The Manx Co-operative Society Limited

Annual Report and Financial Statements

Registered number IM 25

4 January 2025

Corporate Information

Directors
The Directors who held office during the period and to date are as follows:

S Etherington (resigned 1 May 2024)
J McNeill (resigned 9 July 2024)
S W Corran
N J Smith
I Rasul (appointed 20 June 2024)
M Rogers (appointed 10 July 2024)

Officers
C Sellers (Secretary) (resigned 4 March 2025)
F Agria (Secretary) (appointed 4 March 2025)

Auditors
Ernst & Young LLC
Rose House
51 - 59 Circular Road
Douglas
Isle of Man
IM1 1AZ

Registered Office
4 Myrtle Street
Douglas
IM1 1ED

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Directors' Report

The Directors are pleased to present their annual report and financial statements for the 52 week period ended 4 January 2025.

Principal activities

The principal activity of The Manx Co-operative Society Limited (the 'Society') is the operation of convenience stores.

Business review

2024 presented us with a challenging trading environment, with the business facing into a marked increase in competition as Tesco opened multiple new sites across the island throughout the year. This resulted in a full year turnover of £41.7m, a 3% decline against the prior year. This was partly due to 2024 being a 52-week year vs 53 weeks in 2023. In addition, two other factors also played a role; firstly, some stores saw an increase in sales in 2023 during the period of competitor closures prior to Tesco openings which were not repeated, and secondly, the ongoing sales impacts following the Tesco openings throughout the year, with many stores seeing double digit sales declines vs 2023.

Transactions for the year were down 3.1% vs 2023 but average basket spend was up by 1.8%, coming in at £13.09. Membership remains strong, with member penetration ending the year at 59.5% (2023: 52.7%). Overall profitability also fell, with contribution of 5.0% of sales (2023: 7.2%).

Payroll costs increased with increase to pay rates for most colleagues, but our drop off in sales meant that our payroll rate to net sales also increased, ending the year at 12.4% (2023: 11.2%).

The cost-of-living crisis continues to drive challenges not only for our customers but for our own operations, with 2024 again seeing rising energy costs impact Co-op Stores. Property costs for the year came in at 2.8% of net sales, an increase of almost 1ppt on 2023.

The Society's operating result for the period was a loss of £81K (2023: profit of £1,277K), as a result of the factors noted above and also due to an increase in the service fee payable to the Society's fellow group undertaking.

The Society continues to be well placed to serve the needs of our colleagues and customers on the Isle of Man but will continue to face into difficult trading conditions into 2025 as the increased competition from Tesco remains a challenge.

Employees

The Board would like to thank all colleagues who have contributed to the success of the Society.

Directors' Report (continued)

Directors

The Directors who held office during the period and to date are as follows:

S Etherington (resigned 1 May 2024)
J McNeill (resigned 9 July 2024)
S W Corran
N J Smith
I Rasul (appointed 20 June 2024)
M Rogers (appointed 10 July 2024)

Officers

C Sellers (Secretary) (resigned 4 March 2025)
F Agria (Secretary) (appointed 4 March 2025)

By order of the Board

Flavia Agria

F Agria
Secretary
Date 31 July 2025

Registered Office:
4 Myrtle Street
Douglas
Isle of Man
IM1 1ED

Statement of Directors' Responsibilities in respect of the Financial Statements

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

Industrial and Building Societies Act 1892 to 1986 requires the Directors to prepare financial statements for each financial period, which meet requirements of Isle of Man Law. In addition, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). Under that law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Society and of the income and expenditure of the Society for that period.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Society financial position and financial performance;
- in respect of the financial statements, state whether applicable UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Society will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Society's transactions and disclose with reasonable accuracy at any time the financial position of the Society and enable them to ensure that the Society financial statements comply with the Industrial and Building Societies Acts 1892 to 1986. They are also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of The Manx Co-operative Society Limited

Opinion

We have audited the financial statements of the Manx Co-operative Society Limited for the 52 week period ended 4 January 2025 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 17 including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Accounting Standards).

In our opinion, the financial statements:

- give a true and fair view of the Society's affairs as at 4 January 2025 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards; and
- have been prepared in accordance with the requirements of the Industrial and Building Societies Acts 1892 to 1986.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Society's ability to continue as a going concern for the period to 31 December 2026.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Society's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Society and determined that the most significant are the direct laws and regulations relating to elements of society law and tax legislation, and the financial reporting framework i.e. the Industrial and Building Societies Acts 1892 to 1986 and FRS 101.

- We understood how the Manx Co-operative Society Limited is complying with those frameworks by making enquiries with management, internal audit, and those responsible for legal and compliance matters. We reviewed the minutes of board meetings and made enquiries of management and those charged with governance to identify any matters which could have a material impact on the Society.

- We assessed the susceptibility of the Society's financial statements to material misstatement, including how fraud might occur, by considering areas of significant judgement including complex transactions, performance targets, economic or external pressures and the impact that these have on the control environment. We also performed enquiries of management and those charged with governance to obtain an understanding of the Society's business and accounting practices. We also performed risk assessment analytical procedures and identified sources and types of journal entries in the Society's financial processes. Any fraud risk factors identified were evaluated to identify risk of material misstatement due to fraud as well as the presumptive risk of material misstatement due to fraud in respect of revenue recognition and management override. We determined that the most susceptible accounts to any such override are supplier income and revenue.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. In relation to revenue recognition, we performed procedures to address the cut-off of revenue around the period end, and a data analytic tools with a focus on manual journals being posted to revenue using a lower threshold. We also performed audit procedures around supplier income which included testing management's controls in this area, as well as focusing procedures on areas where management apply judgement, where the processing is either manual or more complex and where the value of agreements is high. Our procedures also involved making enquiries with those charged with governance and senior management for their awareness of non-compliance with laws and regulations, inquiring about policies that have been established to prevent non-compliance with laws and regulations by officers and employees and by inquiring about the Society's methods of enforcing and monitoring compliance with such policies.

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

Use of our report

This report is made solely to the Society's members, as a body. 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.

DocuSigned by:
Ernst & Young LLC
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Ernst & Young LLC
Chartered Accountants
Isle of Man

Income Statement
for the 52 week period ended 4 January 2025

	Notes	For period ended 4 January 2025* £'000	For period ended 6 January 2024 (restated**) £'000
Revenue		**41,724**	43,204
Cost of sales		**(27,915)**	(28,921)
Gross profit		**13,809**	14,283
Administrative expenses		**(9,538)**	(8,658)
Distribution costs		**(4,352)**	(4,348)
Operating (loss) / profit	3	**(81)**	1,277
Other income		**139**	200
Revaluation deficit recognised in profit and loss account	8	**(101)**	(337)
Finance expense		**(138)**	(140)
(Loss) / profit before taxation		**(181)**	1,000
Taxation	6	**(31)**	(158)
(Loss) / profit for the period		**(212)**	842

Statement of Comprehensive Income
for the 52 week period ended 4 January 2025

	Notes	For period ended 4 January 2025* £'000	For period ended 6 January 2024 (restated**) £'000
(Loss) / profit for the period		**(212)**	842
Other comprehensive income/(expense): Items that will not be reclassified to profit or loss			
Revaluation surplus recognised in other comprehensive income	8	**-**	2,237
Total comprehensive (loss) / income for the period		**(212)**	3,079

* The 2024 figures represent the 52 week period ended 4th January 2025 with the 2023 comparatives representing 53 weeks to 6th January 2024.

** For more detals on the prior year restatement, refer to the restatement section of the accounting policies note on page 13.

The notes on pages 12 to 26 form an integral part of these financial statements.

Balance Sheet
As at 4 January 2025

	Notes	**As at 4 January 2025 £'000**	As at 6 January 2024 (restated*) £'000
Non-current assets			
Property, plant and equipment	7	**2,669**	3,643
Investment properties	8	**2,400**	1,900
Right-of-use assets	9	**2,006**	1,859
Intangible assets	10	**2,323**	2,323
Other investments	11	**35**	35
Trade and other receivables	12	**8,673**	9,125
Total non-current assets		**18,106**	18,885
Current assets			
Inventories	13	**1,259**	842
Cash and cash equivalents	14	**198**	245
Total current assets		**1,457**	1,087
Total assets		**19,563**	19,972
Non-current liabilities			
Deferred tax	15	**(18)**	(52)
Lease liabilities	9	**(2,313)**	(2,200)
Total non-current liabilities		**(2,331)**	(2,252)
Current liabilities			
Lease liabilities	9	**(312)**	(281)
Corporate income tax	6	**(45)**	(351)
Total current liabilities		**(357)**	(632)
Total liabilities		**(2,688)**	(2,885)
Net assets		**16,875**	17,087
Equity			
Called up share capital	16	**209**	209
Retained earnings		**14,429**	14,641
Revaluation Reserve		**2,237**	2,237
Total equity		**16,875**	17,087

* For more detals on the prior year restatement, refer to the restatement section of the accounting policies note on page 13.

The notes on pages 12 to 26 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 31 July 2025 and were signed on its behalf by:

I Rasul
Director

M Rogers
Director

Flavia Agria

F Agria
Secretary

Statement of Changes in Equity
for the 52 week period ended 4 January 2025

	Called up share capital £'000	Retained earnings £'000	Revaluation reserve £'000	Total equity £'000
Balance at 31 December 2022 (restated*)	209	13,799	-	**14,008**
Profit for the period (restated*)	-	842	-	**842**
Revaluation surplus recognised in other comprehensive income	-	-	2,237	**2,237**
Balance at 6 January 2024 (restated*)	**209**	**14,641**	**2,237**	**17,087**
Loss for the period	-	(212)	-	**(212)**
Balance at 4 January 2025	**209**	**14,429**	**2,237**	**16,875**

The notes on pages 12 to 26 form an integral part of these financial statements.

Notes
(forming part of the financial statements)

1 General information

The Manx Co-operative Society Limited is a Society domiciled in the Isle of Man. The address of the Society's registered office is 4 Myrtle Street, Douglas, IM1 1ED.
The principal activity of the Society is food retail, operating convenience stores in the Isle of Man.

2 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Basis of preparation

The Society meets the definition of a qualifying entity under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' and the Industrial and Building Societies Acts 1892 to 1986 for the 52 week period ended 4 January 2025. The comparative period was for the 53 week period ended 6 January 2024.

The financial statements have been principally prepared on the basis of historical cost. Areas where other bases are applied are explained in the relevant accounting policy.

The Society is a subsidary of Co-operative Group Limited (the 'Group'), a Registered Society under the Co-operative and Community Benefit Societies Act 2014 registered in England and Wales. The Society faces the same risks and challenges in relation to climate change as its ultimate parent undertaking (the Group) and manages these risks in-line with the Group's approach to climate change.

The Group's overall approach to climate change is outlined in the Climate-Related Financial Disclosures (CRFD) section of the Group's 2024 Annual Report and Accounts (page 110). Climate related risks are also explained within the Principal Risks and Uncertainties (Sustainability) section of the ARA on page 51. The Group's assessment of the potential impact on the long term viability of the Group is also set out on page 106 of the Group's 2024 ARA.

Where applicable, the following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101. The specific exemptions that the Society has taken advantage of are :

- IFRS 7 Financial instruments : Disclosures
- Para 91-99 of IFRS 13 Fair Value Measurements
- Para 38 of IAS 1 Presentation of Financial Statements in respect of comparative information
- Para 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements
- IAS 7 Statement of Cash flows
- Para 30-31 of IAS 8 Accounting policies, changes in accounting estimates and errors
- Para 17 and 18A of IAS 24 Related party disclosures
- IAS 24 Intra-group transactions
- The second sentence of para 110 and paras 113(a), 114, 115, 118, 119(a) - (c), 120-127 and 129 of IFRS 15 Revenue from Contracts with Customers
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134 (f) and 135(c) to 135(e) of IAS 36, Impairment of Assets
- The requirements of paragraph 52, 58, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases.

Notes to the financial statements (continued)

2 Accounting policies (continued)

Prior year restatement

The comparative figures presented within these financial statements for the financial year ended 6 January 2024 have been restated for the following item:

Fair value adjustment - During the year, management identified a historic fair value adjustment reducing the value of certain property, plant and equipment, that had not been depreciated in line with the underlying assets during prior periods. This resulted in an understatement of property, plant and equipment by a total value of £1,127k, and a respective overstatement of depreciation charge over a number of financial years. A prior year adjustment has therefore been posted to increase the value of Property, plant and equipment assets by the £1,127k with a credit to opening reserves.

The tables below show the impact on those line items affected by the restatement:

Balance sheet at 6 January 2024

	Originally Reported £000s	**Prior year fair value adjustment £000s**	**Restated £000s**
Non-current assets			
Property, plant and equipment	2,516	1,127	3,643
Total non-current assets	**17,758**	**1,127**	**18,885**
Equity - retained earnings			
Balance at 31 December 2022	(12,703)	(1,096)	(13,799)
Profit for the period	(811)	(31)	(842)
Balance at 6 January 2024	**(13,514)**	**(1,127)**	**(14,641)**

Income statement for the period ended 6 January 2024

	Originally Reported £000s	**Prior year fair value adjustment £000s**	**Restated £000s**
Gross profit	**14,283**	**-**	**14,283**
Administrative expenses	(8,689)	31	(8,658)
Operating profit	**1,246**	**31**	**1,277**
Profit before taxation	**969**	**31**	**1,000**
Taxation	(158)	-	(158)
Profit for the period	**811**	**31**	**842**

Notes to the financial statements (continued)

2 Accounting policies (continued)

New and amended standards adopted by the Society

The Society has considered the following standards and amendments that are effective for the Society for the period commencing 7 January 2024 and concluded that they are either not relevant to the Society or do not have a significant impact on the financial statements:

- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 (Practice statement 2) - Non-current Liabilities with Covenants
- Amendments to IFRS 16 - Lease liability in Sale and Leaseback
- Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements

Standards, amendments and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 7 January 2024 reporting periods and the Society has not early adopted these. The adoption of these standards is not expected to have a material impact on the Society's accounts in future periods when applicable:

- Amendments to IAS 21 - Lack of Exchangeability*
- Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments**
- Annual Improvements to IFRS Accounting Standards - Volume 11**
- IFRS 18 - Presentation and Disclosure in Financial Statements***
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures***

* Applicable for reporting periods on or after 1st January 2025.
** Applicable for reporting periods on or after 1st January 2026.
*** Applicable for reporting periods on or after 1st January 2027.

The Society is currently reviewing the likely impact of IFRS 18 on its statutory reporting as well as any potential impact from the amendments to IFRS 9 and IFRS 7 in relation to credit and debit card payments made by customers which are receivable from banks and clear the bank within three days of the transaction date.

Critical accounting estimates and judgements

In the process of applying the Group's accounting policies, management has made the following key accounting estimates and assumptions which have the most material impact on the consolidated financial statements.

The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

<u>Key judgements:</u>

In the process of applying the Society's accounting policies, management has made the following key judgements which have the most material impact on the financial statements:

- **Leases (note 9)** - The Society determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Society has the option, under some of its leases to lease the assets for additional terms of 5 to 10 years. The Society applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Society reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

Notes to the financial statements (continued)

2 Accounting policies (continued)

Critical accounting estimates and judgements (continued)

Key estimates and assumptions:

The key assumptions and areas of uncertainty around key assumptions at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Society based its assumptions and estimates on information available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Society. Such changes are reflected in the assumptions when they occur.

- **Impairment of non-financial assets (notes 7 - 9)** - the carrying amount of non-financial assets (such as property, plant and equipment, right-of-use assets or goodwill and intangibles) is reviewed at each balance sheet date and if there is any indication of impairment, the asset's recoverable amount is estimated. The recoverable amount is the greater of the fair value of the asset (less costs to sell) and the value in use of the asset. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its estimated recoverable amount. For property assets the fair value less costs to sell are measured using internal valuations based on the rental yield of the property.

The Society estimates the value in use of an asset by projecting future cash flows into perpetuity and discounting the cash flows (DCF) associated with that asset at a pre-tax rate of 10.3% (2023: 9.6%).

The Society is currently working to identify the physical risk to our business and supply chains from the changing climate, along with the potential impact of policy, technology and market changes as we transition to a lower carbon future. This is a developing area with inherent uncertainty which is constantly evolving. The work being undertaken will help inform our overall response to the risks and opportunities that are identified. Our assessment of the impact of climate-related risk and related expenditure is reflected in the financial models and plans and will continue to be monitored in future periods.

Going concern

The Society generated a loss of £212k in the period (2023: profit of £842k) and at the balance sheet dates holds net assets of £16,875k (2023: £17,087k). The Society has an intercompany receivable of £8,673k as at 4 January 2025 (2023: £9,125k).

The Society is reliant on the support of Co-operative Group Limited ("the Group") in order to meet its day to day working capital requirements because the Group operates a central treasury function. The Society meets these requirements through cash generated from its operations and participation in facility arrangements provided by external lenders to the Group and certain of its subsidiaries, including the Society ("the Group facilities").

A letter of support has been obtained from the Group as evidence of its intention to give continued financial support. The Group has confirmed that it has the ability to provide such financial support and has committed to providing such support until at least 31 December 2026.
In assessing the ability of the Group to provide financial support to the Society, the Directors of the Society have considered the going concern disclosure included in the Annual Report and Accounts of the Group issued on 3rd April 2025 included below, updated for the impact of any significant events occurring between the 3rd April 2025 and the date of signing these financial statements. As described in the Subsequent events note to these financial statements, the Group has since the end of April 2025 been managing a cyber incident. The Group's early assessment of the expected worst case impact before mitigation on the Group, has been modelled against the Group going concern downside scenario, with sufficient liquidity and financial covenant headroom over the next 18 month period. The Board is expecting that the impact will be managed and reduced through management of costs and other trading actions.

Based on all of the above considerations, the Directors of the Society have a reasonable expectation that the Society and the Group have access to adequate resources to enable them to continue in operational existence for the foreseeable future, being the period to 31 December 2026. For this reason, they continue to adopt the going concern basis in preparing the Society's financial statements.

Going Concern assessment for the Co-operative Group Limited ("the Group")

In assessing the Group's ability to continue as a going concern, the Group directors have considered the Group's most recent forecasting process and specifically the Group's profitability, cashflows, committed funding and liquidity positions for the period to December 2026. The Group operates with net current liabilities as its working capital cycle means cash receipts from revenues arise in advance of the payments to suppliers for the cost of goods sold. The Group also borrows money from banks and other funding sources, structuring its borrowings with phased maturities to manage its refinancing risk as well as maintaining sufficient levels of liquidity for the Group. As part of the going concern review, the Group has ensured that it remains in compliance with the terms of these agreements, for example related banking covenants and facility levels, for the period under assessment.

As part of strategic planning, the Group Directors make key assumptions about business performance and stress-test financial scenarios to ensure compliance with facility terms, even under principal risk events. Although the Group has a robust planning process, which reflects the continuing economic uncertainty and headwinds impacting the group, the Group has performed additional stress testing of the going concern basis under severe but plausible downside scenarios, and reflect its principal risks. The results of the Group's stress testing of severe but plausible downside scenarios provided a reasonable basis to support the Group directors' conclusion over going concern.

In arriving at the conclusion of the appropriateness of the going concern assumption, the Group directors have considered the following:

Notes to the financial statements (continued)

2 Accounting policies (continued)

Going concern (continued)

1. Understand what could cause the Group not to be a going concern in relation to facility headroom and covenant compliance.

The Group successfully extended its revolving credit facility (“RCF”) in November 2024 at £400m for 5 years to the end of November 2029. In making their assessment, the Directors have considered a wide range of information relating to present and future conditions, including future forecasts of profitability; cashflow and covenant compliance; and available capital resources. The potential scenarios which could lead to the Group not being a going concern are:

a. Not having enough liquidity to meet its debt liabilities as they fall due; and/or
b. A breach of the financial covenants implicit in its bank revolving credit facility.

As at 4 January 2025, the Group had total available liquidity of £820m, being cash of £420m, including amounts on short term deposit, and headroom of £400m of the Group’s Revolving credit facility (“RCF”) that remained undrawn at year end. Total available facilities amounted to £862m at year end.

The Base case has sufficient liquidity and bank covenants headroom over the going concern period.

A definition of the Group's banking covenants is provided in Note 18 of the Group's Annual Report and Accounts (2024). Further details on capital management, financial instruments, and risk exposures are provided in Notes 25 and 26 to those financial statements.

2. Review and challenge management’s base case forecast, including key choices

The Group's Directors have also considered the Group’s cash flow forecasts and profitability projections for the period to December 2026 (“Base Case”). The Group’s base case forecast takes into consideration the continued uncertainty in the market, and has also been adjusted for the impacts of the UK chancellor’s autumn budget to provide a more accurate base case for going concern sensitivities. The Group's Board has reviewed and approved these plans.

The key assumptions in the plan are:

a. Growth in price, volume and profit, whilst keeping net debt steady.

b. This growth is tempered with impact of continued cost headwinds on payroll, goods not for resale inflation, and expected increase in packaging costs, being offset by margin and operating cost efficiencies.

c. Whilst the impact of Chancellor's budget is market-wide, base case has been adjusted to quantify the national insurance and other impacts along with mitigations of these headwinds.

d. The Group's healthy balance sheet position will allow the Group to repay the £112m 2025 subordinated notes (due December 2025). As disclosed in the subsequent events note, the Group has in June 2025 signed a new 5 year term loan for £350m which will allow us to repay the £350m bond maturing in July 2026.

The Base Case has sufficient liquidity and bank covenant headroom over the going concern period, with all bank covenant conditions met.

3. Assess downside scenarios against the base case

The Group's Directors have also considered the impact on forecasted performance of severe but plausible downside scenarios (“Downside Case”), including (but not limited to) the following: a reduction in trade volumes in the Group's Food and Funeralcare business, increase in energy costs which covers unhedged energy prices, wage and other costs inflation.

The downside sensitivities identified do not risk the validity of the Group as a going concern even before applying the mitigating actions considered below. The Group has also considered a plausible combination of the sensitivities happening concurrently where the validity remains protected. Even in the unlikely scenario of all the sensitivities happening simultaneously the Group still has liquidity and covenant headroom over the Going concern period.

Whilst out of line with its strategic ambition, there are several options within the business' control the Group could exercise, if the above risks materialised and the Group's management wanted to implement mitigating actions. Options include the Group’s ability to control the level and timing of its capital expenditure programme, saving a minimum of £25m per annum and applying cost control measures across both variable and overhead budgets. In addition, we have flexibility in the level of pass-through of energy and cost inflation to the end customer.

4. Conduct reverse stress tests to identify risks to liquidity and covenant headroom and assess their likelihood and mitigations

The Group's going concern approach assesses risks to its forecasts through severe but plausible downside scenarios and mitigation options. A reverse stress test identifies the point where the model fails. Following our modelling, we consider this scenario to be remote.

Notes to the financial statements (continued)

2 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Society's cash management are included as a component of cash and cash equivalents.

Property, plant and equipment and depreciation

PPE is measured initially at historical cost and includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Depreciation is provided to write off the cost less the estimated residual value of property, plant and equipment by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	50 years
Plant, equipment, fixtures, fittings and vehicles	3 - 12 years

The residual value, if not insignificant, is reassessed annually.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

No depreciation is provided on freehold land.

Assets under construction are not depreciated until the project is completed and the asset is placed into service.

IFRS 16 Leases

i) Right-of-use assets

The Society recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Society is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

ii) Lease liabilities

At the commencement date of the lease, the Society recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Society and payments of penalties for terminating a lease, if the lease term reflects the Society exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Society uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Society applies the short-term lease recognition exemption to its short-term leases of plant and machinery (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (i.e. below £5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Trade receivables

Trade receivables are initially measured as a financial asset at fair value and subsequently at amortised cost under IFRS 9 (Financial Instruments).

An impairment analysis is also performed at the reporting date for amounts owed by group undertakings using the expected credit loss model in IFRS 9. Where there is either no probability of default or there is no expected loss from default, no impairment is recognised.

Notes to the financial statements (continued)

2 Accounting policies (continued)

Investment property

Properties held for long term rental yields that are not occupied by the Group or properties held for capital growth are classified as investment property. Investment properties are freehold land and buildings and are carried at fair value as determined by independent valuers each year in accordance with the RICS Appraisal and Valuation Manual. Fair value is based on current prices in an active market for similar properties in the same location and condition. Any gain or loss arising from a change in fair value is recognised in the income statement. If we start to occupy or trade from one of our investment properties, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

Intangible assets

Goodwill

Goodwill represents the difference between the cost of the acquisition and the fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Impairment

At each reporting date, the Society reviews the carrying amounts of its property, plant and equipment, goodwill, intangibles and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset, being the higher of its fair value less costs to dispose and its value in use, is estimated in order to determine the extent of the impairment loss. Impairment losses are recognised in the income statement.

Where the asset does not generate cash flows that are independent from other assets, the Society estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. The CGU is deemed to be each trading store.

An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount is returned to what it would have been, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill is reviewed for impairment at least annually by assessing the recoverable amount of each cash-generating unit, or group of cash-generating units, to which the goodwill relates.

Pensions and other post-retirement benefits

The Society operates a defined contribution scheme. The assets of the scheme are held separately from those of the Society. The Society's contributions are charged to the income statement as they become payable, in accordance with the rules of the scheme.

Inventories

Inventories and work in progress are stated at the lower of cost, including attributable overheads, and net realisable value. All inventories are finished goods.

Taxation

(i) Income tax

Income tax on the profit or loss for the period comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

(ii) Deferred taxation

Deferred tax is provided, with no discounting, using the balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profits and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. In the case of investment properties it is assumed that uplifts on valuation principally reflect future rentals.

Notes to the financial statements (continued)

2 Accounting policies (continued)

Revenue

Revenue is recognised in line with IFRS 15 (Revenue from Contracts with Customers). IFRS 15 defines performance obligations as a 'promise to provide a distinct good or service or a series of distinct goods or services'. Revenue is recognised when a performance obligation has been delivered which reflects the point when control over a product or service transfers to a customer. Revenue is measured based on the consideration set out in the contract with the customer and excludes amounts collected on behalf of third parties.

The Society recognises revenue when it transfers control over a product to a customer. For the sale of goods, revenue is recognised at the point of sale. Any rebates, VAT and other sales tax or duty items are deducted from revenue. Payment terms are net cash due at point of sale. If a customer is dissatisfied with any of our products and returns it, we would offer a single refund or a replacement product when accompanied by a proof of purchase that verifies the purchase of the product from one of our stores.

All revenue is derived from the Society's principal activity of operating convenience stores in the Isle of Man.

Member rewards

The member rewards earned as part of the membership offer are recognised as a reduction in sales at the point they are earned with a corresponding liability being held on the balance sheet. The liability is reduced when the rewards are redeemed. From October 2020 onwards, member rewards are earned at 2% of sales value (prior to that at 5%). The Community reward was recognised as an operating expense in the income statement when it was earned (from October 2020 at 2% of sales value (prior to that at 1%)).

Following a change to the Group's membership proposition (including the introduction of exclusive member pricing deals) these rewards were no longer earned from 24 January 2024. Members have been able to redeem their rewards throughout 2024.

Supplier income

Supplier income is recognised as a deduction from cost of sales on an accruals basis, based on the expected entitlement that has been earned up to the balance sheet date for each relevant supplier contract. The accrued incentives, rebates and discounts receivable at period end are included within trade and other receivables. Where amounts received are in the expectation of future business, these are recognised in the income statement in line with that future business. There are three main types of income:

1. Long term agreements: These relate largely to volumetric rebates based on agreements with suppliers. They include overriders, advertising allowances and targeted income. The income accrued is based on the joint buying group's latest forecast volumes and the latest contract agreed with the supplier. Income is not recognised until confirmation of the agreement has been received from the supplier.

2. Bonus income: These are typically unique payments made by the supplier and are not based on volume. They include payments for marketing support, range promotion and product development. These amounts are recognised when the income is earned and confirmed by suppliers. An element of the income is deferred if it relates to a future period.

3. Promotional income: Volumetric rebates relating to promotional activity agreed with the supplier. These are retrospective rebates based on sales volumes or purchased volumes.

Share capital

Where the Board has an unconditional right to refuse redemption of co-operative share capital, such shares are treated as equity.

Investments

Investments are stated at fair value.

Notes to the financial statements (continued)

3 Operating profit

	For period ended 4 January 2025	For period ended 6 January 2024 (restated*)
Operating profit has been stated after charging:	**£'000**	£'000
Depreciation of PPE	**478**	594
Depreciation of right-of-use assets	**164**	170
Inventory recognised as an expense	**27,915**	28,921
Intercompany recharge	**1,804**	1,237
	30,361	30,922

The auditor's remuneration of £24,810 (2023: £22,460) is borne by the ultimate parent undertaking.

* For more detals on the prior year restatement, refer to the restatement section of the accounting policies note on page 13.

4 Staff costs

The average number of persons employed by the Society during the period, analysed by category, was as follows:

	For period ended 4 January 2025	For period ended 6 January 2024
Full-time	**89**	136
Part-time	**147**	103
	236	239

	For period ended 4 January 2025 £'000	For period ended 6 January 2024 £'000
Wages and salaries	**4,896**	4,543
Social security costs	**385**	382
Pension costs	**116**	117
	5,397	5,042

Directors' remuneration in respect of services provided to the Society were £nil (2023: £6,000)

5 Supplier income

This note shows the different types of supplier income received. The income is deducted from cost of sales.

	For period ended 4 January 2025 £'000	For period ended 6 January 2024 £'000
Long term agreements	**966**	1,039
Bonus income	**757**	475
Promotional income	**1,502**	1,668
	3,225	3,182
Percentage of cost of sales before deducting supplier income		
Long term agreements	**3.1%**	3.2%
Bonus income	**2.4%**	1.5%
Promotional income	**4.8%**	5.2%
	10.4%	9.9%

Notes to the financial statements (continued)

6 Taxation

	For period ended 4 January 2025 £'000	For period ended 6 January 2024 £'000
Current tax charge - current period	**(45)**	(181)
Current tax charge - adjustments in respect of prior periods	**(20)**	(8)
Total current tax	**(65)**	**(189)**
Deferred tax credit - current period items	**34**	**14**
Deferred tax credit - adjustments in respect of prior periods	**15**	**17**
Effect of rate change on closing balance	**(15)**	**-**
Total deferred tax	**34**	**31**
Total tax charge	**(31)**	**(158)**

The tax on the net profit before tax differs from the theoretical amount that would arise using the standard applicable blended rate of corporation tax of 13.75% / 20% (2023: 10% / 20%) as follows:

	For period ended 4 January 2025 £'000	For period ended 6 January 2024 (restated*) £'000
(Loss) / profit before tax	**(181)**	1,000
Current tax credit / (charge) at 13.75%/20% (2023: 10%/20%)	**21**	(120)
Effects of:		
Non-deductible expenditure	**(14)**	(34)
Non qualifying depreciation	**(19)**	(13)
Current tax prior year adjustment	**(20)**	(8)
Deferred tax prior year adjustment	**15**	17
Deferred tax rate change adjustment	**(15)**	-
Tax charge on continuing business	**(31)**	(158)

The 2024 Budget Measures, announced on 20 February 2024, increased the rate of tax applicable to the taxable profits of retail business in the Isle of Man exceeding the small companies limit for a prescribed category of corporate taxpayer to 15% for the period 6 April 2024 to 5 April 2025. However, the increased rate will only apply to retail profits for accounting periods starting on or after 6 January 2023. Therefore, for this period a blended effective tax rate of 13.75% has been applied to taxable profits of retail business.

The 20% rate of income tax on profits from land and property is maintained.

* For more detals on the prior year restatement, refer to the restatement section of the accounting policies note on page 13.

Notes to the financial statements (continued)

7 Property, plant and equipment

	Land and buildings £'000	Plant and machinery £'000	Assets under construction £'000	Total £'000
Cost				
At 6 January 2024 (restated*)	2,443	6,798	586	9,827
Additions	603	73	(571)	105
Transfers to investment properties	(601)	-	-	(601)
At 4 January 2025	**2,445**	**6,871**	**15**	**9,331**
Depreciation				
At 6 January 2024 (restated*)	1,189	4,995	-	6,184
Charge for the period	49	429	-	478
At 4 January 2025	**1,238**	**5,424**	**-**	**6,662**
Net book value				
At 4 January 2025	**1,207**	**1,447**	**15**	**2,669**
At 6 January 2024 (restated*)	1,254	1,803	586	3,643

* For more detals on the prior year restatement, refer to the restatement section of the accounting policies note on page 13.

8 Investment Properties

	For period ended 4 January 2025 £'000	For period ended 6 January 2024 £'000
Valuation at beginning of period	**1,900**	-
Revaluation surplus recognised in other comprehensive income	**-**	2,237
Revaluation deficit recognised in profit and loss account	**(101)**	(337)
Transfers from property, plant and equipment	**601**	-
Valuation at end of period	**2,400**	1,900

Notes to the financial statements (continued)

9 Leases

As a lessee

Right-of-use assets

	Property £'000	Total £'000
Balance at 6 January 2024	1,859	**1,859**
Additions	312	**312**
Depreciation charge for the period	(164)	**(164)**
Disposals	(1)	**(1)**
Balance at 4 January 2025	**2,006**	**2,006**

The Society leases many assets, principally it leases properties for its food retail stores. The leases of retail stores are typically between 20 and 50 years in length and in some cases the Society has options to purchase the assets at the end of the contract term.

Lease liabilities

	As at 4 January 2025 £'000	As at 6 January 2024 £'000
Current	**312**	281
Non-Current	**2,313**	2,200
Lease liabilities included in the balance sheet at the end of the period	**2,625**	2,482

	As at 4 January 2025 £'000	As at 6 January 2024 £'000
Lease liabilities - undiscounted maturity analysis		
Less than 6 months	**166**	149
6 - 12 months	**166**	149
1 - 2 years	**332**	297
2 - 5 years	**996**	892
5 - 10 years	**1,513**	1,487
10 - 15 years	**99**	455
More than 15 years	**-**	-
Total undiscounted lease liabilities	**3,271**	3,430

	As at 4 January 2025 £'000	As at 6 January 2024 £'000
Opening lease liabilities	**2,482**	2,439
Additions	**312**	235
Interest expense	**138**	140
Payments	**(307)**	(331)
Closing lease liabilities	**2,625**	2,482

Notes to the financial statements (continued)

9 Leases (continued)

Extension options

Some leases of retail stores contain extension or termination options exercisable by the Society up to one year before the end of the non-cancellable contract period. Where practicable, the Society seeks to include extension and termination options in new leases to provide operational flexibility. The extension and termination options held are typically exercisable only by the Society and not by the lessors.

The Society assesses at lease commencement whether it is reasonably certain to exercise the extension or termination options. The Society reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

As at 4 January 2025, included within the lease liability are future cash outflows of £857k (2023: £655k) (discounted) where the Society holds termination options but it is not reasonably certain to execute those termination options.

10 Intangible assets

	Goodwill £'000
At 6 January 2024	**2,323**
At 4 January 2025	**2,323**

The goodwill balance relates to the Ramsey (£2,200,000) and Laxey (£122,717) stores and represents the difference between the fair value of the assets on the acquisition at these sites and the fair value of the consideration paid at that time.

In line with the Society's accounting policies an annual impairment review has been undertaken to compare the carrying value of the goodwill with the estimated recoverable amount. The recoverable amount of the Society's assets is the greater of their net selling price and value in use. In assessing value in use, current pre-tax cashflows, taken to perpetuity, have been discounted at a rate of 10.3% (2023: 9.6%) using growth rates from the Board approved plan. Key assumptions used in assessing value in use are past experience as well as forecast growth in the business.

This has been done on an individual store basis representing each relevant cash generating unit. On this basis, impairment of £nil (2023: £nil) relating to the Laxey store was booked. There is no impairment of the goodwill required at the Ramsey store as the expected value in use for the store exceeds the carrying value of its goodwill.

11 Other Investments

	£'000
Net book value	
At 6 January 2024	35
At 4 January 2025	**35**

The Society holds investments of £35,000 (2023: £35,000) in the following group entity:

		£'000	**Nature of share capital**	**Principal activity**	**% Ownership**
Co-operative Group Limited	1 Angel Square, Manchester, M60 0AG	35	Ordinary	Food Retail	0.05%
		35			

12 Trade and other receivables

	As at 4 January 2025 £'000	As at 6 January 2024 £'000
Non-current assets:		
Amounts owed by other Group undertakings	**8,673**	9,125

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Notes to the financial statements (continued)

13 Inventories

	As at 4 January 2025 £'000	As at 6 January 2024 £'000
Goods for resale	**1,259**	842

14 Cash and cash equivalents

	As at 4 January 2025 £'000	As at 6 January 2024 £'000
Cash at bank	10	18
Cash in hand	188	227
Cash and cash equivalents	**198**	245

15 Deferred Taxation

Deferred income taxes are calculated on all temporary differences under the liability method using the standard applicable tax rate of 15% (2023: 10%).

	For period ended 4 January 2025 £'000	For period ended 6 January 2024 (restated*) £'000
Deferred taxation liability		
Opening balance	(52)	(83)
Income statement credit in the period	34	31
Closing balance	(18)	(52)
Comprising:		
Tangible fixed assets	(120)	(119)
IFRS16 leases	102	67
Closing balance	(18)	(52)

16 Share capital

	For period ended 4 January 2025 £'000	For period ended 6 January 2024 £'000
Authorised		
A class ordinary shares of £1 each	**304**	304
Allotted, called up and fully paid		
A class ordinary shares of £1 each	**209**	209

IFRIC 2 determines the features, which allow shares to be classified as equity capital.

The £209,000 (2023: £209,000) "A" class ordinary shares are voting, non transferable and redeemable at par. The Board took the decision to cease paying interest on share capital with effect from 1 February 2013 (historically interest was accrued annually to the shareholders based upon the prevailing Co-operative Bank base rate). The period on period movement on this balance represents the impact of the purchase and withdrawal of shares in the Society by members.

In addition there are 16 (2023: 16) "B" class ordinary shares which are voting, transferable non-redeemable and are not entitled to any benefits arising out of the results of the Society.

Notes to the financial statements (continued)

17 Parent and controlling parties

The Society has a subsidiary relationship with Co-operative Group Limited, a Registered Society under the Co-operative and Community Benefit Societies Act 2014, registered in England and Wales. The Society's results are included within the consolidated accounts that are prepared for Co-operative Group Limited. A copy of the Co-operative Group Limited accounts can be obtained from the Secretary, Co-operative Group Limited, 1 Angel Square, Manchester, M60 0AG. Co-operative Group Limited also holds the Class B shares in the Society and retains certain controlling powers within the Rules of the Society, including appointing and removing Directors to and from the Board. Further details on the called up share capital of the Society and the rights attached to the share categories is detailed in Note 15 to these accounts.

18 Post balance sheet events

Cyber Incident

At the end of April 2025, the Group announced that it had been managing a targeted cyber attack. The incident has been treated as a non-adjusting post-balance sheet event and there has been no impact on the financial results reported for the Society for the year ended 4 January 2025.

The Group proactively managed the incident. The cyber attack and subsequent response resulted in a period of disruption across the Group's systems and operations, including the systems and operations of the Society. As a result, the Group and Society experienced a loss of sales and income from having restricted or no access to systems, in addition to the additional costs incurred to support the incident.

At this early stage, the Group remains in the recovery phase but operations are recovering and the Society is able to continue trading. The Group do not expect the impact to have an adverse impact on the valuation of assets and liabilities in the upcoming financial year. In response to the events, the Group have engaged external cyber security experts to assist with investigating and managing the incident. The Group have also engaged with the relevant authorities, including reporting the incident to the National Cyber Security Centre (NCSC), the National Crime Agency (NCA) and the Information Commissioners Office (ICO).

The Society has considered the impact of the cyber incident as part of its Going Concern Assessment (see Accounting Policies in section 2 for further details).

New £350m term loan agreement

On the 18 June 2025, the Group signed a new £350m sustainability-linked term loan agreement for a 5 year term committed to June 2030. The facility remained undrawn at the time of approval of these accounts.