The Manx Co-operative Society Limited

Annual Report and Financial Statements

Registered number IM 25

6 January 2018

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Directors' Report

The Directors are pleased to present their annual report and financial statements for the 53 week period ended 6 January 2018.

Principal activities

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

Business review

The Directors are pleased to report a strong performance, with operating profits for the period of £2,076,000 (period ended 31 December 2016: £2,003,000).

Continued sales growth has been achieved with customer numbers slightly up by 5.2% and average basket spend up 4.5%. Overall profitability has decreased with operating profit of 6.1% of sales (period ended 31 December 2016: 6.4%).

In 2017 our revitalised membership scheme saw Members on the Isle of Man earning a share of over £400,000 money back for themselves and donating over £80,000 to 12 local causes such as Beach buddies, Rushen Silver Band, Ramsey Youth Project and many more. In addition the Red Cross Tackling Loneliness Project came into force following the donations made in 2017, making a real difference in supporting those in our community suffering from loneliness. The refit project continued with 8 of the 10 stores on the Isle of Man refitted to the new brand standard including the largest store in Ramsey, with the final 2 stores expected to be refitted in 2018.

Dividend

The Directors do not recommend the payment of a dividend (53 week period ended 31 December 2016: £nil). However, the membership structure is set up in such a way that, members of the Society who are also members of the Society's parent organisation, Co-operative Group Limited (the 'Parent Organisation'), are eligible for any recommended dividends paid by the Parent Organisation, based on their trade with the Society on the Isle of Man. This arrangement is historical practice.

Directors

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

D Bromilow	Resigned 6 August 2017
R Ackerley	Resigned 31 December 2017
G Callister	Resigned 31 December 2017
J McNeill	
R Stewart	Resigned 20 May 2017
M Wright	Resigned 24 August 2017
W Shimmin	Resigned 24 August 2017/Appointed 31 December 2017
W Tomlinson	
D Ramsay	

Officers

C Sellers (Secretary)	Appointed 24 August 2017
C Dalton (Secretary)	Resigned 24 August 2017
A Corrie (Operations Manager)	

Employees

The Board would like to pay thanks to its employees who have contributed to the success of the Society during the year.

By order of the Board

C Sellers
Secretary
Date

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 Provident Society Law requires the Directors to prepare financial statements for each financial year, 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).

The Society financial statements are required by law to give a true and fair view of the state of affairs of the Society and of the profit or loss of the Society for the financial period.

In preparing the Society 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 UK 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 Society Acts 1892 to 1986. They have 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.

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 53 week period ended 6 January 2018 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS101).

In our opinion, the financial statements

• give a true and fair view of the state of the Society's affairs as at 6 January 2018 and of its profit for the 53 week period then ended.

• have been prepared in accordance with the Industrial and Building Societies Acts 1892 to 1986

• have been properly prepared in accordance with United Kingdom Accounting Standards.

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 below. 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Society's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report set out on pages 2 to 3, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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

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

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities set out on page 3, the directors are responsible for the preparation of 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.

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

Ernst & Young LLC

Ernst & Young LC
Chartered Accountants
Isle of Man

23 July 2018

Profit and Loss Account

for the period ended 6 January 2018

	Notes	For period ended 6 January 2018 £'000	For period ended 31 December 2016 £'000
Revenue		34,023	31,159
Cost of sales		(22,801)	(20,661)
Gross profit		11,222	10,498
Administrative expenses		(5,861)	(5,951)
Distribution costs		(3,291)	(2,544)
Profit before taxation		2,070	2,003
Taxation	6	(246)	(254)
Profit for the period	3	1,824	1,749

Statement of Comprehensive Income

for the period ended 6 January 2018

	Notes	For period ended 6 January 2018 £'000	For period ended 31 December 2016 £'000
Profit for the period	3	1,824	1,749
Total comprehensive profit for the period		1,824	1,749

All amounts relate to continuing activities

Statement of Financial Position
As at 6 January 2018

	Notes		As at 6 January 2018 £'000		As at 31 December 2016 £'000
Non-current assets					
Property, plant and equipment	7	3,177		3,534	
Intangible assets	8	2,420		2,420	
Other investments	9	35		39	
Total non-current assets			5,632		5,993
Current assets					
Inventories	10	733		696	
Trade and other receivables	11	14,977		12,854	
Cash and cash equivalents		250		99	
Total current assets			15,960		13,649
Total assets			21,592		19,642
Current liabilities					
Deferred tax	12	(180)		(73)	
Corporation tax	6	(265)		(241)	
Total current liabilities			(445)		(314)
Total liabilities			(445)		(314)
Net assets			21,147		19,328
Equity					
Called up share capital	13		253		258
Retained earnings			20,894		19,070
Total equity			21,147		19,328

These financial statements were approved by the Board of Directors on 17 July 2018 and were signed on its behalf by:

W Shimmin

W Shimmin
Director

O Ramsay
Director

C Sellers
Secretary

Statement of Changes in Equity
for the period ended 6 January 2018

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 2 January 2016	278	17,321	17,599
Profit for the period	-	1,749	1,749
Share withdrawn	(20)	-	(20)
Balance at 31 December 2016	258	19,070	19,328
Profit for the period	-	1,824	1,824
Share withdrawn	(5)	-	(5)
Balance at 6 January 2018	253	20,894	21,147

Notes
(forming part of the financial statements)

1 Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of The Manx Co-operative Society Limited for the year ended 6 January 2018 were authorised for issue by the board of directors on 17 July 2018 and the balance sheet was signed on the board's behalf by W Shimmin, O Ramsay and C J Sellers.

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.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The principal accounting policies adopted by the Society are set out in note 2.

2 Accounting policies

Accounting date

The financial statements for the period are prepared for the 53 weeks to 6 January 2018. The corresponding figures for the previous period are prepared for the 52 weeks to 31 December 2016.

Basis of preparation

The Society meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 6 January 2018 the Society has undergone transition from reporting under IFRSs adopted by the European Union to FRS 101 as 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' as issued by the Financial Reporting Council. This transition is not considered to have had a material effect on the financial statements.

As permitted by FRS 101, the Society has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share based payment, non current assets held for sale, financial instruments, fair value measurements, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions.

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 Instruments
- Para 10 (d), 10 (f), 39 (c), 134-1356 of IAS 1 Presentation of Financial Instruments
- IAS 7 Cash flows
- Para 30-31 of IAS 8 Accounting policies, changes in accounting estimates and errors
- Para 17 of IAS 24 Related party disclosures
- IAS 24 Intra group transactions

FRS 101 is effective for accounting periods beginning on or after 1 January 2015. The Society converted to FRS 101 on 3 January 2016

The Society's financial statements have been prepared in accordance with the Industrial and Provident Societies Act 1892 to 1986 and Financial Reporting Standard 101 'Reduced Disclosure Framework' and in accordance with applicable accounting standards and are prepared on the historical cost basis. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

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.

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.

Impairment

The carrying amount of the Society's assets, other than investment property, inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

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, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of these assets, an impairment loss is reversed if there has been a change in the estimates based on an event subsequent to the initial impairment used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss recognised for goodwill shall not be reversed in a subsequent period.

Going concern

The Society meets its day to day working capital requirements through cash generation from operations.

Sensitised cash flow forecasts have been prepared in respect of the Society for a period in excess of 12 months from the date of authorisation of these financial statements and these have been discussed with the Directors of the Trading Group.

Based on those discussions and after making all appropriate enquiries, the Directors have a reasonable expectation that the Society has access to adequate resources to enable it to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Society's financial statements.

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

Owned assets

Cost 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.

Notes to the financial statements (continued)

2 Accounting policies (continued)

Intangible assets

Goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill represents amounts arising on acquisition of subsidiaries, associated, and joint ventures. In respect of business acquisitions, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

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.

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.

Revenue

Revenue is measured at the fair value of the consideration received. Any rebates, VAT and other sales tax or duty items are deducted from revenue. Staff discounts are included in operating expenses. For the sale of goods, revenue is recognised at the point of sale.

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

Member rewards

The 5% Member rewards earned as part of the new membership proposition are recognised as a reduction in sales at the point they are earned with a corresponding liability being held on the balance sheet in another Group entity. The liability is extinguished and the sale recognised when the rewards are redeemed. The 1% Community rewards is recognised in the Profit and Loss Account at the point it is earned.

Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

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 year 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.

3 Operating profit

	For period ended 6 January 2018 £'000	For period ended 31 December 2016 £'000
Operating profit has been stated after charging:		
Depreciation	698	752
Operating lease rental charges	202	197
	900	949

The auditor's remuneration of £11,750 (period ended 31 December 2016: £11,500) is borne by the ultimate parent undertaking.

Notes to the financial statements (continued)

4 Staff costs

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

	For period ended 6 January 2018	For period ended 31 December 2016
Full time	**174**	169
Part time	**187**	174
	361	343

	For period ended 6 January 2018 £'000	For period ended 31 December 2016 £'000
Wages and salaries	**3,729**	3,644
Social security costs	**0**	0
Pension costs	**63**	59
	3,792	3,703

Directors' remuneration in respect of services provided to the Society were £12,462 (for the period ended 31 December 2016: £10,000)

5 Supplier income

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

	For period ended 6 January 2018 £'000	For period ended 31 December 2016 £'000
Long term agreements	**553**	533
Bonus income	**527**	540
Promotional income	**1,251**	1,234
	2,331	2,307
Percentage of cost of sales before deducting supplier income		
Long term agreements	2.4%	2.6%
Bonus income	2.3%	2.6%
Promotional income	5.5%	6.0%
	10.2%	11.2%

6 Taxation

	For period ended 6 January 2018 £'000	For period ended 31 December 2016 £'000
Current tax (charge) / credit - current year	**(265)**	(241)
Current tax (charge) / credit - adjustments in respect of prior periods	**126**	-
Deferred tax (charge) / credit - current period items	**19**	(13)
Deferred tax (charge) / credit - adjustments in respect of prior periods	**(126)**	-
Total tax (charge) / credit	**(246)**	(254)

The tax on the net profit before tax is applied using the Isle of Man applicable rates of corporation tax of 10%/20% (31 December 2016: 10%/20%) as follows:

	For period ended 6 January 2018 £'000	For period ended 31 December 2016 £'000
Profit before tax	**2,079**	2,003
Current tax credit / (charge) at 10%/20% (31 December 2016: 10%/20%)	**(227)**	(218)
Effects of:		
Expenses not deductible for tax (including significant items)	**(19)**	(36)
Total income tax credit / (charge) on continuing business	**(246)**	(254)

The 2017 Budget Measures announced on 21 February 2017 maintained the 10% tax rate on profits from income from a retail trade and maintained the rate of income tax on profits from land and property at 20%.

Notes to the financial statements (continued)

7 Property, plant and equipment

At 6 January 2018

	Land and buildings £'000	Plant and machinery £'000	Total £'000
Cost			
At 31 December 2016	603	7,490	8,093
Additions	29	312	341
Fully written down assets*	-	(2,946)	(2,946)
At 6 January 2018	632	4,856	5,488
Depreciation			
At 31 December 2016	486	4,073	4,559
Charge for the period	50	648	698
Fully written down assets*	-	(2,946)	(2,946)
At 6 January 2018	536	1,775	2,311
Net book value			
At 6 January 2018	96	3,081	3,177
At 31 December 2016	117	3,417	3,534

*In previous years, fully depreciated assets have been retained in the Society's fixed asset register and included in the table above. In order to provide greater understanding of the Society's annual depreciation charge in the year, these assets have been removed from both accumulated cost and depreciation.

At 31 December 2016

	Land and buildings £'000	Plant and machinery £'000	Total £'000
Cost			
At 2 January 2016	571	5,581	6,152
Additions	32	1,909	1,941
At 31 December 2016	603	7,490	8,093
Depreciation			
At 2 January 2016	439	3,368	3,807
Charge for the period	47	705	752
At 31 December 2016	486	4,073	4,559
Net book value			
At 31 December 2016	117	3,417	3,534
At 2 January 2016	132	2,213	2,345

8 Intangible assets

	Goodwill £000
At 6 January 2018 and 31 December 2016	2,420

The goodwill balance relates to the Ramsey (£2,200,000) and Laxey (£220,000) stores and represents the difference between the fair value of the assets on the acquisition at those 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 7.9% using growth rates from the 5 year 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 no impairment of the goodwill is required as the expected value in use for each store exceeds the carrying value of its goodwill.

9 Other investments

	As at 6 January 2018 £'000	As at 31 December 2016 £'000
Co-operative Group Ltd	35	35
Other investments	-	4
	35	**39**

The other investment relates to war stocks which were redeemed in the period.

10 Inventories

	As at 6 January 2018 £'000	As at 31 December 2016 £000
Goods for resale	733	696

11 Trade and other receivables

	As at 6 January 2018 £'000	As at 31 December 2016 £000
Current assets:		
Amounts owed by other Group undertakings	**14,977**	12,854

Notes to the financial statements (continued)

12 Deferred Taxation

Deferred income taxes are calculated on all temporary differences under the liability method using an effective rate of 10% (31 December 2016: 10%).

	As at 6 January 2018 £'000	As at 31 December 2016 £'000
Deferred taxation asset		
At 31 December 2016	(73)	(60)
Income statement charge	(107)	(13)
At 6 January 2018	(180)	(73)
Comprising		
Accelerated tax depreciation	(180)	(73)
At 6 January 2018	(180)	(73)

13 Share capital

	For period ended 6 January 2018	For period ended 31 December 2016
Authorised		
A class ordinary shares of £1 each	308	308
Allotted, called up and fully paid		
A class ordinary shares of £1 each	253	258

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

The £253,000 (period ended 31 December 2016: £258,000) "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 year on year movement on this balance represents the impact of the purchase and withdrawal of shares in the Society by members.

In addition there are 16 (period ended 31 December 2016:16) "B" class ordinary shares are voting, transferable non-redeemable and are not entitled to any benefits arising out of the results of the Society.

14 Commitments and contingent liabilities

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

(i) There are no capital commitments at the end of the current period and preceding financial year.

	For period ended 6 January 2018 Land and buildings £'000	For period ended 31 December 2016 Land and buildings £000
Operating leases which expire:		
Within one year	205	191
In the second to fifth years inclusive	819	718
Over five years	2,456	1,502
	3,480	2,411

15 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 13 to these accounts.