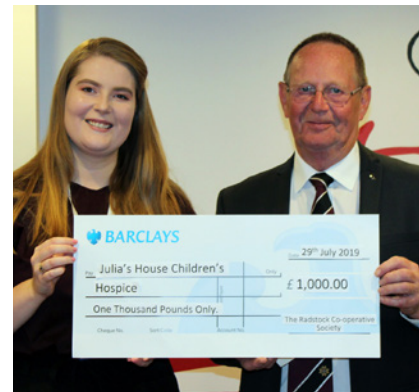


RCS:insight

News and Annual Reports from Radstock Co-operative Society





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Registered No: 1159R

welcome

Dear member, customer and stakeholder

We have put this booklet together to provide you with a summary of the Society's financial performance during the 2019/2020 year which takes a retrospective look at our achievements during that time frame. We also felt it was appropriate to give you an insight into more recent news, events and the Society's activities since the start of the pandemic. These are unprecedented times which calls for an extraordinary response from our colleagues, members and customers.

Throughout both periods of lock-down, the Society has maintained supplies to all stores, kept them trading with minimum impact on opening hours, and introduced measures to make the shopping and working environment as safe as possible. We are grateful to our members and customers for their patience, their adherence to Covid-safe measures and for their positive encouragement and feedback which really raises the morale of our colleagues during particularly challenging and busy times.

The Society has played an important part in supporting our local communities with over £60k of donations to local branches of charities supporting those most affected by the pandemic. We were also able to respond to the school meal voucher scheme providing local schools with a means of distributing much needed financial support to families struggling following school closures. To facilitate home learning, we also donated five laptops to a local school and gave a donation to The Retail Trust, a charitable organisation dedicated to supporting those in the retail sector.

We hope that you find that the following pages provides a useful insight into what we have been up to over the past year and a bit!

Radco Store Closes after 60 years but opens in Marcroft Court, Radstock

After more than sixty years of serving the local community, Radco, closed its doors to customers and relocated to temporary premises in order for work to commence on the redevelopment of the Radstock site.

The store had been winding down its operation and planning for the move to the temporary, much smaller, purpose-built retail unit at Marcroft Court, Frome Road over the Summer. The temporary store opened in August and is more than your typical convenience store offering, with hot and cold food-to-go, freshly baked bread and pastries, large chilled section including ready-made meals and pizzas, as well as Costa Coffee Express, ATM and Lottery.

The new store also provides a comprehensive Post Office service allowing customers to access the usual range of service they have become accustomed to.



Society extends its presence in Somerset

Continuing with our growth strategy, February 2020 saw the opening of our twentieth community store on Morland Road, Highbridge signifying our expansion further into Somerset.

The store is ideally situated on a busy road at the edge of a large housing estate and next to the local school.

Morland Road, Highbridge is the fourth store on the Somerset coast and has been purpose-built to a high specification incorporating many environmentally, energy-efficient features, generous aisle widths to aid navigation providing for a bright and spacious environment to add to the customer experience.

The normal grocery, chilled and frozen ranges are complemented with an extensive hot and cold food-to-go offering including burgers, hotdogs, pasties, breakfast products and freshly baked bread and pastries from the instore bakery. There is also a Costa Coffee Express, real fresh orange juice, milk shake and Slush Puppy machines. In support of local suppliers, Radstock Co-op stocks a good range of local ciders, ales, wines and chilled dairy and meat products and caters for those seeking 'gluten free', vegan and 'free from' products.



Pupils from the nearby Churchfield School came along to carry out the official 'cutting-of-the-ribbon' duty to officially declare the store open for business. The Society made a cheque presentation of £250 to the School to mark the start of its relationship with the local community.



Farm Investment: State-of-the-Art Facilities

The Society has made a £3.1 million investment in its 1,000-acre dairy farm at Hardington, just outside Frome. The state-of-art rotary milking parlour, manufactured and installed by Delaval, is the first of its new design commercially installed in the world.

It includes a robotic spray to treat the cows' teats after milking. Rotary parlours are the most efficient way to milk cows which is less labour intensive than traditional methods leading to improved animal welfare. In addition, new cow sheds have been erected providing housing facilities that maximises cow comfort and is designed to the latest standards. The financial investment has included new silage clamps, a recyclable slurry plant, increased slurry storage capacity and the installation of a clean water drainage system.

The benefits of this significant investment provides for a better working environment for colleagues, a three-milking-a-day system leading to increased production, and improved animal welfare. The investment in technology, systems,



processes and buildings has many environmental benefits. It also brings the farm far beyond all environmental statutory regulations.

The fight against Coronavirus: Keeping you Covid Safe



Throughout the lock-down and the gradual return to some sort of normality, we did and continue to do our utmost to keep our colleagues and customers safe.

Some of the measures which we have implemented are hand sanitization stations, screens at the till point, social distancing markers, information posters as a reminder of the regulations and safety measures, regular cleaning routines especially high-use touch points, restricting the number of customers, marshals at the door and encouraging contactless payments.

We are constantly reviewing the Government and industry specific guidance and are quick to react and to respond as necessary to keep you safe during your shopping trips.

A huge thank you to our members and customers for adhering to the rules and helping us to keep everyone safe!



Radstock Co-op Donate to charities to support those affected by coronavirus

The Society has witnessed and, in many cases, been affected by significant events in its 150-year history. To name but a few, two world wars, the collapse of the mining industry, closures of local rail networks and the impact of foot and mouth disease.

However, the devastating impact of the coronavirus pandemic will certainly go down as one of the most significant, and one which is affecting all aspects of our daily lives.

As a West Country based co-operative business, the Society has always endeavoured to play its part in times of hardship, struggle and difficulty.

With this in mind, the Society made significant donations totalling over £60,000 towards charities and good causes that will benefit the local communities in which it serves.

Each of the following charities received £18,000. 'NHS Charities Together', which champion and support over 140 NHS charities to enhance patient experience and care. The Trussell Trust, which supports a national network of foodbanks providing food and support to those in need. And FareShare, the UK's longest running food redistribution charity which aims to cut down on food waste and divert it to those in need.



NHS CHARITIES
TOGETHER



Much of the funds came from the temporary suspension of our dividend card scheme with all points earned over a period of some months being converted to a financial donation in respect of the nominated charities. We thank our members for their help in supporting these deserving and much needed causes.

Draw a Rainbow

The Rainbow has become a symbol of hope, comfort and brighter times ahead. It is also being used to signify support for our NHS workers and those in the care sector who put themselves at risk on a daily basis during this coronavirus crisis, helping to save lives and look after the needs of people in residential homes and in the community.

We asked our colleagues and customers to show their support for these unsung heroes and generate a sense of community spirit by helping to decorate our stores with 'Rainbows'. Many talented artists amongst our workforce and also our customers applied their creative talents to show their gratitude through the medium of art.



Face up to the Mask

Since face coverings became a requirement of the visit to the local shop, we challenged our colleagues to come up with some fun and creative designs for to make their face coverings unique. We even made it into a competition with a prize for the most original and creative design.



Society Donates Shoes to Local Organisation Barnardo's

Radstock Co-operative Society were delighted to be able to donate £1,700 worth of shoes to a local charity shop, "Barnardo's."

With the redevelopment of the Radstock site and the opening of a temporary store at Marcroft Court, Frome Road, Radstock, the Society had some outstanding stock that it was unable to dispose of prior to the Radco store closing. In particular, an abundance of unsold shoes that would have gone to land fill. As the Society is always looking at supporting the local community, they came up with the idea of donating the shoes to a local deserving cause, Barnardo's.

"Barnardo's" in Midsomer Norton will be using the donation of a whole pallet of shoes valued at £1700 to help raise vital funds to maintain and develop a wide range of services for children, young people, and their families across the UK.

Barnardo's believe in children – no matter who they are, what they have done or what they have been through. The charity works to ensure that their needs are met and their voices are heard.

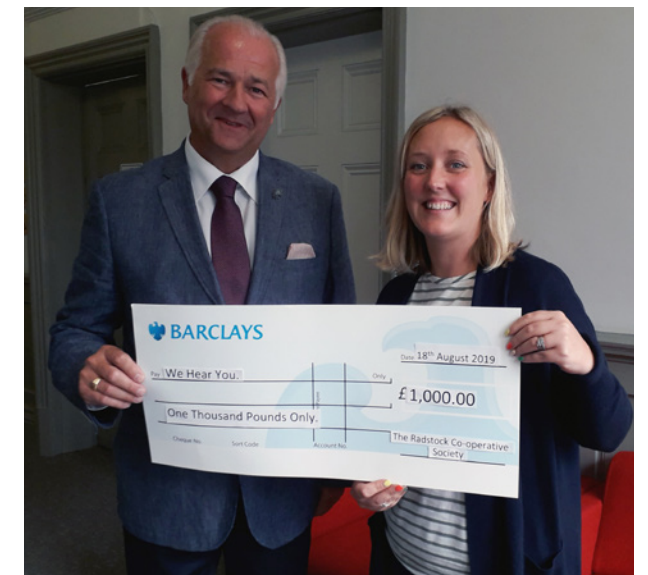
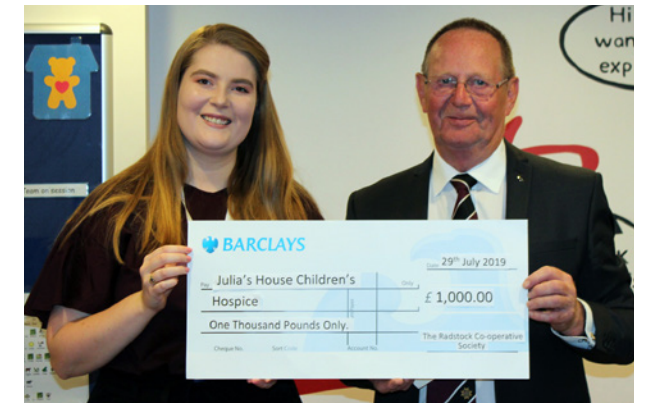
Financial Support: Chosen Charities

'WHY' and 'Julia's House' chosen as Radstock Co-op charities of the year

Cancer counselling charity We Hear You (WHY) and Julia's House Children's Hospice were selected as the Society's charities of the year. The charities each received £1,000 and will have the opportunity to hold bucket collections and events in stores as well as working with staff on fundraising activities throughout the year.

Lottie Ardeshir, Volunteer Coordinator at WHY received the cheque from Jeremy Fricker, Vice-president of Radstock Co-operative Society at the WHY offices in Frome Town Hall on 19th August.

Similarly, a £1,000 cheque was presented to Claudia Hickin, Community Fundraiser of Julia's House by the Society's President, Graham Jeffery at the Hospice in Devizes.



Our Achievements



Fair Tax organisation

The Society was re-accredited as a Fair Tax organisation signifying that it has evidenced that it is committed to fulfilling its tax obligations and its financial affairs are conducted in a fully transparent manner.



PRESIDENT'S STATEMENT

Graham Jeffery, President - On behalf of the Board

Annual Report And Accounts 2020

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

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

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

“Membership of the Society continues to expand as we open new stores in a wider trading area and attract new members through our existing stores.”

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

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

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

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

On behalf of your Board of Directors I would like to thank our members and customers for their continued support and our colleagues for all their efforts and hard work during the year.

DON MORRIS, CHIEF EXECUTIVE

Review of The Business and Future Developments



The whole of the retail industry is changing. 2019 had the slowest rate of spending growth since 2010, which is seen as largely driven by Brexit uncertainty.

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

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

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

Turning now to future developments, in October 2019, the Society received planning permission for our ambitious plans to redevelop the RADCO superstore site. The proposals include a brand-new purpose-built supermarket fit for our members and customers in the 21st century along with complimentary retail units, residential houses and apartments, and office space in a mixed-use development. The redevelopment project will take a number of years to complete and therefore

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

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

the Society has announced we will be moving the Radstock store to temporary premises in the town centre so that we can continue to serve our members and customers.

2019 was another tough year for the Society but a year that saw our plans to rebuild and renew starting to take shape. We will continue this journey but always ensuring that the Society remains financially safe and secure. It gives me great pleasure to thank all colleagues for their hard work and to thank our members and customers for their continued trading support as we continue to progress our exciting plans.

Summary of Financial Information

REVENUE ACCOUNT

	2020	2019
	£	£
Gross takings	51,520,481	48,196,745
Less agency & concession turnover	(9,661,542)	(9,360,760)
Gross sales (including VAT)	41,858,939	38,835,985
Value Added Tax	(4,057,016)	(3,714,715)
Retail turnover	37,801,923	35,121,270
Cost of sales	(27,513,840)	(25,671,171)
Gross profit	10,288,083	9,450,099
Other operating income	846,052	822,788
Expenses	(11,559,795)	(10,335,713)
Trading surplus/(deficit)	(425,660)	(62,826)
Farm surplus	86,200	78,201
Non-trade property net income	222,950	214,484
Operating surplus	116,510	229,859
Profit on Sale of Investment Property	373,634	363,821
Revaluation gain/(loss) on investment properties	9,270	485,000
Finance costs (net)	(46,592)	(36,898)
Surplus before distributions	219,802	1,041,782
Share interest	(888)	(1,000)
Donations	(3,042)	(3,419)
Death benefits	(200)	(532)
Surplus before tax	215,672	1,036,831
Taxation	(54,133)	(100,566)
Surplus for the period	161,539	936,265

BALANCE SHEET

	2020	2019
	£	£
Fixed assets		
Intangible assets	136,039	168,940
Tangible assets	22,395,761	19,720,575
Investments	54,769	54,769
	22,586,569	19,944,284
Current assets		
Stocks	2,637,895	2,429,975
Debtors – due within one year	1,285,943	2,897,782
Debtors – due after one year	454,485	278,540
Investments	1,765,163	282,209
Cash at bank and in hand	450,955	1,873,109
	6,594,441	7,761,615
Creditors: amounts due within one year	(3,479,103)	(4,005,289)
Net current assets	3,115,338	3,756,326
Total assets less current liabilities	25,701,907	23,700,610
Creditors: amounts falling due after more than one year	(2,029,943)	(1,466,000)
Provisions for liabilities	(3,332,113)	(1,707,555)
Net assets	20,339,851	20,527,055
Capital and reserves		
Called-up share capital	267,740	267,558
Revaluation Reserve	6,440,608	6,299,033
Revenue account	13,631,503	13,960,464
Members' funds	20,339,851	20,527,055

Summary of Financial Information

CASH FLOW STATEMENT

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

STATEMENT OF COMPREHENSIVE INCOME

	2020°	2019
	£	£
Surplus for the period	161,539	936,265
Revaluation of Farm Land	-	7,644,000
Deferred tax on revaluation of Farm Land	-	(1,344,967)
Remeasurement of net defined benefit liability	(503,000)	(125,625)
Tax relating to components of other comprehensive income	154,075	(8,783)
Other comprehensive income	(348,925)	6,164,625
Total comprehensive income attributable to equity shareholders of the Company	(187,386)	7,100,890

Radstock Co-operative Society Limited primary financial statements for the 53 weeks ended 29 February 2020. Comparison year, 52 weeks to 22 February 2019.

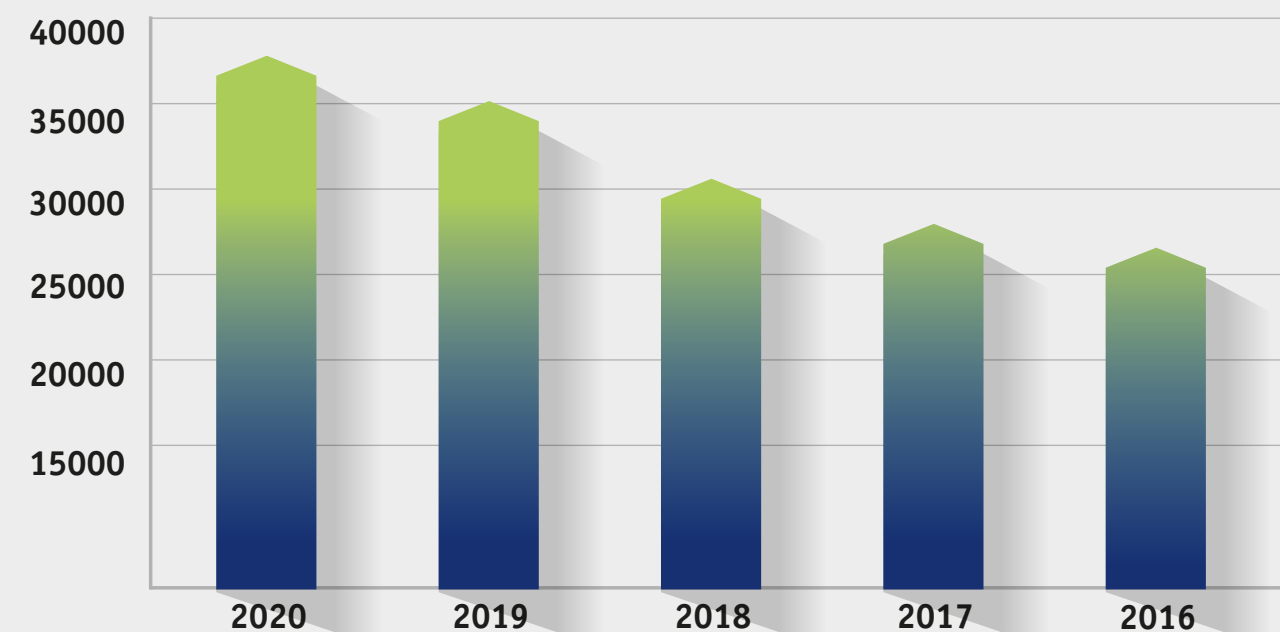
A copy of the full audited report and financial statements is available on request from the Secretary at the Society's registered office and from our website. Registered Auditor: Old Mill Audit LLP, Wells.

Summary of Financial Information

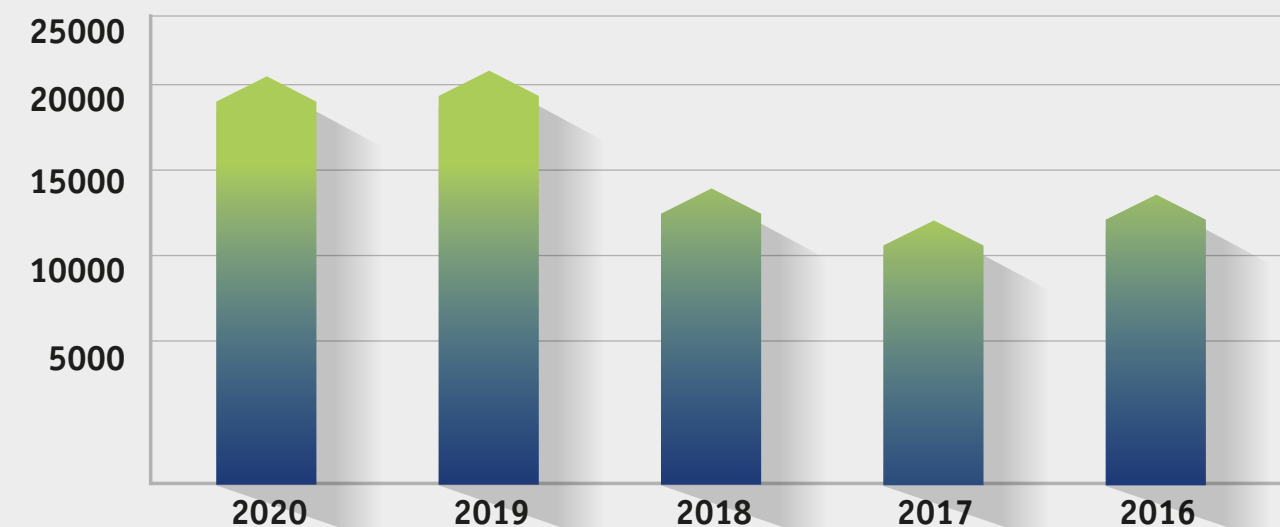
FIVE YEAR COMPARATIVE STATEMENT

	2020	2019	2018	2017	2016
Membership	18,543	16,493	14,429	8,957	7,027
REVENUE ACCOUNT	£000s	£000s	£000s	£000s	£000s
Turnover	37,802	35,121	30,206	27,282	26,112
Trading result	(426)	(63)	(147)	72	12
Farm result	86	78	111	5	62
Surplus before distributions	220	1,042	282	218	291
Surplus for period	162	936	181	148	214
Depreciation and amortisation	1,121	1,034	1,082	1,026	827
BALANCE SHEET					
Fixed assets	22,587	19,944	12,456	10,932	9,958
Net current assets	3,115	3,757	2,760	4,419	5,019
Total assets less current liabilities	25,702	23,701	15,216	15,351	14,977
Less: Long term liabilities	(5,362)	(3,174)	(1,795)	(3,344)	(1,591)
NET ASSETS	20,340	20,527	13,421	12,007	13,386
Share capital	268	268	263	252	237
Reserves	20,072	20,259	13,158	11,755	13,149
MEMBERS' FUNDS	20,340	20,527	13,421	12,007	13,386

5 YEAR COMPARISON OF TURNOVER (£000s)



5 YEAR COMPARISON OF MEMBERS FUNDS (£000s)



CONTACT DETAILS

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Farrington Gurney

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Trowbridge

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Frome

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Fromefield

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