Registration Number 1159R

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 25 FEBRUARY 2023

OLD MILL

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

COMPANY INFORMATION

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

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

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RADSTOCK CO-OPERATIVE SOCIETY LIMITED

PRESIDENT'S STATEMENT

FOR THE PERIOD ENDED 25 FEBRUARY 2023

As a trading year 2022 will be remembered as pivotal year for the Society as we traded through a difficult economic climate but progressed our plans to redevelop the former RADCO site and expand the retail estate. Our colleagues across the Society performed their duties professionally with diligence. On behalf of the Board of Directors may I take this opportunity to thank all colleagues once again for all their hard work and commitment.

The Society has demolished the former RADCO superstore and working closely with the Local Planning authority we hope to be in a position to bring the scheme forward.

The Society's profitable performance as a whole is pleasing to note, including the vastly improved farm position which has made an all-important contribution to the Society's position. The investment in the Farm is proving to be a wise business decision and bodes well for the future.

The Society's Employees Superannuation Scheme position has vastly improved with the scheme returning to surplus after many years. The Society and Scheme Trustees will continue to work closely with our actuaries and investment partners taking the necessary decisions in a timely manner.

Membership of the Society continues to expand, 1,190 new members were admitted to membership of the Society during the year with the total confirmed membership as at 25 February 2023 standing at 21,306. The Society distributed dividends of £68,823 to members during the 2022/23 trading year, redeemable at the point of sale.

During 2022/23 the Society partnered with Secret World Wildlife Rescue and Swan Transport, donating £1,100 to each cause. Making excellent use of monies raised from the Carrier Bag levy fund, £25,000 was donated to an array of local charities and good causes to help fight food poverty. These included Highbridge & Burnham-on-Sea Local Pantry, The Sydenham Pantry, Friends of Grove Park, Swallow, Writhlington School, Crispin Community Centre, Rockaway Park Community Forest Garden, Willowdown Primary School, The Volunteer Network's Growing Happiness Sessions, Shared Earth Learning, The Mendip School, Feed Avalon/ EAT Project, The Food Forest Project, The Walled Garden at Mells, The Nelson Trust Somerset Women's Centre, The Trussell Trust, Avanti Schools Trust Primary School, Seed of Hope, The Huntspill Primary Academies, HAMP Pantry and The Rosary Nursing Home; all within our trading area.

Our stores donated a total of £3,926 to fundraising events such as a duck race for Chew Magna Society, afternoon tea for Breast Cancer Now, Trowbridge Youth Centre, RSPCA, Lions Club, Clutton Village flower show, Alzheimer's Society, Somerset Young Farmers and various school raffles.

The involvement from colleagues within stores through donations and fundraising activities raised over £7,500 and included the DEC Ukraine Appeal £2,863, DEC Turkey-Syria Earthquake Appeal £1,876, Comic Relief, Dorothy House, Save the children, Guide Dogs, Cancer Research, In Charley's Memory, Poppy Appeal, DEC Pakistan Appeal, Children in Need, Radstock Children's Centre Christmas Gifts (92 gifts donated in total) and St Margret's Hospice Care.

It gives me enormous pleasure, on behalf of your Board of Directors to thank all our members and customers for their continued trading support.

....
Graham Jeffery - President
Director

27TH APRIL 2023
Dated

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 25 FEBRUARY 2023

Review of the business and future developments

There is no doubt, 2022 was a challenging year for the retail industry in particular and the Society generally. Just as we all planned to recover post-Covid-19, the cost-of-living crisis bit, sky-high inflation increased pressure on already tight margins which further impacted consumer confidence and shopper demand. The year saw a ground war in Europe, rocketing fuel prices, rapidly rising operation costs, labour shortages and improved but continuing supply chain disruptions. Most of these challenges were known and appropriately budgeted for, with the Society executing its plans to deliver another ultimately successful year.

As we start to trade in 2023, increases in sales will be difficult to deliver as household budgets continue to be squeezed. Labour costs continue to rise and have been budgeted for by the Society. We will seek to protect bottom line margins by cutting operating costs through the deployment of technology ensuring the Society remains efficient in all its trading activities.

Gross takings during the financial year increased by 3.3% and amounted to £53.0m (2021/22: £51.3m). Gross profit for the year increased by 0.5% to £10.2m (2021/22: £10.1m) with Retail Expenses as described above rising by 9.2% to £11.3m (2021/22: £10.7m) leading to a Trading deficit for the year of £422k (2021/22: £158k Surplus). This position, when the surplus of £680k from the Farm (2021/22: £142k) and the contribution from our property division, a surplus of £14k (2021/22: £70k) are applied leads to an operating surplus of £272k (2021/22: £370k surplus). After finance costs the surplus before distributions stands at £194k (2021/22: £580k).

Following several investment decisions taken by the Society and Trustees of the Scheme last year to lock in growth whilst mitigating risks, there has been a marked improvement in the Society's Employees Superannuation Scheme. The end of the year position produced a scheme surplus of £533k, which has been restricted to £nil in line with reporting requirements, from a deficit of £482k in the prior year, the details of which are included in Note 29 in this financial statement.

The dairy farm had a very successful year producing a record surplus for the year of £680k (2021/22: £142k). The financial performance of the farm was driven by the improved farm gate price of milk along with efficiencies as a result of our £3m investment in farm infrastructure, including the installation of a 70-point rotary carousel milking parlour. The milk produced on the farm is distributed across the country as part of the National Co-operative milk supply agreement. We continue to work closely with Velcourt, our farm managers, investing in the farm, improving efficiencies and developing herd wellbeing.

Turning now to future developments, following planning permission which was formally granted by the Local Planning Authority in March 2021, the demolition of the former RADCO superstore has now been completed. However, due to a significant increase in construction inflation since the project was first designed some five years ago, aggravated by delays due to COVID restrictions, discussions are taking place with the Local Planning Authority on how to bring the site forward given the current economic pressures on the approved scheme and it is likely that amendments will need to be made to it.

After successful pilot projects, we have installed self-scan checkout tills across the estate to complement our existing till points. The Society is also making a significant investment in electronic shelf edge labels to improve customer service by freeing colleagues from paper label changes to focus on our customers whilst also reducing costs. The rollout of this project will be completed early in the 2023/24 financial year. Finally, the Society has purchased a new freehold store in Watchet, which opened its doors to trade on 10th March 2023. Watchet is the Society's 21st store and will be developed to include residential flats above the store and is an integral part of the Society's continuing expansion strategy.

The Society continues in a strong position and will invest in its future. Once again it gives me great pleasure to thank all colleagues for their hard work and commitment and to thank our members and customers for their continued trading support.

....

Don Morris CMIIA FCCA
Chief Executive
27/04/2023

Principal Risks and Uncertainties

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

Financial Risk Management

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

By order of the board

....

Don Morris CMIIA FCCA
Secretary
27/04/2023

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 25 FEBRUARY 2023

The directors present their annual report and financial statements for the period ended 25 February 2023.

Principal activities

The Society's principal activities continue to be food and non food retailing. In addition the Society has farming and it 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 our store offerings, our digital strategy, business continuity plans, while honouring environmental considerations;
- engage with our members through statutory annual reporting and developing membership engagement;
- engage with our colleagues in order to develop and adapt recruitment and retention in-line with performance and economic conditions;
- maintain financial control through retained earnings, property portfolios and liquid investments;
- redevelop the Radstock site, honouring the Society's commitment to the future of the town;
- continue to grow our retail estate, and invest in our current stores so that we are always meeting the needs of our members and customers; and
- to build on the success of the farm enhancements and improve performance through internal and external growth.

Directors

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

Graham Jeffery - President	
Jeremy Fricker - Vice President	
Sue Barnard	(Resigned 14 June 2022)
Suzanne Burgess	
Craig Doughty	
Jonathan Rich	
Derek Roberts	
Lynda Robertson	
Chris Warren	

Results and distributions

The results for the period are set out on page 21.

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

Directors' insurance

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

Supplier payment policy

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

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

Disabled persons

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

Employee involvement

The Society's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests. Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Society's performance. The Society is an Equal Opportunities Employer.

The Society retained the Investors in People Silver Award in 2021 with the accreditation valid for three years. This confirms that the Society is a good place to work, is an ethical employer and cares and contributes to the community.

Future developments

Going Concern

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

After taking into account the trading performance, the strength of the balance sheet and the cash balances held by the Society, the Directors have a reasonable expectation that the Society has adequate resources to continue in existence for the foreseeable future. There are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern. For this reason, they continue to adopt the going concern basis in preparing the Society's Financial Statements in accordance with Section 5.4 of the Co-operatives UK Limited's Corporate Governance Code.

Auditor

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

Statement of disclosure to auditor

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

Board Certification

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

The Board's Strategic Report to Members and the Statement of Corporate Governance are hereby signed on behalf of the Board and the Financial Statements and notes on pages 21 to 52 are hereby signed on behalf of the Board of Directors pursuant to Section 82(1) of the Co-operative and Community Benefit Societies Act.

By order of the board

....
Graham Jeffery - President
Director

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

Date: 27/04/2023

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

BOARD OF DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 25 FEBRUARY 2023

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

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

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

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

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

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

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

STATEMENT OF CORPORATE GOVERNANCE

FOR THE PERIOD ENDED 25 FEBRUARY 2023

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

Directors	Graham Jeffery - President Jeremy Fricker - Vice President Suzanne Burgess Craig Doughty Jonathan Rich Derek Roberts Lynda Robertson Chris Warren
Sub Committees of the Board	
Audit Committee	Jeremy Fricker Suzanne Burgess Lynda Robertson
Remuneration & Benefits Commitee	Graham Jeffery Jeremy Fricker Chris Warren
Pension Trustees	Graham Jeffery Craig Doughty Jonathan Rich Chris Warren
Senior Management Team	Don Morris - Chief Executive/Secretary Alan Jackson - Head of Retail Operations Claire Shaw - Head of Finance & IT (resigned 31/01/2023)

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-operativesUK, the apex body for co operative enterprises in the UK, has issued a Corporate Governance Code ('the Code') for consumer co operatives with which it requests voluntary compliance. This Code 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 Corporate Governance Code as far as practicable in the Society's particular circumstances.

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

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

Our Members

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

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

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

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

The Board

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

Name	First Elected	Term Expires
Suzanne Burgess	2017	2023
Jeremy Fricker	2008	2023
Derek Roberts	2011	2023
Craig Doughty	2015	2024
Graham Jeffery	2014	2024
Lynda Robertson	2015	2024
Jonathan Rich	2014	2025
Chris Warren	2016	2025

Directors' fees are approved by the Society's members. The current fee levels were recommended to the membership and approved by them in November 2020. 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.

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

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

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

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

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

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

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 four Directors attended a Pensions Trustee training day and seven Directors attended a weekend training event at the Co-operative UK National Retail Conference.

The changes in directors during the period are as follows:

Jonathan Rich	re-elected / unopposed on the 14 June 2022 (3 year term)
Chris Warren	re-elected / unopposed on the 14 June 2022 (3 year term)
Sue Barnard	did not seek re-election on 14 June 2022

The Audit Committee

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

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

- monitors the integrity of the Society's financial statements, including its annual reports;

- reviews the consistency of, and any changes to, accounting policies and methods on a year-on-year basis;

- reviews the effectiveness of the Society's internal controls and risk management system, risks are identified and reviewed on an annual basis;

- monitors and reviews the effectiveness, independence and objectivity of the internal audit function outsourced to South West Audit Partnership Limited, in the context of the Society's overall risk management system. It is responsible for approving their remit, their appointment and removal, and management's responsiveness to the findings and recommendations of the internal auditor;

- reviews the Society's whistle-blowing procedures, ensuring that appropriate arrangements are in place for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters;

- monitors the effectiveness of the external audit process and makes recommendations to the Board in relation to the appointment, reappointment and remuneration of the external auditor; and

- ensures that an appropriate relationship between the Society and the external auditor is maintained, including reviewing non audit services and fees.

The Committee comprised four directors (one resigned in the period). The Chairman of the Committee is Jeremy Fricker. In accordance with the Code neither the Chairman of the Board nor the Chief Executive Officer sits on this Committee and employee directors are barred from membership.

The Audit Committee discharged its responsibilities by considering the above issues during the three meetings held in the year. At the start of the year the Audit Committee reviewed their internal auditors programme and agree to focus on areas in order to mitigate risk and ensure robust management and financial controls are in place. The Audit Committee reviewed capital expenditure on projects and discussed and updated the risk register.

The Audit Committee worked with the external auditors, Old Mill Audit Limited, to agree accounting and reporting policy and approved the statutory accounts.

The Committee considered significant issues in relation to the financial statements, with a focus on the process of setting price margins. The Audit Committee wished to seek reassurance that procedures and policies for setting price margins were adequate with a thorough review of the processes at Head Office. A comprehensive Price Margin Report was presented to the Audit Committee and the internal audit work assessed the adequacy of key controls and segregation of duties within the departments.

Financial reporting to the Board and Senior Management Team comparing actual revenues to budgets and forecasts with gross profit margins has been available to monitor progress of all trading sectors of the Society. The Co-operative Muller milk contract provides the Society with some protection against the severe fluctuations of the milk price. The pension scheme liability has been calculated by external actuaries, a full three year valuation completed in 2020, with management and external auditors checking the assumptions used.

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

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

The Society has a policy of allowing the external auditor to provide other services to the Society on the provision that it does not impair its independence. The Board reviews the independence of the external auditor through monitoring of the level and nature of non-audit services. Fees paid to the external auditor are disclosed in note 11.

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

Internal Control

The Society continues to operate under the Co-operative Corporate Governance Code, 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 worked with South West Audit Partnership Limited as its internal audit provider. The Audit Committee has received the results of an internal review and will approve internal audit plans for the forthcoming year. Management continues to monitor the internal control environment.

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

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

KEY CO-OPERATIVE, ENVIRONMENTAL AND SOCIAL PERFORMANCE INDICATORS

FOR THE PERIOD ENDED 25 FEBRUARY 2023

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 were no practical mechanism to apply this measurement in 2022/23.
2	Member democratic participation	Number of members voting in elections and as a % of total membership	Nominations from 2 candidates for 3 vacancies on the Board were received. 2 Directors returned un-opposed.
3	Participation of employees and members in training and education schemes	All types of training	Employees completed 3,686 training events (2021/22: 3,179) equating to 411 full days during 2022/23 (2021/22: 447). Whilst the figure for full days training slightly decreased year on year, the number of training events increased through the efficiencies of the Upskills Portal. The type of training includes the following: Compliance, Manual Handling, Age related sales, First Aid, Dignity at Work, Accounting course; AAT level 4, ACAS; Investigations and Difficult Conversations, GDPR, Dignity at Work, Food handling, HR course; CIPD level 3 diploma; Post Office: Effective Travel Conversations and trainee manager programme.
4	Staff injury and absentee rates	Staff injury rates/number of accidents/number reportable. Total absentee rate	During 2022/23, there were 35 accidents (2021/22: 33) of which 4 were reportable (2021/22:4). The average employee absence rate for 2022/23 was 3.55% per period (2021/22: 3.64%).
5	Staff profile - gender and ethnicity % where data supplied	% male/female and non-white British employees	Of our employees 69% are female and 31% are male (2021/22: 67% female, 33% male). We are unable to report on ethnicity.
6	Customer satisfaction %	Number of customers comments	We aspire to 100% customer satisfaction. The Society records feedback from customers, these are made up of suggestions or recommendations, negative and positive comments. During 2022/23 57% of all comments were positive and suggestions, with 43% negative. The positive comments were related to good customer service. Unannounced Mystery shopper visits for 2022/23 resulted in the Society achieving an overall average of 96% success rate, (2021/22: 94%).

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 (FRTS) 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. Ongoing investment in the farm provides significant benefits both in terms of animal welfare and environmental impact.
8	Investment in community and co-operative initiatives	Annual proportion of pre-tax investment in community activities as a proportion of surplus before tax %	During 2022/23 the Society partnered with Secret World Wildlife Rescue and Swan Transport as the member nominated charities, each good cause received a donation of £1,100. Funds from the carrier bag levy totaling £25,000 were donated to a number of charities and good causes across the Society retail trading estate. The involvement from colleagues within stores through donations and fundraising activities raised over £3,926.47. The Society also supported National charity collections, such as the Ukraine Appeal, the Pakistan Flood Appeal through the DEC totaling £2,862.95 along with the Poppy Appeal, Children in Need, Dorothy House. In addition, colleagues in head office made toy donations to vulnerable families and children in Radstock, under the care of the Bright Start Children's Centre referrals by Bath & North East Somerset Council, 92 children in total received a gift for Christmas.
9	Waste recycled/reused as % of waste arising	% of recycled/reused	100% of all packaging waste (cardboard and plastic) is recycled through the FRTS distribution centres.
10	Net carbon dioxide (CO_2) emissions arising from operations	Annual CO_2 emissions associated with energy used for all on-site operations i.e. offices / shops	During 2022/23 we purchased energy from our electrical and gas supply contract, which provides energy from renewable sources. This resulted in 848 tonnes of CO_2 using the basis of measurement taken from the government conversion factors for company reporting. We have 39 hectares of forest on our farm estate at Hardington. This equates to approx. 210 tonnes of CO_2 captured each year according to forestry Commission guidelines for UK woodlands. The actual capture depends upon climate, age and type of forest and the soil. A hectare of trees captures 1-10 tonnes of CO_2 per year.

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REMUNERATION & BENEFITS COMMITTEE

FOR THE PERIOD ENDED 25 FEBRUARY 2023

The Remuneration and Benefits Committee is pleased to present its Report to members for the 52 week period ended 25 February 2023.

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 28 April 2022, 11 August 2022 and 8 February 2023. The Committee plans to meet at least once a year and at such other times as the Chair of the Committee shall require or if requested by two members of the Committee.

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

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

Independent External Advice

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

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

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

Service Contract

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

Pension Benefits

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

Senior Management Team Emoluments

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

Title	**Chief Executive Officer**	**Head of Retail Operation**	**Head of Finance & IT**
	£	**£**	**£**
Salary	194,376	110,107	83,289
Employers Pension Contributions	15,907	10,002	7,440
Total Emoluments	210,283	120,109	90,729

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

REMUNERATION & BENEFITS COMMITTEE (CONTINUED)

FOR THE PERIOD ENDED 25 FEBRUARY 2023

Directors' Emoulments

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 2022/23 £	Expenses 2022/23 £	Total Emoluments 2022/23 £
Graham Jeffery	5,000	741	5,741
Jeremy Fricker	4,100	615	4,715
Sue Barnard	850	-	850
Suzanne Burgess	3,400	-	3,400
Craig Doughty	3,400	-	3,400
Jonathan Rich	3,400	-	3,400
Derek Roberts	3,400	160	3,560
Lynda Robertson	3,400	-	3,400
Chris Warren	3,400	80	3,480

By order of the Board

....

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

27TH APRIL 2023
Dated

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RADSTOCK CO-OPERATIVE SOCIETY LIMITED

Opinion

We have audited the financial statements of Radstock Co-operative Society Limited (the 'Society') for the period ended 25 February 2023 which comprise the Revenue Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Society's affairs as at 25 February 2023 and of its income and expenditure for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Society's ability to continue as a going concern for a period of at least 12 months from the date when the financial statements are authorised for issue.

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

Other information

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the committee of management

As explained more fully in the committee of management's responsibilities statement, the committee of management are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the committee of management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the committee of management are responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the committee of management either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We gained an understanding of the legal and regulatory framework applicable to the Society and the industry in which it operates, and considered the risk of acts by the Society that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognised that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentation, or through collusion.

We focused on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to: The Co-operative and Community Benefit Societies Act 2014, Trading Standards, Licensing, Environmental Health and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation and enquiries with management. There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud. As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Old Mill Audit Ltd

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

10/05/2023

Bishopbrook House
Cathedral Avenue
WELLS
Somerset
BA5 1FD

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

TOTAL COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 25 FEBRUARY 2023

	Notes	Period ended 25 February 2023 £	Period ended 26 February 2022 £
Gross takings		53,008,264	51,300,634
Less agency and concession turnover		(9,219,940)	(7,807,198)
Gross sales (including VAT)		43,788,324	43,493,436
Value added tax		(4,444,959)	(4,454,797)
Retail turnover	4	39,343,365	39,038,639
Cost of Sales		(29,134,284)	(28,898,412)
Gross Profit		10,209,081	10,140,227
Other operating income	4	686,959	744,288
Retail expenses	5	(11,317,625)	(10,726,071)
Trading surplus/(deficit)		**(421,585)**	**158,444**
Farm surplus	6	680,402	142,012
Non trade property surplus	7	13,731	69,639
Operating surplus		**272,548**	**370,095**
Revaluation gain on investment properties	10	-	276,832
Interest receivable and similar income	8	15,371	2,119
Interest payable and similar expenses	9	(94,042)	(68,757)
Surplus before distributions		**193,877**	**580,289**
Share interest		(879)	(923)
Donations		(4,712)	(2,462)
Surplus before tax		**188,286**	**576,904**
Taxation	14	(86,839)	(449,400)
Surplus for the period		**101,447**	**127,504**
Other comprehensive income			
Actuarial gain on defined benefit pension schemes		201,000	781,000
Tax relating to other comprehensive income		(120,499)	(576,497)
Total comprehensive income for the period		181,948	332,007

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

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

BALANCE SHEET

AS AT 25 FEBRUARY 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Goodwill	15		39,199		71,479
Tangible assets	16		20,029,966		18,693,124
Investment properties	17		4,081,832		4,206,832
Investments	18		54,769		54,769
			24,205,766		23,026,204
Current assets					
Stocks	19	3,343,210		3,062,843	
Debtors	20	1,267,345		1,051,391	
Investments	21	1,574,870		2,671,214	
Cash at bank and in hand		815,750		1,109,984	
		7,001,175		7,895,432	
Creditors: amounts falling due within one year	22	(4,622,767)		(4,111,713)	
Net current assets			2,378,408		3,783,719
Total assets less current liabilities			26,584,174		26,809,923
Creditors: amounts falling due after more than one year	23		(2,291,174)		(2,339,643)
Provisions for liabilities	26		(2,914,218)		(3,272,875)
Net assets			21,378,782		21,197,405
Capital and reserves					
Called up share capital	27		269,374		269,945
Revaluation reserve			5,874,307		5,874,307
Profit and loss reserves			15,235,101		15,053,153
Members' funds			21,378,782		21,197,405

The financial statements were approved by the board of directors and authorised for issue on 27/04/2023 and are signed on its behalf by:

Graham Jeffery - President
Director

Don Morris CMIIA FCCA
Chief Executive/Secretary

Company Registration No. 1159R

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 25 FEBRUARY 2023

	Notes	Share capital £	Revaluation reserve £	Revenue account £	Total £
Balance at 27 February 2021		269,664	6,299,033	14,296,420	20,865,117
Period ended 26 February 2022:					
Surplus for the period		-	-	127,504	127,504
Other comprehensive income:					
Actuarial gains on defined benefit plans		-	-	781,000	781,000
Tax relating to other comprehensive income		-	(424,726)	(151,771)	(576,497)
Total comprehensive income for the period		-	(424,726)	756,733	332,007
Issue of share capital	27	1,877	-	-	1,877
Reduction of shares	27	(2,519)	-	-	(2,519)
Other movements		923	-	-	923
Balance at 26 February 2022		269,945	5,874,307	15,053,153	21,197,405
Period ended 25 February 2023:					
Surplus for the period		-	-	101,447	101,447
Other comprehensive income:					
Actuarial gains on defined benefit plans		-	-	201,000	201,000
Tax relating to other comprehensive income		-	-	(120,499)	(120,499)
Total comprehensive income for the period		-	-	181,948	181,948
Issue of share capital	27	23,482	-	-	23,482
Reduction of shares	27	(24,932)	-	-	(24,932)
Interest on equity share		879	-	-	879
Balance at 25 February 2023		269,374	5,874,307	15,235,101	21,378,782

RADSTOCK CO-OPERATIVE SOCIETY LIMITED

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 25 FEBRUARY 2023

		2023		2022	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	33		1,091,959		1,043,028
Interest paid			(85,042)		(68,757)
Income taxes paid			(27,231)		-
Net cash inflow from operating activities			979,686		974,271
Investing activities					
Purchase of tangible fixed assets and investment property		(2,312,502)		(1,347,890)	
Proceeds on disposal of tangible fixed assets		1,410		2,700	
Movement in current asset investments		1,096,344		97,927	
Interest received		15,371		2,119	
Net cash used in investing activities			(1,199,377)		(1,245,144)
Financing activities					
Increase / (Decrease) in members' share capital		(572)		281	
Repayment of bank loan		(73,971)		(78,391)	
Net cash used in financing activities			(74,543)		(78,110)
Net decrease in cash and cash equivalents			(294,234)		(348,983)
Cash and cash equivalents at beginning of period			1,109,984		1,458,967
Cash and cash equivalents at end of period			815,750		1,109,984

1 Accounting policies

Company information

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

1.1 Accounting convention

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

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

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

1.2 Going concern

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

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

Budget and forecasts have been prepared and considered for a period of at least 12 months after the signing date and support the adoption of the going concern basis.

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

1.3 Turnover

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

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

1 Accounting policies **(Continued)**

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

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

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

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 15 years. This is longer than the 10 years proposed by FRS102 as the Directors have decided that the life of the lease is the relevant term.

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

1.5 Tangible fixed assets

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

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

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

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

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

1.6 Investment properties

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

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

1 Accounting policies **(Continued)**

1.7 Impairment of fixed assets

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

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

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

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

1.8 Stocks

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

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

The Society has taken appropriate professional advice from Cooper and Tanner LLP, a firm of chartered surveyors to undertake the herd valuation. The farm diary cattle stocks are valued on a herd basis. Young cattle, grain and sundries are stated at market valuation. The valuations are performed annually, with the most recent valuation performed in February 2023.

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

1.9 Cash and cash equivalents

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

1 Accounting policies **(Continued)**

1.10 Financial instruments

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

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

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

Basic financial assets

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

Other financial assets

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

1 Accounting policies **(Continued)**

Basic financial liabilities

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

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

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

Other financial liabilities

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

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

Derecognition of financial liabilities

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

1.11 Equity instruments

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

1.12 Taxation

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

Current tax

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

1 Accounting policies **(Continued)**

Deferred tax

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

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

Recognition

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

1.13 Employee benefits

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

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

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

1.14 Retirement benefits

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

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

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

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

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

1 Accounting policies **(Continued)**

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

1.15 Leases

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

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

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

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

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

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

Goodwill

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

2 Judgements and key sources of estimation uncertainty **(Continued)**

Key sources of estimation uncertainty

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

Depreciation

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

Revaluation of investment property and farm land

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

Defined benefit pension scheme assumptions

The valuation of the Society's defined benefit pension scheme involves complicated actuarial assumptions to determine future pension increases, mortality rates, long term discount and inflation rates. These assumptions are inherently judgemental. The valuation is carried out by a professional valuer who is a Fellow of the Institute of Actuaries. The valuation has undergone independent peer review in accordance with the requirements of the Actuarial Profession Standard APS X2: Review of Actuarial Work.

3 Operating surplus

	2023	2022
Operating surplus for the period is stated after charging/(crediting):	£	£
Depreciation of owned tangible fixed assets	1,094,289	1,028,624
Profit on disposal of tangible fixed assets	(1,410)	(2,700)
Amortisation of intangible assets	32,280	32,280
Operating lease charges	99,724	114,844

4 Turnover and other revenue

	Notes	2023	2022
		£	£
Turnover analysed by class of business			
Retail		39,343,365	39,038,639
Farm	6	4,129,664	2,723,195
Non-trade property	7	177,647	197,006
		43,650,676	41,958,840

	2023	2022
	£	£
Other operating income		
Concession income	356,162	388,150
Rental income	13,962	13,962
Other income	316,835	342,176
	686,959	744,288

	2023	2022
	£	£
Turnover analysed by geographical market		
UK	43,650,676	41,958,840

5 Retail

	2023	2022
	£	£
Retail expenses		
Personnel costs	6,649,165	6,595,388
Occupancy costs	1,970,529	1,628,226
Depreciation	894,709	834,739
Amortisation	32,280	32,280
Professional fees	153,571	132,694
Operating leases - land and buildings	25,404	40,149
(Gain)/loss on disposal of fixed assets	-	(1,200)
Other expenses	1,591,967	1,463,795
	11,317,625	10,726,071

6 Farm

	2023	2022
	£	£
Sales	4,129,664	2,723,195
Cost of Sales	(2,453,154)	(1,766,549)
Gross Profit	1,676,510	956,646
Farm expenses (See below)	(996,108)	(814,634)
Farm surplus	680,402	142,012

	2023	2022
Farm expenses		
Personnel costs	225,933	266,424
Occupancy costs	264,020	149,641
Depreciation	199,580	191,519
General repairs	122,300	81,765
Legal & Professional	3,272	35,616
Operating leases - farm equipment	74,320	74,695
(Gain)/loss on disposal of fixed assets	(1,410)	(1,500)
Other expenses	108,093	16,474
	996,108	814,634

7 Non trade property

	2023	2022
	£	£
Sales	177,647	197,006
Cost of Sales	-	-
Gross Profit	177,647	197,006
Non trade property expenses (See below)	(163,916)	(127,367)
Non trade property surplus	13,731	69,639

	2023	2022
Non trade property expenses		
Occupancy costs	153,833	110,708
Legal & Professional	9,217	1,720
Depreciation of land and buildings	-	2,366
Other expenses	866	12,573
	163,916	127,367

8 Interest receivable and similar income

	2023	2022
	£	£
Other income from investments		
Other interest receivable and similar income	15,371	2,119

9 Interest payable and similar expenses

	2023	2022
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	85,042	43,757
Other finance costs:		
Net interest on the net defined benefit liability	9,000	25,000
	94,042	68,757

10 Amounts written off investments fixed asset investments

	2023	2022
	£	£
Revaluation gain on investment properties	-	276,832

11 Auditor's remuneration

	2023	2022
Fees payable to the Society's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the Society	27,600	25,500
For other services		
All other non-audit services	11,964	20,875

12 Employees

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

	2023	2022
	Number	Number
Retail	367	378
Administration	25	26
Farm	6	6
	398	410

The full-time equivalent average number of employees was 230 (2022: 241).

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	6,203,783	6,268,316
Social security costs	396,852	356,492
Pension costs	274,463	237,004
	6,875,098	6,861,812

Analysed by:		2023	2022
	Notes	£	£
Retail	5	6,649,165	6,595,388
Farm	6	225,933	266,424
		6,875,098	6,861,812

13 Directors' remuneration

	2023	2022
	£	£
Remuneration for qualifying services	69,476	71,454
Company pension contributions to defined contribution schemes	3,339	3,242
	72,815	74,696

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2022 - 1).

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

	2023	2022
	£	£
Remuneration for qualifying services	39,126	38,157
Company pension contributions to money purchase pension schemes	3,339	3,242

14 Taxation

	2023	2022
	£	£
Current tax		
UK corporation tax on profits for the current period	-	36,504
Adjustments in respect of prior periods	(36,504)	(26,954)
Total current tax	(36,504)	9,550
Deferred tax		
Origination and reversal of timing differences	123,343	439,850
Total tax charge	86,839	449,400

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

	2023	2022
	£	£
Surplus before taxation	188,286	576,904
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	35,774	109,612
Tax effect of expenses that are not deductible in determining taxable profit	121,175	68,656
Tax effect of income not taxable in determining taxable profit	(297)	(295)
Adjustments in respect of prior years	-	11,908
Unrealised chargeable gains	-	162,093
Pension contribution adjustments	(53,390)	(32,300)
Enhanced capital allowance	(47,965)	(10,582)
Rate differences	29,603	140,706
Other timing difference	1,939	(398)
Taxation charge for the period	86,839	449,400

14 Taxation **(Continued)**

Radstock Co-operative Society Limited's (Radstock) current year tax charge (recognised in the Revenue Account) differs to the tax charge that would be expected on Radstock's accounting profits for the year, for the following reasons:

i) Depreciation charged on Radstock's capital expenditure on which no capital allowances are claimable (non-qualifying expenditure) represents a permanent difference between the accounting profits and taxable profits, and so results in an increase in taxable profits for the period. The tax value of this adjustment is approximately £120,000 and is included in items described as "Expenses not deductible for tax purposes". Other items within this category include some repairs and legal expenditure which is considered to be capital expenditure for tax purposes, and so is not deductible for corporation tax purposes.

ii) In 2021, the Government introduced a measure to encourage capital expenditure by businesses subject to corporation tax, as an effort to stimulate spending. This is the so-called "Super Deduction" for capital allowances purposes, and enables corporate taxpayers to claim capital allowances at a rate of 130% of their qualifying capital expenditure, for a temporary period of 2 years. This measure has resulted in Radstock's taxable profits being reduced by approximately £48,000 and is reported as "Enhanced capital allowances" in the tax reconciliation note.

iii) Radstock revalues its investment properties as required by Sec on 16 of FRS 102 (see note below for further details). Although the value of the properties remained unchanged in the current year, in the prior year a revaluation loss resulted in a non-deductible cost for that period, which is not deductible for corporation tax purposes. This is referred to as "unrealised chargeable gains" in the tax reconciliation note for the prior year only.

iv) Radstock operates a number of pension schemes, one of which is the employee Superannuation Fund established in 1945. Radstock claims corporation tax relief based on contributions made to the Fund each year, but the accounting treatment of the scheme is different; in particular, benefits payable to the Fund and movements during the period, are recognised in the Statement of Other Comprehensive Income. Any deferred tax asset or liability in relation to the Fund is also recognised in the Statement of Other Comprehensive Income. The differences between the corporation tax and accounting treatment of the Fund are recorded as "Pension contribution adjustments" in the tax reconciliation note.

v) Finance Bill 2021 was substantively enacted in May 2021. One of the changes made by the Bill was to increase the rate of corporation tax from 19% to 25% from 1 April 2023 (subject to a low profits threshold). Under accounting standards, Radstock is required to recognise deferred tax based on the prevailing tax rate which will apply when any timing differences between tax and accounting treatment will reverse out. As these are expected to reverse out after April 2023, Radstock has been required to re-value its deferred tax provision at a rate of 25%, this is in line with the previous year.

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

	2023	2022
	£	£
Deferred tax arising on:		
Revaluation of property	-	424,726
Actuarial differences recognised as other comprehensive income	120,499	151,771
	120,499	576,497

14 Taxation **(Continued)**

Radstock Co-operative Society Limited ("Radstock") has a number of investment properties which are let on an arm's-length basis to third parties. None of these properties are rented to another group entity.

Section 16 of FRS 102 governs how these investment properties are measured (valued) for accounting purposes. FRS102 requires Radstock to initially measure an investment property at its original cost, comprising its purchase price and any directly attributable expenditure such as legal and brokerage fees, property transfer taxes and other transaction costs.

Section 16.7 of FRS 102 then dictates how Radstock needs to measure (value) these investment properties for accounting purposes in later periods. The rules dictate that an investment property has to be measured at fair value (which is to say open market value and is usually determined by an independent valuer) at each reporting date, with changes in fair value recognised in profit or loss.

Where the fair value (open market value) of an investment property increases, this reflects the fact that should the Society then sell the property, it would make a gain. On making any such gain on a sale would result in the Society paying corporation tax on chargeable gains (the company equivalent of capital gains). In order to recognise that, companies, would have a future tax liability to pay on investment properties which have increased in value, section 29 of FRS 102 includes another requirement; that it should recognise, for accounting purposes, the contingent corporation tax which would be payable by the Society in the future, should it sell these properties. The Society does not have any active intention at this stage to sell any of its investment properties, but it nevertheless is required under accounting rules to recognise the deferred tax charge in its accounts.

When/if the Society does make a sale of any of the investment properties, any chargeable gain made on the sale(s) would form part of the Society's total profits subject to corporation tax. The Society would then pay corporation tax at the prevailing corporation tax rate (currently 19%, scheduled to increase to 25% from April 2023) on its total profits chargeable to corporation tax. Any corporation tax would be due to be paid 9 months after the end of the tax accounting period in which the investment property(ies) is sold, or potentially earlier, by quarterly instalments, if the Society is subject to the Corporation Tax (Instalment Payments) Regulations 1998.'

Accelerated capital allowances arise when there are temporary differences between the net book value of qualifying assets in the accounts and their equivalent tax written down values on the tax return. This is because the accounting treatment of capital assets is usually different than the tax treatment allowable. In the accounts, an asset is depreciated over its useful economic life; whereas capital allowances are set rules in tax law applied to the type of asset. The differences, however, between the net book value of qualifying assets in the accounts and their equivalent tax written down values – are only timing differences – as eventually, the accumulative depreciation and the capital allowances claimed will equal one another. The timing difference is recognised as a deferred tax provision in the accounts; and the movements in this provision will be recognised in annual instalments over the useful economic lives of the assets that it applies to.

15 Goodwill

	Goodwill
	£
Cost	
At 27 February 2022 and 25 February 2023	482,351
Amortisation and impairment	
At 27 February 2022	410,872
Amortisation charged for the period	32,280
At 25 February 2023	443,152
Carrying amount	
At 25 February 2023	39,199
At 26 February 2022	71,479

16 Tangible fixed assets

	Land and buildings	Assets under construction	Fixtures, machinery and vehicles	Farm land	Farm buildings and equipment	Total
	£	£	£	£	£	£
Cost or valuation						
At 27 February 2022	4,631,977	669,814	8,138,345	7,870,000	4,661,963	25,972,099
Additions	11,328	1,204,562	878,588	-	218,024	2,312,502
Disposals	-	-	-	-	(12,794)	(12,794)
Transfers	-	-	-	30,950	(30,950)	-
Transfer from investment property	125,000	-	-	-	-	125,000
At 25 February 2023	4,768,305	1,874,376	9,016,933	7,900,950	4,836,243	28,396,807
Depreciation and impairment						
At 27 February 2022	1,368,286	-	4,833,690	-	1,076,999	7,278,975
Depreciation charged in the period	107,148	-	787,341	-	199,800	1,094,289
Eliminated in respect of disposals	-	-	-	-	(6,423)	(6,423)
Transfers	(404,230)	-	404,230	-	-	-
At 25 February 2023	1,071,204	-	6,025,261	-	1,270,376	8,366,841
Carrying amount						
At 25 February 2023	3,697,101	1,874,376	2,991,672	7,900,950	3,565,867	20,029,966
At 26 February 2022	3,263,691	669,814	3,304,655	7,870,000	3,584,964	18,693,124

16 Tangible fixed assets **(Continued)**

Farm land with a carrying amount of £7,870,000 were revalued in August 2018 by Tom Ireland (MRICS) of Carter Jonas, independent valuers not connected with the company, with experience of the location and type of land and property being valued. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties. It is the opinion of the directors that this valuation is an accurate reflection of the value as at 25 February 2023.

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

	2023	2022
	£	£
Cost	226,000	226,000
Accumulated depreciation	-	-
Carrying value	226,000	226,000

Security

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

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

Land and buildings

Land and buildings at cost or value comprise £3,795,037 (2022: £4,183,846) freehold and £492,399 (2022: £448,131) short leasehold.

17 Investment property

	2023
	£
Fair value	
At 27 February 2022	4,206,832
Transfer	(125,000)
At 25 February 2023	4,081,832

Investment properties (excluding the Chew Magna flats), which are all freehold, were revalued to fair value at 27 February 2016, based on a valuation undertaken by Graham Jones (MRICS) of Carter Jonas, an independent valuer with recent experience in the location and class of the investment property being valued. The method of determining fair value was based on market realisable value. There are no restrictions on the realisability of investment property.

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

Investment properties at the farm were revalued, based on market value, in August 2018 by Tom Ireland (MRICS) of Carter Jonas, an independent valuer with experience of the location and type of land and property being valued. In February 2022 the directors undertook a desktop valuation on these properties using the Land Registry website to assess the changes in local market prices since 2018. This determined that the value of these properties have increased in value since 2018.

In addition in February 2022, the Society employed Carter Jonas and Killens to complete a desktop valuation exercise on the properties which were last valued in 2016 and 2017. It is the opinion of the directors that there has been no change in valuation during the period, and that this valuation is an accurate reflection of the value as at 25 February 2023.

Directors consider the year end values shown above, to be fair market values for all of the investment properties held by the Society.

The historic cost of the revalued investment properties are £1,423,000.

As set out in note 8, property net income earned during the year was £13,731 (2022: £69,639). 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:

	2023	2022
	£	£
Within one year	134,835	152,796
Between two and five years	437,511	515,978
In over five years	170,614	240,821

18 Fixed asset investments

	2023	2022
	£	£
Unlisted investments	54,769	54,769

Breakdown of the investments	2023	2022
	£	£
The Co-operative Group Limited shares	36,585	36,585
Other shares	6,468	6,468
Unquoted companies' shares	11,716	11,716
	54,769	54,769

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

Included within the Society's investments is a £2 shareholding in Radco Country Style Limited, a company registered in England (registration number 01846031). This represents 100% of the ordinary share capital of this dormant company. The aggregate share capital and reserves of the subsidiary at 25 February 2023 amounted to £2 (2022: £2).

Movements in fixed asset investments

	Investments other than loans
	£
Cost or valuation	
At 27 February 2022 & 25 February 2023	54,769
Carrying amount	
At 25 February 2023	54,769
At 26 February 2022	54,769

19 Stocks

	2023	2022
	£	£
Agricultural stock	1,911,885	1,701,131
Goods for resale - retail stock	1,431,325	1,361,712
	3,343,210	3,062,843

20 Debtors

Amounts falling due within one year:	**2023** £	**2022** £
Trade debtors	539,896	461,732
Corporation tax recoverable	36,504	-
Other debtors	427,811	221,288
Prepayments and accrued income	226,722	169,194
	1,230,933	852,214

Amounts falling due after more than one year:	**2023** £	**2022** £
Other debtors	36,412	78,678
Deferred tax asset (note 25)	-	120,499
	36,412	199,177
Total debtors	1,267,345	1,051,391

21 Current asset investments

	2023 £	**2022** £
Unlisted investments	1,574,870	2,671,214

Breakdown of the investments	**2023** £	**2022** £
Short term bank deposits	1,560,028	2,657,933
The Co-operative Group Corporate invester shares	14,842	13,281
	1,574,870	2,671,214

22 Creditors: amounts falling due within one year

	Notes	2023 £	2022 £
Bank loans	24	55,703	81,205
Trade creditors		2,617,162	2,122,359
Corporation tax		9,299	36,531
Other taxation and social security		218,723	250,661
Other creditors		535,554	583,694
Accruals and deferred income		1,186,326	1,037,263
		4,622,767	4,111,713

23 Creditors: amounts falling due after more than one year

	Notes	2023 £	2022 £
Bank loans and overdrafts	24	2,291,174	2,339,643

24 Loans and overdrafts

	2023 £	2022 £
Bank loans	2,346,877	2,420,848
Payable within one year	55,703	81,205
Payable after one year	2,291,174	2,339,643

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

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

25 Deferred taxation

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

Balances:	Liabilities 2023 £	Liabilities 2022 £	Assets 2023 £	Assets 2022 £
Accelerated capital allowances	1,070,433	947,090	-	-
Revaluations	1,843,785	1,843,785	-	-
Retirement benefit obligations	-	-	-	120,499
	2,914,218	2,790,875	-	120,499

Movements in the period:	2023 £
Liability at 27 February 2022	2,670,376
Charge to profit or loss	123,343
Charge to other comprehensive income	120,499
Liability at 25 February 2023	2,914,218

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

26 Provisions for liabilities

		2023 £	2022 £
Deferred tax liabilities	25	2,914,218	2,790,875
Retirement benefit obligations	29	-	482,000
		2,914,218	3,272,875

27 Share capital

Reconciliation of movement of share capital during the period:

	2023	2022
	£	£
Balance at start of period	269,945	269,664
Contributions	23,482	1,877
Interest	879	923
Withdrawals	(24,932)	(2,519)
Balance at end of period	269,374	269,945

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

(b) Share capital comprises 21,306 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.

28 Operating lease commitments

Lessee

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

	2023	2022
	£	£
Within one year	562,623	574,113
Between two and five years	1,888,363	1,997,311
In over five years	2,045,277	2,171,085
	4,496,263	4,742,509

29 Retirement benefit schemes

Defined contribution schemes	2023 £	2022 £
Charge to profit or loss in respect of defined contribution schemes	274,463	237,004

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

Defined benefit schemes

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

The most recent actuarial valuations of scheme assets and the present value of the defined benefit obligation were carried out at 26 February 2022 by Duncan Ross, Fellow of the Institute and Faculty of Actuaries. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

Key assumptions	2023 %	2022 %
Discount rate	4.7	2.5
Future pension increases (5% RPI)	3.2	3.6
Future pension increases (2.5% CPI)	2.1	2.3
Rate of pension deferment	3.3	3.9
Inflation	3.3	3.9

Mortality assumptions	2023	2022
Assumed life expectations on retirement at age 65:	Years	Years
Retiring today		
- Males	22.2	22.1
- Females	24.6	24.5
Retiring in 20 years		
- Males	23.8	23.8
- Females	26.3	26.3

Amounts recognised in the profit and loss account	2023 £	2022 £
Net interest on net defined benefit liability	9,000	25,000
Total costs	9,000	25,000

29 Retirement benefit schemes **(Continued)**

Amounts taken to other comprehensive income	2023 £	2022 £
Other gains	201,000	781,000
Total income	201,000	781,000

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:

	2023 £	2022 £
Present value of defined benefit obligations	6,150,000	8,703,000
Fair value of plan assets	(6,150,000)	(8,221,000)
Deficit in scheme	-	482,000

Movements in the present value of defined benefit obligations	2023 £	2022 £
Liabilities at 27 February 2022	8,703,000	9,226,000
Benefits paid	(321,000)	(373,000)
Actuarial gains and losses	(2,445,000)	(321,000)
Interest cost	213,000	171,000
At 25 February 2023	6,150,000	8,703,000

Movements in the fair value of plan assets	2023 £	2022 £
Fair value of assets at 27 February 2022	8,221,000	7,793,000
Interest income	204,000	146,000
Benefits paid	(321,000)	(373,000)
Contributions by the employer	290,000	195,000
Actuarial gains and losses	(1,711,000)	460,000
Restriction on recognition of asset value	(533,000)	-
At 25 February 2023	6,150,000	8,221,000

29 Retirement benefit schemes (Continued)

Fair value of plan assets at the reporting period end	2023 £	2022 £
Equity instruments	2,601,000	3,926,000
Debt instruments	2,037,000	
Diversified growth fund	1,894,000	2,947,000
Government bonds	-	1,154,000
Annunity Policies	70,000	89,000
Cash	81,000	105,000
Restriction on recognition of asset value	(533,000)	-
	6,150,000	8,221,000

30 Events after the reporting date

Following the year end Radstock Co-operative Society Limited entered into a hire purchase agreement for the acquisition of goods up to a value of £731,934 with the lease commencing on 1 May 2023.

31 Related party transactions

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

	2023 £	2022 £
Aggregate compensation	421,121	408,745

32 Ultimate controlling party

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

33 Cash generated from operations

	2023	2022
	£	£
Surplus for the period after tax	101,447	127,504
Adjustments for:		
Taxation charged	86,839	449,400
Finance costs	94,042	68,757
Investment income	(15,371)	(2,119)
Gain on disposal of tangible fixed assets	(1,410)	(2,700)
Distributions	5,591	3,385
Fair value movement on investment properties	-	(276,833)
Amortisation and impairment of intangible assets	32,280	32,280
Depreciation and impairment of tangible fixed assets	1,094,289	1,028,624
Pension scheme	(289,221)	(173,385)
Movements in working capital:		
Increase in stocks	(280,367)	(493,874)
(Increase)/decrease in debtors	(299,948)	48,421
Increase in creditors	563,788	233,568
Cash generated from operations	1,091,959	1,043,028

34 Analysis of changes in net debt

	27 February 2022	Cash flows	25 February 2023
	£	£	£
Cash at bank and in hand	1,109,984	(294,234)	815,750
Borrowings excluding overdrafts	(2,420,848)	73,971	(2,346,877)
	(1,310,864)	(220,263)	(1,531,127)

Five Year Comparative Statement

	2023	2022	2021	2020	2019
	No.	No.	No.	No.	No.
Membership	21,306	20,129	19,215	18,543	16,493
Revenue Account	**£000**	**£000**	**£000**	**£000**	**£000**
Turnover	39,343	39,039	43,145	37,802	35,121
Trading result	(422)	158	644	(426)	(63)
Farm result	680	142	(40)	86	78
Surplus before distributions	194	580	708	220	1,042
Surplus for period	101	128	470	162	936
Depreciation and amortisation	1,127	1,061	1,416	1,121	1,034
Balance Sheet					
Fixed assets	24,206	23,026	22,462	22,587	19,944
Net current assets	2,378	3,784	4,344	3,115	3,757
Total assets less current liabilites	26,584	26,810	26,806	25,702	23,701
Less: Long term liabilites & provisions	(5,205)	(5,613)	(5,941)	(5,362)	(3,174)
Net Assets	21,379	21,197	20,865	20,340	20,527
Share Capital	269	270	270	268	268
Reserves	21,110	20,927	20,595	20,072	20,259
Members' Funds	21,379	21,197	20,865	20,340	20,527