**Registration Number 1159R**

**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**Report and Financial Statements**

**52 week period ended 23 February 2013**

**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**REPORT AND FINANCIAL STATEMENTS 2013**

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**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

George Donkin2 3 President

Jeremy Frickerl Vice-President

Albert Moulder

Angela Wilsonl

Allan Curtisl 2 3

Grahame Pickford2 3

Sally Heironl

David Penney3

Derek Roberts3

l Audit Committee

2 Remuneration and Benefits Committee

3 Pension Trustees

**OFFICERS**

Don Morris CMIIA FCCA Chief Executive/Secretary

**REGISTERED OFFICE**

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3 Wells Hill

Radstock

BA3 3RQ

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**BANKERS**

The Co-operative Bank

16 St Stephen’s Street

Bristol

BS1 1JR

**AUDITOR**

Deloitte LLP

Bristol

**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**BOARD’S REPORT TO MEMBERS FOR THE 52 WEEKS ENDED 23 FEBRUARY 2013**

**INTRODUCTION**

The Board of Directors is pleased to present to members the report and financial statements for the 52 weeks ended 23 February 2013.

**PRINCIPAL ACTIVITIES**

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

**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. 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 current asset position of the business. However, the level of cash balances does give exposure to risks in movements in interest rates. Management has treasury management policies in place to review the rate of return achieved on cash investments.

**EMPLOYEES**

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

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

The Society is an Equal Opportunities Employer.

**CREDITOR PAYMENT POLICY**

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

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

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

**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**BOARD’S REPORT TO MEMBERS FOR THE 52 WEEKS ENDED 23 FEBRUARY 2013 (continued)**

**PRESIDENT’S STATEMENT**

Our Society has had a successful year with a significant increase in gross takings and a reassuring level of profit. However, our results have been affected by two major external influences. The overall economy continues to be weak with, in particular, wage growth behind inflation, forcing, year after year, increasing austerity on the majority of our members and customers. The second factor is the impact on sales at Radstock of the town centre road works which made the town notorious for traffic problems. The efforts of colleagues and management in increasing sales are, in these circumstances, all the more creditable.

The Society has continued to fund its development programme from its own resources. This has been an exceptional year for capital expenditure. Thanks to the prudent policies followed over the recent years of successful trading, Radstock Society can plan for further developments in the coming years. During the financial year the Society successfully completed three major projects which included a substantial extension and refit of our Timsbury branch and after a number of anxious years we were handed the keys of our purpose-built retail development at Fosseway, Westfield. Our third major development of this year was at Chew Magna where we increased the size of the store which was then comprehensively refitted.

These developments, and others planned, are vitally important to the Society's future. We must grow profitably if we are to cover our overhead costs, continually improve our trading standards for our members and customers, and have a prosperous long term future with opportunities for career development for our colleagues.

Our progress, and in particular that of our colleagues and management, have been recognised nationally with the recent award of Investors in People Award - Silver. Locally the Society was a finalist in both the Somerset Business Awards and the Bath Business Awards. Bath College made us their Business Employer of the Year.

Our colleagues and management are a huge asset to the Society and valued enormously by the Board. The Society is committed to their further development and training. Collectively our colleagues have been active fundraisers in the community. There was a sponsored skydive for CLIC, they were active in conjunction with Ted's Big Day Out and for Children in Need, including a fashion show, which had no connection with the Wrong Trousers fundraising event pictured in the local press! The Board is proud of our colleagues’ efforts.

Last year at the Annual General Meeting members voted to support two charities, Radstock Museum and The Snowdrop Appeal. During the year both have received cheques totalling £1,757 each. The Society was also able to support the newly established Foodbank. To mark the opening of our new store, the Society sponsored Westfield FC youth team. The Society maintained its long established relationship with Somerset Miners by sponsoring their annual reunion luncheon.

Members enjoyed a wine tasting event at Radstock in December and a new members benefit with Hands on Health, Chiropractor Services has been introduced.

The Society's Board thanks members, dividend card holders and customers for their continued support, especially during shop refits and at Radstock for braving the difficult congestion in the first half of the year. By pulling together, we have achieved another successful year.

**George Donkin**

President

**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**BOARD’S REPORT TO MEMBERS FOR THE 52 WEEKS ENDED 23 FEBRUARY 2013 (continued)**

**REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**

As widely anticipated, 2012 was a difficult year for many retailers who experienced downward pressure on both levels of turnover and margin in a very competitive market. The Society was not immune from these difficult trading conditions and continued to experience pressure on profit margins as we invested in discounts and special offers for our members and customers. Despite this the Society performed strongly and continued to expand its trading activities with gross takings during the year growing by £2.97m or 9.8% and now standing at £33.3m (2011/12: £30.3m). The trading surplus for the year amounted to £817k (2011/12: £1,155k).

In line with many large store operators, our superstore at Radstock has come through a particularly difficult year not only in terms of intense competition for market share but also due to severe disruption to trade as a result of major road works within the town centre. The Society was able to mitigate some of the losses experienced by securing compensation for loss of trade. The Society has continued to invest in Radstock including new customer toilet facilities and is considering further significant investments and improvements to enhance the shopping experience of our members and customers.

In September we opened our twelfth store ‘Fosseway’ located in Westfield near Midsomer Norton. The store is part of a smart, new build, freehold parade of three shops and the Society has been joined by Whitstone’s Fish & Chip Shop and Pet’s Corner. Our new store has been designed to be light and airy, with generous aisle widths and queuing area, and boasts a bakery, Costa Coffee, ATM and the very latest in energy efficient refrigeration with the units incorporating single glazed glass doors. The store and indeed the parade are very popular and have made a positive contribution to the Society’s trading performance.

The Society has also extended and conducted major refits of its Timsbury and Chew Magna stores again employing the design concepts of light and airy environments and energy efficiency. The store extensions, in the case of Chew Magna into the former HSBC bank, have enabled both shops to stock a far wider range of items offering improved choice. As part of the Society’s continuing growth strategy, further store openings are planned for the coming years.

Despite the unprecedented poor weather that has affected the farming industry across the country with one of the wettest years on record, the farm has delivered a surplus of £67,041 which is very much in line with the previous year of £65,416 but was achieved in a far more challenging period. Our strategic partnership with our farm managers Velcourt continues to deliver improvements to our farming practices and the farm environment. Our contract with Co-operative Group Farms to supply milk to Wiseman Dairies for processing continues to pay dividends as the Co-operative Retail Trading Group (CRTG) has continued to maintain its milk price premium. Our continuing strategy for the farm is to deliver consistent returns from a tidy, well managed unit and to increase the size of the milking herd.

The growth of the Society and the investments being made in our operations have been funded by retained earnings. The Society maintains a strong balance sheet with significant cash investments and no borrowings. During these tough economic times, these firm foundations remain essential to the success of the Society. As always, it gives me great pleasure to acknowledge the hard work and commitment of our colleagues and the support and loyalty of our members and customers, the success of the Society can only be achieved with this continued support.

**Don Morris**

Chief Executive

**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**STATEMENT OF CORPORATE GOVERNANCE**

**BOARD OF DIRECTORS**

George Donkin

Jeremy Fricker

Albert Moulder

Angela Wilson

Allan Curtis

Grahame Pickford

Sally Heiron

David Penney

Derek Roberts

**SUB COMMITTEES OF THE BOARD**

**AUDIT COMMITTEE**

Jeremy Fricker (Chair)

Allan Curtis

Sally Heiron

Angela Wilson

**REMUNERATION AND BENEFITS COMMITTEE**

George Donkin

Grahame Pickford

Allan Curtis

**SENIOR MANAGEMENT TEAM**

Don Morris Chief Executive/Secretary

Julie Bartrum-Lang Financial Controller

Albert Moulder Head of Retail Operations

Vicki Przytocki Head of Human Resources

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

Guidance on achieving the highest possible standards of governance is contained in the Combined Code on Corporate Governance issued by the Financial Reporting Council in 2006. As an Industrial and Provident Society, 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 Code of Best Practice (‘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‑operativesUK Corporate Governance Code of Best Practice as far as practicable in the Society’s particular circumstances. The Board recognises that work needs to be completed before full compliance with the code is completed. However, a significant start has been made.

Areas of non‑compliance are the establishment of a Search Committee, Interim Report, refreshing the Board, a written Board diversity policy and co‑option of professional external directors. The Society has not complied with the Code in these areas as it believes they are currently not appropriate for the size or complexity of the Society’s business.

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.

**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**STATEMENT OF CORPORATE GOVERNANCE (continued)**

**OUR MEMBERS**

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

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

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

The 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. Directors are elected for a maximum of three years in line with the recommendations of the Corporate Governance Code of Best Practice. The Society does not have a policy of co-opting professional external directors onto the Board. The Board appoints, or reappoints, the President and Vice‑President on an annual basis.

Directors’ fees are approved by the Society’s members. The current fee levels were recommended to the membership and approved by them in June 2012. In addition to their fees, directors are able to claim expenses reasonably incurred in carrying out Society business.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Name** | **First elected** | **Term expires** | **Fees 2012/13 £** | **Expenses 2012/13 £** |
| George Donkin | 2007 | 2013 | 3,128.48 | 292.00 |
| Jeremy Fricker | 2008 | 2014 | 2,396.14 | 472.05 |
| Albert Moulder | 2005 | 2014 | 1,779.75 | - |
| Allan Curtis | 2008 | 2015 | 1,779.75 | - |
| Grahame Pickford | 2008 | 2015 | 1,779.75 | - |
| David Penney | 2009 | 2013 | 1,779.75 | - |
| Angela Wilson | 2009 | 2015 | 1,892.24 | 189.90 |
| Sally Heiron | 2009 | 2013 | 1,779.75 | - |
| Derek Roberts | 2012 | 2014 | 1,779.75 | - |

The Board has undertaken a Skills and Performance Evaluation and has worked with the Co‑operative College to develop a training programme to meet individual and collective training needs. The Board has developed a formal Board and director appraisal process based on the requirements of the Corporate Governance Code of Best Practice with all directors completing a performance appraisal. The Board has undertaken 1½ day’s training during the year.

**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**STATEMENT OF CORPORATE GOVERNANCE (continued)**

**THE BOARD (continued)**

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 sub‑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 and Benefits Committee** | | **Employees’ Superannuation Fund** | |
| George Donkin | 12 | (12) | - | - | 0 | (0) | 4 | (4) |
| Jeremy Fricker | 9 | (12) | 4 | (4) | 0 | (0) | - | - |
| Albert Moulder | 12 | (12) | - | - | - | - | - | - |
| Angela Wilson | 10 | (12) | 4 | (4) | - | - | - | - |
| Allan Curtis | 12 | (12) | 4 | (4) | 0 | (0) | 1 | (1) |
| Sally Heiron | 9 | (12) | 4 | (4) | - | - | - | - |
| David Penney | 10 | (12) | - | - | - | - | 3 | (4) |
| Grahame Pickford | 10 | (12) | - | - | - | - | 3 | (4) |
| Derek Roberts | 11 | (12) | - | - | - | - | 1 | (4) |

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

**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**STATEMENT OF CORPORATE GOVERNANCE (continued)**

**THE BOARD (continued)**

The changes in directors during the period are as follows:

Allan Curtis reappointed 20 June 2012

Grahame Pickford reappointed 20 June 2012

Angela Wilson reappointed 20 June 2012

**THE AUDIT COMMITTEE**

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

The principal role of the Audit Committee is to help the Board fulfil its obligations in respect of financial reporting. 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;
* monitors and reviews the effectiveness of the internal audit function outsourced to Mutual One 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.

During the year, the Audit Committee discharged its responsibilities by considering the above issues during the four meetings held.

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 1.

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.

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

**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**STATEMENT OF CORPORATE GOVERNANCE (continued)**

**INTERNAL CONTROL**

The Society continues to operate under the Co‑operativesUK Corporate Governance Code of Best Practice, under which the Board of Directors have the ultimate responsibility 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.

**INFORMATION AND COMMUNICATION**

The Society undertakes periodic strategic reviews, including the evaluation of business alternatives. Senior management prepare annual budgets, and performance 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 retained Mutual One 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.

**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

‑**KEY CO‑OPERATIVE, ENVIRONMENTAL AND SOCIAL PERFORMANCE INDICATORS**

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

|  |  |  |  |
| --- | --- | --- | --- |
| **NO** | **AREA** | **MEASUREMENT** | **OUTCOME** |
| 1 | Member economic involvement | Trade (£) conducted with members as a proportion of turnover (%) | There was no practical mechanism to apply this measurement during 2012/13. |
| 2 | Member democratic participation | Number of members voting in elections and as a % of total membership | Nominations from four candidates for three vacancies on the Board were received. Three directors were re-elected. |
| 3 | Participation of employees and members in training and education schemes | All types of training | Employees attended 394 (2011/12: 347) training events equating to 232 full days during 2012/13. This included personal development, NVQ, professional development, management training, customer service and compliance training. |
| 4 | Staff injury and absentee rates | Staff injury rates/number of accidents/number reportable. Total absentee rate | During 2012/13, there were 31 accidents (2011/12: 51) involving our employees, of which 1 was reportable (2011/12: 4). The total employee absence rate for 2012/13 was 2.80% (2011/12: 3.07%). |
| 5 | Staff profile - gender and ethnicity % where data supplied (38% of the workforce have not supplied details of their ethnicity). | % male/female and non‑white British employees | Of our employees, 67% are female and 33% are male (2011/12: 67% female, 33% male). Employees with ethnic origin other than White British are 1.1% (2011/12: 1.6%). |
| 6 | Customer satisfaction % | Number of customers satisfied as a % | We aspire to 100% customer satisfaction. We record customer feedback (including complaints) and employ “mystery shoppers”. This information helps to direct us to those areas that need improvement. The Society’s average mystery shopping score was 96.4% (2011/12: 97.7%) against a pass mark of 92%. |

**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**KEY CO‑OPERATIVE, ENVIRONMENTAL AND SOCIAL PERFORMANCE INDICATORS (continued)**

|  |  |  |  |
| --- | --- | --- | --- |
| **NO** | **AREA** | **MEASUREMENT** | **OUTCOME** |
| 7 | Considerations of ethical issues in procurement and investment decisions | Qualitative  Description of how these factors are considered in the course of business | The Society is a member of the Co‑operative Retail Trading Group and shares the procurement policy of that body. The ethical trading policy and procedures in CRTG address the issues of sound sourcing, animal welfare, food integrity and health and ecological sustainability. On the Society’s own dairy farm in Hardington, livestock are treated in accordance with the highest standards of animal welfare. |
| 8 | Investment in community and co‑operative initiatives | Annual proportion of pre‑tax investment in community initiatives as a proportion of surplus before tax (%) | A total of £4,713 (2011/12: £3,680) was donated in support of our community relations strategy. The total represents 0.5% (2011/12: 0.3%) of pre‑tax surplus. In addition, £1,389 of charity funds received from the CRTG has been gifted to local charities within the year.  The involvement of colleagues within stores in community initiatives and fundraising is significant with at least £5,410 raised in the year. |
| 9 | Net carbon dioxide (CO2) emissions arising from operations | Annual CO2 emissions associated with energy used for all on‑site operations, i.e. offices/shops | During 2012/13, we purchased 98.2% (2011/12: 96.4%) green energy from our electrical supply contract, which resulted in 2,782 tonnes of CO2. The basis of measurement was taken from the Carbon Trust. For natural gas, the total usage for the year amounted to 0.2 tonnes of CO2. We have 39 hectares of forest on our farm estate at Hardington. This equates to 527 tonnes of CO2 captured each year according to Forestry Commission guidelines. |
| 10 | Waste recycled/reused as % of waste arising | % of recycled/reused | 100% of all packaging waste (cardboard and plastic) is recycled through the CRTG distribution centres. |

**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**REMUNERATION AND BENEFITS COMMITTEE**

The Remuneration and Benefits Committee is pleased to present its Report to members for the year ended 23 February 2013.

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 has not met during the year as pay awards for employees were agreed under the National Agreement and the service contracts for senior management required no additional consideration during the year. 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 George Donkin. The other Committee members are Grahame Pickford and Allan Curtis. In accordance with the Corporate Code of Best Practices published by Co-operativesUK 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.

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.

**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**REMUNERATION AND BENEFITS COMMITTEE (continued)**

**Senior Management Team Emoluments**

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Name** | **Chief Executive Officer £** | **Head of Retail Operations £** | **Head of Human Resources £** | **Financial Controller (Part Year) £** |
| Salary | 113,848 | 69,980 | 61,221 | 28,077 |
| Employers Pension Contributions | 9,167 | 5,566 | 4,906 | 2,298 |
| **Total Emoluments** | 123,015 | 75,546 | 66,127 | 30,375 |

**Directors’ Emoluments**

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

Directors are reimbursed all reasonable expenses incurred while carrying out their duties for the Society. In addition, up to the 20th June 2012, an attendance allowance of £12.50 per half day could be claimed by directors who participated in pre-approved external meetings and events.

|  |  |  |  |
| --- | --- | --- | --- |
| **Name** | **Fees (including back pay) 2012/13 £** | **Expenses 2012/13 £** | **Total Emoluments 2012/13 £** |
| George Donkin | 3,128 | 292.00 | 3,420 |
| Jeremy Fricker | 2,396 | 472.05 | 2,868 |
| Albert Moulder | 1,780 | - | 1,780 |
| Allan Curtis | 1,780 | - | 1,780 |
| Grahame Pickford | 1,780 | - | 1,780 |
| David Penney | 1,780 | - | 1,780 |
| Angela Wilson | 1,892 | 189.90 | 2,082 |
| Sally Heiron | 1,780 | - | 1,780 |
| Derek Roberts | 1,780 | - | 1,780 |

By order of the Board

**George Donkin**

President and Chair of the Remuneration and Benefits Committee

**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**BOARD’S RESPONSIBILITIES STATEMENT**

Industrial and Provident Society Law requires the Directors to ensure that the financial statements give a true and fair view of the state of affairs of the Society at the end of the financial period, and of the surplus or deficit for that period. In preparing those financial statements, the Directors are required to:

* select suitable accounting policies and then apply them consistently;
* make judgements and estimates that are reasonable and prudent;
* state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
* 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the Society and enable them to ensure that its financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Society and to prevent and detect fraud and other irregularities.

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

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

**STATEMENT OF GOING CONCERN**

Budgets and forecasts have been prepared and considered for 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. 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-operativesUK Limited’s Corporate Governance Code of Best Practice Volume 1.

**DISCLOSURE OF INFORMATION TO THE AUDITOR**

So far as each director is aware, there is no relevant audit information of which the Society’s auditor is unaware. Each director has taken all the steps that he/she ought to have taken in his/her duty as a director in order to make himself/herself aware of any relevant audit information and to establish that the Society’s auditor is aware of that information.

**BOARD CERTIFICATION**

The Board’s 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 16 to 34 are hereby signed on behalf of the Board of Directors pursuant to Section 3(5)(c) of the Friendly and Industrial and Provident Societies Act 1968.

**George Donkin Jeremy Fricker Don Morris**

President Vice-President Chief Executive/Secretary

**INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF**

**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

We have audited the financial statements of Radstock Co-operative Society Limited for the 52 weeks ended 23 February 2013 which comprise the Revenue Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Society’s members, as a body, in accordance with section 9 of the Friendly and Industrial and Provident Societies Act 1968. 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.

## Respective responsibilities of directors and auditor

As explained more fully in the Board’s Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

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

## Opinion on financial statements

In our opinion the financial statements:

* give a true and fair view of the state of the Society’s affairs as at 23 February 2013 and of its surplus for the 52 weeks 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 Industrial and Provident Societies Acts, 1965 to 2002.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts, 1965 to 2002 require us to report to you if, in our opinion:

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

**DELOITTE LLP**

Chartered Accountants and Statutory Auditor

Bristol, United Kingdom

**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**REVENUE ACCOUNT**

**52 weeks ended 23 February 2013**

**Notes 2013 2012**

**£ £**

**Gross takings** 33,313,093 30,344,478

Less agency & concession turnover (8,796,341) (7,086,512)

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**Gross sales (including VAT)** 24,516,752 23,257,966

Value added tax (2,192,699) (2,087,462)

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**Turnover** 22,324,053 21,170,504

Cost of sales (15,509,710) (14,449,239)

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**Gross profit** 6,814,343 6,721,265

Other operating income 712,581 621,681

Expenses 1 (6,709,264) (6,187,458)

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**Trading surplus** 817,660 1,155,488

Farm surplus 3 67,041 65,416

Non‑trade property net income 137,336 80,772

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**Operating surplus** 1,022,037 1,301,676

(Loss)/profit on sale of fixed assets (28,534) 127,265

Interest receivable 45,122 76,210

Other finance charge 19 (43,000) (29,000)

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**Surplus before distributions** 995,625 1,476,151

Share interest (1,901) (1,892)

Donations (4,713) (3,680)

Death benefits (2,402) (1,558)

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**Surplus before tax** 986,609 1,469,021

Taxation 4 (287,977) (332,228)

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**Surplus for the period** 13 698,632 1,136,793

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All amounts derive from continuing operations.

There is no difference between either the surplus for the period before taxation or the retained surplus for the period and their historical cost equivalents.

**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**52 weeks ended 23 February 2013**

**Notes 2013 2012**

**£ £**

Surplus for the period 698,632 1,136,793

Revaluation of investment properties 6 - 374,085

Actuarial loss on pension scheme 19 (239,000) (389,000)

Movement on deferred tax relating to pension scheme 23,810 101,821

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**Total gain relating to the period** 483,442 1,223,699

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**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**BALANCE SHEET**

**At 23 February 2013**

**Notes 23 February 2013 25 February 2012**

**£ £ £ £**

**Fixed assets**

Intangible assets 5 363,242 395,522

Tangible assets 6 8,231,726 5,691,448

Investments 7 50,971 50,734

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8,645,9396,137,704

**Current assets**

Stocks 8 1,630,279 1,571,434

Debtors 9 715,507 669,177

Investments 7 4,669,441 6,446,003

Cash at bank and in hand 384,239 195,869

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7,399,466 8,882,483

**Creditors: amounts due within one year** 10 (2,267,970) (1,882,609)

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**Net current assets** 5,131,4966,999,874

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**Total assets less current liabilities** 13,777,43513,137,578

**Provision for deferred taxation** 11 (111,947) (103,179)

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**Net assets excluding pension deficit** 13,665,48813,034,399

Pension deficit 19 (1,465,924) (1,313,114)

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**Net assets including pension deficit** 12,199,56411,721,285

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**Capital and reserves**

Share capital 12 236,835 241,998

Revenue reserve 13 10,545,896 10,062,454

Revaluation reserve 13 1,416,833 1,416,833

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**Members’ funds** 14 12,199,564 11,721,285

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**George Donkin Jeremy Fricker Don Morris**

President Vice-President Chief Executive/Secretary

**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**CASH FLOW STATEMENT**

**52 weeks ended 23 February 2013**

**Notes 2013 2012**

**£ £ £ £**

**Net cash inflow from operating activities** 15 1,884,151 1,587,341

**Return on investments and servicing of finance**

Interest received 44,858 76,210

**Taxation**

Net UK corporation tax paid (376,332) (444,616)

**Capital expenditure and financial investment**

Purchase of tangible fixed assets (3,216,809) (401,950)

Sale of tangible fixed assets 81,466 176,274

Increase in fixed asset investments - (211)

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**Net cash outflow from capital expenditure**

**and financial investment** (3,135,343) (225,887)

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**Net cash inflow before management of**

**liquid resources and financing** (1,582,666) 993,048

**Management of liquid resources**

Deposits/(withdrawals) from current asset investments 17 1,776,826 (978,799)

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**Net cash inflow before financing** 194,160 14,249

**Financing**

Decrease/(increase) in members’ share capital (5,163) 587

Decrease in other loans (627) (2,290)

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**Net cash outflow from financing** (5,790) (1,703)

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**Increase in cash in the period** 17 188,370 12,546

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**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**STATEMENT OF ACCOUNTING POLICIES**

**Basis of preparation of financial statements**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of certain fixed assets. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements. There have been no changes in accounting policies during the year.

**Going concern**

Budgets and forecasts have been prepared and considered for 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. 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-operativesUK Limited’s Corporate Governance Code of Best Practice Volume 1.

**Accounting date**

The financial statements are made up for the 52 weeks to 23 February 2013 (2012: 52 weeks ended 25 February 2012).

**Turnover**

Turnover relates to retail trade only and includes cash sales and goods sold on credit. Turnover excludes VAT.

Revenue is recognised in turnover when substantially all the risks and rewards of ownership have passed to the customer, which is normally at the point of sale in our shops. Revenue from trade relationships, where the Society acts as an agent and receives commissions from the principal, are shown as other operating income.

**Farm and property income**

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

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

**Operating leases**

Costs in respect of operating leases are charged to the revenue account on a straight-line basis over the lease term.

**Taxation**

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**STATEMENT OF ACCOUNTING POLICIES (continued)**

**Pension costs**

The Society operates a defined contribution scheme available to all employees. The assets of the closed defined benefit scheme are held separately from those of the Society in independently administered funds.

Assets are measured using bid market values. Pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The change in the present value of the liabilities of the defined benefit scheme expected to arise from employee service in the period is charged to operating surplus. The expected return on the scheme’s assets and the increase during the period in the present value of the scheme’s liabilities, arising from the passage of time, are included in other finance income/charge.

Changes in the value of the fund arising due to the changes in actuarial assumptions are credited/charged to the statement of total recognised gains and losses.

**Intangible assets**

Milk quotas are capitalised at purchase cost and are amortised on a straight-line basis at a rate of 20% per annum. The milk quotas are fully amortised.

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

Acquisition of trade and assets 15 years

**Tangible fixed assets and depreciation**

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

Freehold buildings 2.5% to 10% per annum

Building improvements 14.3% per annum

Fixtures and fittings 10% to 20% per annum

Machinery and plant 10% to 25% per annum

Motor vehicles 25% per annum

Computers 25% to 50% per annum

No depreciation is provided on freehold land.

**Non‑trade properties**

Non‑trade investment properties are carried at a valuation based on open market value and the aggregate surplus on revaluation is transferred to the revaluation reserve. No charge in respect of depreciation is made on these properties. The portfolio is revalued by a qualified external valuer on a three-yearly basis, unless, in the opinion of the directors, matters come to light which suggest a material change in value, when an intermediate valuation will be undertaken. The properties were valued in February 2012 by a qualified external valuer.

The requirement of the Industrial and Provident Societies Acts 1965 to 2002 is to depreciate all properties, but that requirement conflicts with the generally accepted accounting principle set out in SSAP 19. 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 SSAP 19 in order to give a true and fair view.

**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**STATEMENT OF ACCOUNTING POLICIES (continued)**

**Fixed asset investments**

Fixed asset investments are held at cost less provision for impairment.

**Stocks**

Retail stocks are valued at the lower of cost and net realisable value. The Society has taken appropriate professional advice and has valued farm dairy cattle stocks on a herd basis. Young cattle, grain and sundries are stated at market valuation. Provision is made to reduce stock to its estimated recoverable value.

**Liquid resources**

Current asset investments are short‑term bank deposits that do not meet the definition of cash.

**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**52 weeks ended 23 February 2013**

**1. EXPENSES 2013 2012**

**£ £**

Personnel costs 3,850,603 3,543,368

Occupancy costs 774,206 618,477

Depreciation and amortisation 567,862 568,018

Services provided by the Society’s auditor:

Fees payable for the audit 24,500 25,550

Fees payable for other services 6,279 5,800

Operating leases - land and buildings 197,407 130,426

Other expenses 1,288,407 1,295,819

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6,709,264 6,187,458

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**2. EMPLOYEES**

**2013 2012**

The average number employed was: **No. No.**

Full-time 67 68

Part-time 304 295

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371 363

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The costs incurred in respect of these employees were: **£ £**

Wages and salaries 3,801,218 3,491,909

Social security costs 196,712 190,296

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3,997,930 3,682,205

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Analysed as: **£ £**

Expenses (note 1) 3,850,603 3,543,368

Farm accounts (note 3) 147,327 138,837

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3,997,930 3,682,205

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**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**52 weeks ended 23 February 2013**

**2. EMPLOYEES (continued)**

**Directors**

**2013 2012**

The total remuneration of the directors was as follows: **£ £**

Fees 93,642 85,654

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The figures include payroll costs for Albert Moulder who is employed by the Society as well as acting as a director. Martin Collins was removed from the Board on 6 May 2012; his remuneration until this date is included in 2012.

**Senior** **Management Team**

The total remuneration of the senior management team was as follows: **£ £**

Salaries 273,126 264,820

Pension contributions 21,937 22,225

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295,063 287,045

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The remuneration of the senior management team is disclosed in the Remuneration and Benefits Report.

**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**52 weeks ended 23 February 2013**

**3. FARM ACCOUNTS 2013 2012**

**£ £**

Sales 1,181,591 1,011,993

Cost of sales (668,068) (537,664)

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**Gross profit** 513,523 474,329

Expenses (note A) (446,482) (408,913)

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**Farm surplus** 67,041 65,416

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**A. Expenses £ £**

Personnel costs 147,327 138,837

Occupancy costs 101,467 94,287

Depreciation 27,633 42,042

General repairs 24,801 22,166

Legal and professional 34,574 35,149

Other expenses 110,119 75,671

Valuation fee 561 761

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446,482 408,913

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**Employees**

The average number employed was: **No. No.**

Full-time equivalent 3 4

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**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**52 weeks ended 23 February 2013**

**4. TAXATION ON SURPLUS FOR PERIOD**

**2013 2012**

**(a) Analysis of charge in the period** **£ £**

**Current tax:**

UK corporation tax on the surplus for the period 256,045 390,440

Adjustments in respect of previous periods (457) (129,102)

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Total current tax 255,588 261,338

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**Deferred tax:**

Adjustments in respect of previous periods 422 (1,224)

Current year movement 38,282 23,273

Effect of change in tax rates 17,655 (7,521)

Pension (23,970) 56,361

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Total deferred tax 32,389 70,890

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**Tax on surplus after ordinary activities** 287,977 332,228

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**(b) Factors affecting tax charge for the period £ £**

Surplus before tax 986,609 1,469,021

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**£ £**

Surplus before tax multiplied by the effective rate of

corporation tax of 24.18% (2012: 26%) 238,565 384,521

Effects of:

Expenses not deductible for tax purposes 60,181 53,369

Income not taxable for tax purposes - (244)

Capital allowances in excess depreciation (8,630) (17,645)

Other timing differences (29,652) (29,448)

Tax at marginal rates - (120)

Adjustments to tax charge in respect of previous periods (457) (129,102)

Gains - 7

Other tax rates (4,419) -

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**Current tax charge for period** 255,588 261,338

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**(c) Factors affecting future tax charge**

The Finance Bill 2012, enacted as Finance Act 2012 in July 2012, reduced the corporation tax rate from 24% to 23% with effect from April 2013 and therefore 23% has been used to calculate the position on deferred tax at 23 February 2013 (2012: 25%).  In the budget on 20 March 2013 the government announced that legislation will be introduced in the Finance Bill 2013 to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014.  The directors are not aware of any other factors that will materially affect the future tax charge.

No provision has been made for deferred tax on gains on revaluing investment property to its market value. Such tax would become payable only if the property was sold.

Deferred tax liabilities are not discounted.

**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**52 weeks ended 23 February 2013**

**5. INTANGIBLE FIXED ASSETS**

**Goodwill Milk quotas Total**

**£ £ £**

**Cost**

As at 26 February 2012 and 23 February 2013 482,351 488,228 970,579

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**Amortisation**

At 26 February 2012 86,829 488,228 575,057

Charged in the period 32,280 - 32,280

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At 23 February 2013 119,109 488,228 607,337

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**Net book value**

**At 23 February 2013** 363,242 - 363,242

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At 25 February 2012 395,522 - 395,522

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**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**52 weeks ended 23 February 2013**

**6. TANGIBLE FIXED ASSETS**

**Fixtures, Farm land,**

**Land and machinery buildings and Non‑trade**

**buildings and transport machinery property Total**

**£ £ £ £ £**

**Cost or valuation**

At 26 February 2012 5,251,051 4,308,495 1,526,145 3,098,993 14,184,684

Additions 1,537,802 656,070 23,028 999,909 3,216,809

Disposals - (6,600) (3,095) (110,343) (120,038)

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At 23 February 2013 6,788,853 4,957,965 1,546,078 3,988,559 17,281,455

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**Depreciation**

At 26 February 2012 4,620,358 2,901,098 971,780 - 8,493,236

Provided this period 118,705 419,850 27,633 - 566,188

Disposals - (6,600) (3,095) - (9,695)

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At 23 February 2013 4,739,063 3,314,348 996,318 - 9,049,729

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**Net book value**

**At 23 February 2013** 2,049,790 1,643,617 549,760 3,988,559 8,231,726

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At 25 February 2012 630,693 1,407,397 554,365 3,098,993 5,691,448

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Note:

1. Land and buildings comprise £6,504,860 (2012: £4,967,058) freehold and £283,993 (2012: £283,993) long leasehold.
2. Properties classed as non-trade are leased to tenants under operating lease agreements.
3. Non-trade properties were independently valued by Graham James (MRICS) of Carter Jonas in February 2012, based on market value.
4. At the year end the Society’s defined benefit pension scheme held security over the Hardington farm land to the value of £2,000,000. On 5 April 2013 this increased to £3,000,000.
5. £566,188 depreciation includes £27,633 for the farm and £2,973 for non-trade property fixtures and fittings.
6. Non-Trade Properties at historical cost £3,724,817.

**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**52 weeks ended 23 February 2013**

**7. INVESTMENTS**

**Fixed assets Current assets**

**2013 2012 2013 2012**

**£ £ £ £**

The Co-operative Group Limited shares 36,585 36,585 - -

Other shares 2,670 2,433 - -

Unquoted companies 11,716 11,716 - -

Short-term bank deposits - - 3,256,928 5,070,204

The Co-operative Group Corporate

investor shares - - 1,412,513 1,375,799

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50,971 50,734 4,669,441 6,446,003

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**8. STOCK 2013 2012**

**£ £**

Retail stock 1,121,736 1,120,059

Farm stock 508,543 451,375

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1,630,279 1,571,434

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**9. DEBTORS 2013 2012**

**£ £**

Retail debtors 477,357 504,830

Farm debtors 97,651 52,687

Sundry debtors 140,499 111,660

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715,507 669,177

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**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR 2013 2012**

**£ £**

Trade creditors 1,002,270 748,048

Accruals 530,458 257,495

Holiday pay and wages 251,541 239,877

Dividend points and stamps 88,324 80,325

Corporation tax 255,121 376,840

Sundry creditors 71,558 38,167

Value added tax 66,518 86,605

Social security - 52,445

Stamp clubs\* 2,180 2,807

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2,267,970 1,882,609

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\*Repayable on demand

**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**52 weeks ended 23 February 2013**

**11. PROVISION FOR LIABILITIES AND CHARGES**

**2013 2012**

**Provision for deferred tax £ £**

Accelerated capital allowances 111,947 112,338

Other timing differences - (9,159)

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111,947 103,179

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**£ £**

Provision at start of the period 103,179 88,651

Deferred tax charge in revenue account for the period (note 4(a)) 8,768 14,528

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**Provision at end of the period** 111,947 103,179

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**Deferred taxation asset relating to pension deficit £ £**

At start of the period 437,540 392,080

(Debited)/credited to the statement of total recognised gains and losses (23,810) 101,821

Credit/(charge) to the revenue account (note 4(a)) 23,960 (56,361)

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**At end of the period** 437,690 437,540

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**12. SHARE CAPITAL 2013 2012**

**£ £**

Balance at 25 February 2012 241,998 241,411

Contributions 2,371 9,381

Interest 1,901 1,892

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246,270 252,684

Withdrawals (9,435) (10,686)

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**Balance at 23 February 2013** 236,835 241,998

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1. Share capital is composed of one type of share.
2. Share capital comprises 6,751 members with a minimum holding of £2.00 per member. Balances over £25 attracted interest at 1% p.a.
3. Shares may be withdrawn by members upon giving one week’s notice to the Society in accordance with Rule 22 of 2010 Rule Book.
4. Each member is entitled to one vote.
5. In the event of winding up, any balance remaining after meeting all liabilities would be distributed in a manner prescribed by the Industrial and Provident Societies Act ruling at the time of dissolution, and in accordance with the Society’s rules at the time of dissolution.

**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**52 weeks ended 23 February 2013**

**13. RESERVES**

**Revenue Revaluation**

**reserve reserve**

**£ £**

Balance at 26 February 2012 10,062,454 1,416,833

Retained surplus for the period 698,632 -

Actuarial loss on pension scheme (239,000) -

Movement on deferred taxation relating to pension deficit 23,810 -

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**Balance at 23 February 2013** 10,545,896 1,416,833

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**14. RECONCILIATION OF MOVEMENTS IN MEMBERS’ FUNDS 2013 2012**

**£ £**

Retained surplus for the period 698,632 1,136,793

Net movement in share capital (5,163) 587

Revaluation in value of investment properties - 374,085

Actuarial loss on pension scheme (note 19) (239,000) (389,000)

Movement on deferred taxation relating to pension deficit 23,810 101,821

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Net increase in members’ funds 478,279 1,224,286

Opening members’ funds 11,721,285 10,496,999

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**Closing members’ funds** 12,199,564 11,721,285

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**15. RECONCILIATION OF OPERATING SURPLUS TO NET CASH**

**INFLOW FROM OPERATING ACTIVITIES 2013 2012**

**£ £**

Operating surplus 1,022,037 1,301,676

Depreciation and amortisation 598,469 613,079

Increase in stock (58,845) (327,470)

(Increase)/decrease in debtors (46,330) 260,635

Increase/(decrease) in creditors 507,820 (140,579)

Difference between pension charge and contributions (139,000) (120,000)

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**Net cash inflow from operating activities** 1,884,151 1,587,341

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**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**52 weeks ended 23 February 2013**

**16. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR**

**Share capital** **2013 2012**

**£ £**

Balance at 25 February 2012 241,998 241,411

Cash outflow from financing (7,064) (1,305)

Share interest charge 1,901 1,892

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**Balance at 23 February 2013** 236,835 241,998

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**17. ANALYSIS OF NET FUNDS**

**26 February 23 February**

**2012 Cash flow 2013**

**£ £ £**

Cash at bank and in hand 195,869 188,370 384,239

Current asset investments 6,446,003 (1,776,826) 4,669,177

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6,641,872 (1,588,456) 5,053,416

Loans (2,807) 627 (2,180)

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**Net funds** 6,639,065 (1,587,829) 5,051,236

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**18. COMMITMENTS UNDER OPERATING LEASES**

**Land and buildings**

**2013 2012**

**Commitments expiring £ £**

Expiring after five years 209,750 197,250

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**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**52 weeks ended 23 February 2013**

**19. ACCOUNTING FOR PENSIONS**

Radstock Co-operative Society Limited operates a defined benefit scheme which is now closed to future accrual (the Radstock Co‑operative Society Limited Employees’ Superannuation Fund) in the UK. The assets of the fund are held in a separate fund administered by the trustees. A full actuarial valuation is carried out triennially. The last full valuation was carried out as at 27 February 2011 by a qualified independent actuary which revealed a deficit of £1.75m. The service cost has been calculated using the Projected Unit method. The Society expects to make contributions of £182,000 to the scheme in 2013/14. The accrual of benefits in the scheme ceased on 25 September 2010 and all active members at that time became deferred members.

The Society is committed to contributing £182,000 per annum payable on or before 1 June each year between 2009 and 2023 inclusive, to reduce the pension deficit.

**Assumptions made by the actuary** **2013 2012**

Discount rate 4.60% 4.60%

Rate of compensation increase N/A N/A

Rate of increase in pensions in payment (5% LP) 3.40% 3.00%

Rate of increase in pensions in payment (2.5% LP) 2.40% 2.30%

Rate of increase in pensions in deferment 3.50% 3.00%

Inflation 3.50% 3.00%

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Weighted average life expectancy for mortality tables used to determine benefit obligations:

**Years Years**

Member age 65 (current life expectancy)

- male 22.7 22.6

- female 24.9 24.8

Member age 45 (life expectancy at age 65)

- male 24.9 24.8

- female 27.3 27.1

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**£000 £000**

Fair value of the scheme assets at the end of the year 5,501 4,892

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**Asset category % %**

Equities 72 71

Bonds (including cash) 28 29

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100 100

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To develop the expected long‑term rate of return on assets assumption, the Society considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long‑term rate of return on assets assumption for the portfolio. This resulted in the selection of the 5.3% assumption (2012: 5.2%).

**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**52 weeks ended 23 February 2013**

**19. ACCOUNTING FOR PENSIONS (continued)**

**2013 2012**

**Change in plan assets £000 £000**

Fair value of plan assets at beginning of period 4,892 4,762

Expected return on plan assets 259 311

Actuarial gain/(loss) 317 (22)

Employer contributions 182 120

Benefits paid (149) (279)

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**Fair value of plan assets at end of period** 5,501 4,892

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The actual return on scheme assets in the period was £576,000 (2012: £289,000).

**Change in benefit obligation £000 £000**

Benefit obligation at beginning of period 6,642 6,214

Past service cost 53 -

Interest costs 302 340

Actuarial loss 556 367

Benefits paid (149) (279)

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**Benefit obligation at end of period** 7,404 6,642

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**Sensitivity analysis of scheme liabilities**

The sensitivity of the present value of the scheme liabilities to change in the principal assumptions used is set out below:

**Change in assumption Impact on scheme liabilities (£000)**

Discount rate Increase/decrease by 0.5% Decrease 666/increase 814

Rate of inflation Increase/decrease by 0.5% Increase 518/decrease 518

**2013 2012**

**£000 £000**

**Analysis of amounts charged to the revenue account**

Past service cost 53 -

Curtailment \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_

53 -

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**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**52 weeks ended 23 February 2013**

**19. ACCOUNTING FOR PENSIONS (continued)**

**2013 2012**

**£000 £000**

**Analysis of amount included in finance income**

Expected return on scheme assets 259 311

Interest on scheme liabilities (302) (340)

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(43) (29)

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**Analysis of amounts charged to the statement of total**

**recognised gains and losses £000 £000**

Cumulative actuarial losses recognised in the STRGL 1,788 1,549

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**Five-year history**

**2013 2012 2011 2010 2009**

**£000** **£000 £000 £000 £000**

Benefit obligation at end of year (7,404) (6,642) (6,214) (6,208) (4,802)

Fair value of plan assets at

end of year 5,501 4,892 4,762 4,172 2,980

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Wholly funded deficit (1,903) (1,750) (1,452) (2,036) (1,822)

Related deferred tax asset 438 437 392 570 510

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**Pension deficit net of**

**deferred tax** (1,465) (1,313) (1,060) (1,466) (1,312)

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**Difference between actual and expected**

**return on scheme assets**

Amount (£000) 317 (22) 291 878 (1,234)

Percentage of scheme assets 5.8% (0.5%) 6.1% 21.0% (41.4%)

**Experience gains on scheme liabilities**

Amount (£000) - - - - 384

Percentage of scheme liabilities 0.0% 0.0% 0.0% 0.0% 8.0%

**Total amount recognised in the STRGL**

Amount (£000) (239) (389) 295 (238) (234)

Percentage of scheme liabilities (3.2%) (5.7%) 4.7% (3.8%) (5.0%)

**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**FIVE YEAR COMPARATIVE STATEMENT**

**2013 2012 2011 2010 2009**

**No. No. No. No. No.**

Membership 6,751 6,788 6,705 6,677 6,612

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**REVENUE ACCOUNT £000 £000 £000 £000 £000**

Turnover 22,324 21,170 19,508 18,184 16,487

Trading result 818 1,155 1,521 320 17

Farm result 67 65 29 (22) 158

Surplus before distributions 996 1,476 1,662 383 563

Surplus for period 699 1,137 1,143 233 441

Depreciation and amortisation 568 568 637 601 543

**BALANCE SHEET**

Fixed assets 8,646 6,138 6,024 7,120 6,660

Net current assets 5,131 7,000 5,622 3,696 4,051

**Total assets less current liabilities 13,777 13,137 11,646 10,816 10,711**

Less: Long term liabilities (1,577) (1,416) (1,149) (1,566) (1,396)

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**NET ASSETS** 12,200 11,721 10,497 9,250 9,315

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Share capital 237 242 241 241 244

Reserves 11,963 11,479 10,256 9,009 9,071

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**MEMBERS’ FUNDS** 12,200 11,721 10,497 9,250 9,315

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**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**NOTICE OF ANNUAL GENERAL MEETING**

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

Wednesday 19 June 2013 at 7.00pm at the Radstock Working Men’s Club, **RADSTOCK**.

**Agenda**

1. To confirm the Minutes of the last meeting.
2. To receive the Directors’ Report and audited Financial Accounts for the 52 week period ended 23 February 2013.
3. To appoint the Society’s Auditor.
4. To declare the results of the election to the Directors to the Board.

**Admission to Shareholders’ Meetings**

Members must present their Share Account Statement to attend Shareholders’ Meetings.

**RADSTOCK CO-OPERATIVE SOCIETY LIMITED**

**STANDING ORDERS**

**1. Order of Business**

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

**2. Speaking**

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

**3. Closure of Debate**

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

**4. Chairman of Meetings**

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