of the period	251,991	236,601

- (a) Share capital is composed of one type of share.
- (b) Share capital comprises 7,027 members with a minimum holding of £2.00 per member. Balances over £25 attracted interest at 0.5% p.a.
- (c) Shares may be withdrawn by members upon giving one week's notice to the Society in accordance with Rule 22 of 2010 Rule Book.
- (d) Each member is entitled to one vote.
- (e) In the event of winding up, any balance remaining after meeting all liabilities would be distributed in a manner prescribed by the Co-operative and Community Benefit Society Act ruling at the time of dissolution, and in accordance with the Society's rules at the time of dissolution.

21. Financial commitments

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

	Finance Lease		Land and buildings	
	2017	2016	2017	2016
	£	£	£	£
Within one year	65,823	-	245,750	245,250
Between one and five years	98,735	-	873,000	981,000
After five years	-	-	356,375	2,350,104
	164,558	-	1,475,125	3,576,354

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 FEBRUARY 2017

NOTES TO THE FINANCIAL STATEMENTS CONTINUED.

22. Employee benefits

Defined contribution schemes

The Society operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to profit or loss in the period ended 25 February 2017 was £140,207 (2016: £135,100).

Defined benefit schemes

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

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

	2017	Valuation at 2016
Key assumptions used:		
Discount rate	2.7%	4.00%
Future pension increases (5% LPI)	3.5%	3.10%
Future pension increases (2.5% LPI)	2.2%	2.00%
Rate of pensions deferment	3.7%	3.20%
Inflation	3.7%	3.20%

Mortality assumptions:

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

	2017 52 week periods	Valuation at 2016 52 week periods
Retiring today:		
Males	22.5	22.4
Females	24.6	24.5
Retiring in 20 years:		
Males	24.7	24.6
Females	26.9	26.8

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

	2017 £	2016 £
Net interest cost	47,000	72,000
Recognised in the revenue account (note 9)	47,000	72,000
Recognised in other comprehensive income	1,836,000	(717,000)
Total (income)/cost relating to defined benefit scheme	1,883,000	(645,000)

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 FEBRUARY 2017

NOTES TO THE FINANCIAL STATEMENTS CONTINUED.

22. Employee benefits (continued)

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

	2017	2016
	£	£
Present value of defined benefit obligations	(9,940,000)	(7,138,000)
Fair value of scheme assets	6,872,000	5,760,000
Net liability recognised in the balance sheet	(3,068,000)	(1,378,000)

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

	£	£
Opening defined benefit obligation	7,138,000	8,862,000
Adj to include insured pensions	106,000	-
Interest cost	280,000	293,000
Actuarial gains and losses	2,714,000	(1,064,000)
Benefits paid	(298,000)	(953,000)
Closing defined benefit obligation	9,940,000	7,138,000

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

	£	£
At 1 January	5,760,000	6,677,000
Adj to include insured pensions	106,000	-
Interest income	233,000	221,000
Actuarial gains and losses	878,000	(347,000)
Contributions from the employer	193,000	162,000
Benefits paid	(298,000)	(953,000)
At 31 December	6,872,000	5,760,000

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

	Fair value of assets	Fair value of assets
	2017	2016
Equity instruments	48%	45%
Diversified growth fund	34%	40%
Government bonds	16%	15%
Annuity Policies	2%	0%
Cash	0%	0%
	100%	100%

23. Related party transactions

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

24. Controlling party

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

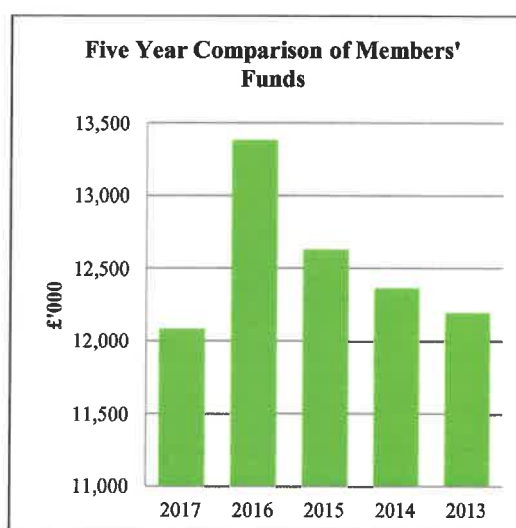
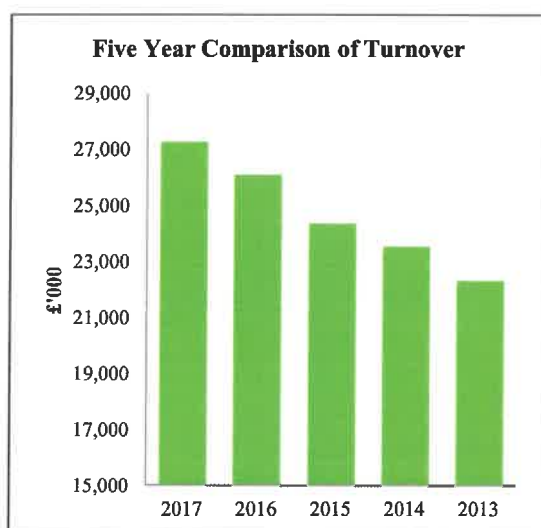
RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 FEBRUARY 2017

FIVE YEAR COMPARATIVE STATEMENT

	2017 No.	2016* No.	2015* No.	2014 No.	2013 No.
Membership	8,957	7,027	7,013	6,988	6,751
REVENUE ACCOUNT	£000	£000	£000	£000	£000
Turnover	27,282	26,112	24,365	23,543	22,324
Trading result	72	12	42	153	818
Farm result	5	62	129	74	67
Surplus before distributions	218	291	817	412	996
Surplus for period	148	214	679	307	699
Depreciation and amortisation	1,026	827	820	700	568
BALANCE SHEET					
Fixed assets	10,932	9,958	9,107	8,820	8,646
Net current assets	4,321	5,019	5,873	5,179	5,131
Total assets less current liabilities	15,253	14,977	14,980	13,999	13,777
Less: Long term liabilities	(3,246)	(1,591)	(2,348)	(1,632)	(1,577)
NET ASSETS	12,007	13,386	12,632	12,367	12,200
Share capital	252	237	235	234	237
Reserves	11,755	13,149	12,397	12,133	11,963
MEMBERS' FUNDS	12,007	13,386	12,632	12,367	12,200

* As restated for transition to FRS 102.



RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 FEBRUARY 2017

NOTICE OF ANNUAL GENERAL MEETING

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

Wednesday 14 June 2017 at 7.00pm at the Radstock Working Men's Club, RADSTOCK.

Agenda

1. To confirm the Minutes of the last meeting.
2. To receive the Directors' Report and audited Financial Accounts for the 52 week period ended 25 February 2017.
3. To appoint the Society's Auditor.
4. To declare the results of the election to the Directors to the Board.

Admission to Shareholders' Meetings

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

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 FEBRUARY 2017

STANDING ORDERS

1. Order of Business

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

2. Speaking

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

3. Closure of Debate

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

4. Chairman of Meetings

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