

2012

annual report & financial statements

for the 52 weeks ended
1 September 2012

Anglia Regional Co-operative
Society Limited
Registered Office: Burch House,
Saville Road, Peterborough PE3 7PR

Anglia Co-operative

together we make the difference

www.angliacooperative.co.uk

The Society Vision

To be a strong independent business operating to Co-operative Values and Principles, distributing profit and benefits to Members, colleagues and communities.

Critical Success Factors

To measure the Society's performance we have three critical success factors:-

Financial Performance

Our ability to generate trading profit to grow and improve our business

Cultural Performance

How we live the Values and Principles

Stakeholder Performance

What we deliver to our Members, colleagues and communities

Anglia's Values and Principles

Co-operatives are based on the values of:-

- Self-help • Self-responsibility
- Democracy • Equality

Co-operative Members believe in the ethical values of:-

- Honesty • Openness • Social Responsibility
- Caring for Others

The Co-operative principles are guidelines by which co-operatives put their values into practice:-

- Voluntary and open membership
- Democratic Member control
- Member economic participation
- Autonomy and independence
- Education, training and information
- Co-operation among co-operatives
- Concern for the community

vision

Directors, Management and Advisors

Contents

BOARD OF DIRECTORS

CHAIR

Harry Whitelock

DEPUTY CHAIR

Hugh Bennett

DIRECTORS

Jean Humphreys
Roger Newton
Pam Baker
Douglas Boyall
Andy Arbon
Graeme Watkins
John Brewer
Neil Mackie
Vince Moon
Lynne Ayres

AUDITORS

KPMG LLP
St James' Square, Manchester M2 6DS

BANKERS

Lloyds TSB plc
30-31 Long Causeway, Peterborough PE1 1XP

SOLICITORS

Hunt & Coombs Solicitors
35 Thorpe Road, Peterborough PE3 6AG

REGISTERED OFFICE

Burch House, Saville Road,
Peterborough PE3 7PR

Telephone: 01733 225300

Website: www.arcs.co.uk

MANAGEMENT

CHIEF EXECUTIVE

John Chillcott

GENERAL MANAGEMENT TEAM

Andy Simpson	Deputy Chief/Operations Executive
Mark Adams	Funerals Group Manager
Paul Dale	Specialist Retail Group Manager
David Strode-Willis	Society Secretary and Human Resources Executive
John Shevlane	Finance
Marie D'Albret	Corporate and Member Relations Manager

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Notice of Annual Meeting and Order of Business

ANGLIA REGIONAL CO-OPERATIVE SOCIETY LIMITED

THE ANNUAL MEETING

of Members will be held at the
Kingsgate Conference Centre, 2 Staplee Way,
Peterborough PE1 4YT
on 19 November 2012, commencing
at 6.00 p.m.

(Doors open at 5.30 p.m. when
refreshments will be available)

AGENDA

- 1) To confirm the Minutes of the Annual Meeting of Members held on 5 December 2011
 - 2) To appoint Tellers and Scrutineers
 - 3) To receive the Chair's and Chief Executive's Reports and Audited Financial Statements for the period ended 1 September 2012
 - 4) To receive the Report and Accounts of the Local Co-operative Party Council for the period ended 1 September 2012
 - 5) To consider, and if agreed, re-appoint KPMG LLP as the Auditor of the Society
 - 6) Ratification of Co-opted Director, Lynne Ayres
 - 7) Declaration of Election Results
 - Members' Delegate to the 2013 Co-operative Congress
 - Board of Directors
 - Local Co-operative Party Council
 - 8) Open Forum
- Admission to the Meeting by production of Membership Card

Minutes of the Annual Meeting of Members

Held at The Cresset, Bretton, Peterborough on 5 December 2011

PLATFORM:

Mr H Whitelock (Chair)
Mr J Chillcott (Chief Executive)
Mr D Strode-Willis (Secretary)
Mr R Jones (Finance Executive)
Mr A Simpson (Retail Executive)
Mr I Goalen (KPMG LLP)

Apologies:

Apologies were received from Jonathan Groves, Pam Baker and Melvyn Hill.

Attendance: 95 Members were present

1. MINUTES

The minutes of the Annual Meeting of Members on the 29 November 2010 were approved as a correct record.

2. TELLERS AND SCRUTINEERS

The meeting approved the appointment of Mrs S Bewick and Mr S Dixon as Tellers and Mrs J Singleton and Miss B Middleton as Scrutineers.

3. ANNUAL REPORT AND FINANCIAL STATEMENTS

It was resolved that the Annual Report for the 52 weeks ended 3 September 2011 be approved which included a rate of dividend of 1 pence per point to be credited to the membership card pro rata to points earned as purchases.

4. LOCAL CO-OPERATIVE PARTY

It was resolved that the report and accounts of the Local Co-operative Party Council for the period ended 3 September 2011 be approved.

5. AUDITOR

It was resolved that KPMG be appointed as the Society's Auditor for one year.

6. DECLARATION OF ELECTION RESULTS

The Secretary declared the results of the 2011 elections.

The result of the election was as follows:

Members Delegates to attend Co-operative Congress 2012 – Marie D'Albret

Elected to serve as a Society Director for three years:

Mr H Bennett
Mr A Arbon

Elected to serve on the Local Co-operative Party Council – Mr R Harris

7. PRESENTATION - CO-OPERATIVE CONGRESS 2011

Marie D'Albret, Executive Office Manager, gave a presentation on Co-operative Congress 2011.

8. BUSINESS PRESENTATIONS

The following presentations were given to the meeting.

- 1) Climate Change Policy and Action – Steve Dixon and John Shevlane
- 2) Update from the Chair of the ACCF Committee and Voting for Main Charities 2011 – Douglas Boyall.

The Nominated Charity and results in order of the vote were:

East Anglian Air Ambulance, MacMillan Cancer Support and Sue Ryder.

9. OPEN FORUM

Members were provided with an opportunity to raise any questions they wished with Executive Management.

Chairman's Statement

Fellow Members, this year, United Nations International Year of Co-operatives 2012, has been a year of transition for the Society following the major restructuring in 2011 and there has been fierce competition, with times particularly hard on the High Street. The economy remains in a troubled state with a double dip recession. Government deficit cut backs do not help the retail market and the wider European and World economies are also unsettled with the issues in the Eurozone unresolved.

The Society has met these challenges. The Non Food business was the most affected with the majority of the Non Food business now sold. The interests of all the stakeholders, including Members and staff, have benefited from the strategic withdrawal from Non Food.

The Society now has a clear strategy to invest in the Food and Funeral businesses that have continued to maintain momentum and deliver the performance necessary to mitigate rising costs. The Specialist Retail businesses of Travel, Optical and Hairdressing have improved their performance and made a vital contribution to the Society's overall results. Despite the economic climate the modernisation of the Society has continued. The "Co-operative" brand has continued to be rolled out in many of our Food stores and our Travel Agencies. The Membership card has been a great

success, with a continuing high take up of new Members. The Society is also investigating new store sites for Food and potential new Funeral Homes and Travel branches.

The Society has continued to promote its co-operative identity within the community by being a sponsor of the 'Co-operatives Fortnight' event and engaging fully with other Co-operative Societies. The Society has equally engaged fully in supporting the International Year of Co-operatives. The Society has also appointed a new Corporate and Member Relations Manager to take forward its programme of Member engagement. The events that were organised by the Society were very well received. The long service awards, together with special achievement awards, were made to our staff at the Directors and staff Dinner which was a pleasure to attend.

The Chief Executive's Report to follow covers the work undertaken and this year's trading and financial performance in more detail.

Our vision for future success, as a strong independent regional Society, must be based upon brand development, logistical efficiency and Membership focus. We will continue to concentrate on the strategic growth of our core businesses of Food, Funerals and Specialist Retail. We must provide quality products and benefits to

Members and with the Membership card we have continued to increase the promotions, offers and discounts that are exclusive to Members.

The Society has continued to monitor and reduce its debt with a view to achieving an affordable level and create a strong base to move forward. As part of this process we continue to review our portfolio of stores and investment properties. Those that are a strain on our resources, whether they be loss making, requiring high capital investment or simply unsuitable strategically, have been addressed to release value and repay debt.

In these most challenging of times, and as part of our commitment to our co-operative roots and co-operative Values and Principles, we have continued to work:

"To be a strong, independent business operating to co-operative Values and Principles, distributing profit and benefits to Members, colleagues and communities"

In respect of dividend, I am pleased to announce that the Board is recommending a dividend of 1p per point to be credited pro-rata to points earned on purchases on the Members' card and which will be loaded on to the card for Members' use at point of sale.

With regard to communities, I am delighted to report that, through our Anglia Co-operative Community Fund (ACCF), the Society has supported Action for Children and Sense. This is in addition to the multitude of fundraising efforts made by colleagues on a store, team or individual basis, and I congratulate all those concerned. They are a credit to the Society. The Society has also engaged in the promotion of co-operation at community events and has worked to take a Corporate Social Responsibility Agenda forward within Peterborough with other employers. The Society has also worked with the Anglia Ruskin University providing study bursaries and is currently developing an education module for co-operative study.

Our community efforts throughout the year have ranged from supporting a wide spectrum of local worthy causes through to efforts for nationally recognised beneficiaries. The Society also supports the Retail Trust which is a charity specifically for retail employees. It does not just stop with fundraising; our community efforts cover initiatives such as honey bees through 'Plan Bee'. We have actively supported efforts to raise awareness of the threat to the honey bee by setting up working hives at our Headquarters at Saville Road, providing educational visits for schools to see our

bees at work in our very own observatory, and offering a secure base for the future to the Peterborough and District Beekeepers' Association so that they can continue their good work. Many school children have visited the hives.

We continue to provide good pension benefits to staff through the Defined Contribution Pension Scheme with Prudential Insurance with the added advantage of a salary sacrifice arrangement. This Scheme has been awarded the Pensions Quality Mark, which is recognition of the quality of this pension provision.

We have achieved much this year and I would, on behalf of the Board, wish to thank our Chief Executive and his team for their enthusiasm and hard work.

None of this, however, would have been achieved without the loyal support and dedication of our staff to which we offer our grateful thanks.

Finally, our thanks also go to our Members and other customers for their continuing support and we look forward to serving you once again throughout 2013.

Harry Whitelock
Chairman

Chief Executive's Report

SOCIETY

The Society has produced an excellent trading result from the profitable core businesses of Food, Funerals and Specialist Retail, delivering 5.3% growth in operating profit on continuing operations. The underlying like for like trend is stronger still, showing a 23% improvement in operating profit, driven primarily by reductions in central costs and improved Food Group profits.

Total operating profit of £6.3m compares to a loss in the prior year of £1.2m showing a positive swing of £7.5m primarily due to the exit of Non Food last year. Such operating profit comfortably exceeds long term historical levels and gives the Society a firm trading foundation for the future.

Prudent assumptions and provisions relating to property values and onerous leases in addition to a reduction in pension liabilities borne from a review of the Society's commitments, combined with profits on property sales, resulted in a net profit of £2.1m, putting the Society back in the black following the losses necessarily incurred from the major restructuring event of the prior year.

Debt has further reduced and the Society has recently completed a banking refinance on favourable terms to provide a £25m facility over the next four years to support the strategy for our core businesses.

This year the Society's major capital expenditure was in a new Funeral Home and a new Food store in Sawtry, several refurbishments and rebrands in the Food and Funeral Groups and IT software developments to drive efficiency in our operations.

Continued commitment to the Values and Principles of co-operation has seen the launch of the Society's 'Co-operative Agenda', with a focus on education, community and environment. With a strong and growing foundation of Member economic participation, we have set our sights on greater Member engagement and democratic participation.

FOOD

Turnover was 2% up like for like in Food and the Group was at the top end of performance in the Co-operative movement. The stores that were rebranded and refurbished are reflecting the investment through improved sales and margin:

- Yaxley
- Bradwell
- Rickinghall
- Mayors Walk
- Ramsey
- Eye
- Bungay

Our small, old store at Sawtry was closed and replaced with a new build 3,000 sq ft store which is performing very well and represents the key store template for future growth in new locations.

Members responded strongly to exclusive promotions and benefits throughout the year and their loyalty and spend was crucial to maintaining growth.

Food margins overall were slightly higher than last year, reflecting significant range development and promotions in fresh foods, which are changing the sales mix in our stores and giving us a more competitive offer versus the major retail competitors.

Cost inflation impacts in payroll and utilities were significant but mitigated by successful rates and service charge appeals and generally good control of variable costs across the business.

Petrol Stations had a slight decline in like for like sales reflecting the general downward pressure on volume nationally, created by people trying to reduce their mileage and new cars becoming significantly more economical. This was compensated by improved margins this year.

Like for like Earnings before interest, tax, depreciation and amortisation [EBITDA] from the Food Group was 4.1% up on the prior year reflecting a tremendous effort from all colleagues, confirmed by the business comfortably achieving reaccreditation from 'Investors in People.'

NON FOOD

Following the closure of Hartlepool at the end of the lease in November, the Society retains Blyth and Scunthorpe Department Stores in operation on the continuing basis of mitigating losses whilst seeking an exit. The Society colleagues in these stores are doing an admirable job in the circumstances and have successfully reduced losses on the prior year.

TRAVEL

In a difficult market Travel achieved like for like turnover growth of 1.22% and whilst Foreign Exchange was down 13% this was due to a change in discounting policy that has seen gross profit from Foreign Exchange dealings increased.

Overall gross margin was slightly improved and combined with well controlled costs, like for like EBITDA grew by 6.33%.

The unit in Hartlepool was closed in line with the whole store at the end of the lease and by the time of this publication the Redcar unit will also have closed, marking the business' retraction to the core region, where growth opportunities are expected to come to fruition imminently.

One of the young apprentices employed in the business won the national 'Young Apprentice of the Year' award which was a joy and a reflection of the exceptional teams we have in our Travel business.

OPTICAL

Turnover decline of 2.5% compounded by inflationary costs has resulted in a 33% decline in EBITDA from the Optical business. The negative impact of a Beale's 'closing out' sale was marked at Peterborough, where customer confidence suffered due to a misunderstanding of their (Beale's) promotional message. Nonetheless, it has been a tough year for Optical in general as people reign in discretionary spending on big ticket items.

Domiciliary consultations and service got under way this year and the Optical teams continue to be recognised for their high quality of eye testing and care. The acquisition route to growth for Optical was pursued during the year but we have yet to find the right opportunities.

HAIRDRESSING

This niche business continues to perform well and contributed £14k EBITDA, up 10.8% on the prior year.

FUNERALS

Funeral numbers were on a par with last year, with the Eastern cluster performing very well and mitigating some erosion by competitors in the Mid-Cambridgeshire and South Lincolnshire clusters.

Refurbishment and modernisation continued with extensive upgrades to several Homes:

- Pakefield
- March
- Hunstanton
- Huntingdon
- Yaxley

The old Food store in Sawtry was reconfigured, refurbished and opened as a new Funeral Home which is performing well and demonstrates that the Society can invest in cold starts in new locations in addition to the growth path of recent years, which has favoured acquiring existing private name businesses.

Funeral Bond sales declined slightly but overall margin was maintained to prior year and costs were well controlled, resulting in a like for like EBITDA growth of 6.4%

The Funeral team achieved reaccreditation from 'Investors in People' and many colleagues progressed with their studies to achieve formal qualifications to further enhance the professionalism and care that the Society takes in running such a sensitive business.

CENTRAL OPERATING COSTS

As mentioned last year, there was expected to be central cost reductions resulting from the exit of the Non Food businesses when properties were disposed, leases exited or reassigned and supporting administration unwound. Central cost reductions contributed £732k to the improved operating profit this year. As well as reductions, there has been significant reorganisation of central functions and the roles within them to better reflect the support required by the trading Groups and to better serve our Members, customers and the communities in which we trade.

TRAINING & DEVELOPMENT AND HUMAN RESOURCES

This year the HR team have begun to work more actively out in the business to help our managers be even more effective at recruitment, communication and people management. The training team has also been bolstered in the field to ensure that colleagues' personal development and training is properly supported and the reaccreditation of the Food and Funeral businesses by 'Investors in People' is reflective of their contribution.

CONCLUSION

This has been a year of consolidation and realisation from the fundamental reorganisation of the prior year, but your Society has also invested in new and existing stores and Funeral Homes and has been active in filling the development pipeline for the future, as well as completing a major refinancing of the business.

Exciting times lie ahead from the foundations of profitable trading activities, an increasingly engaged Membership and the dedicated and hardworking people throughout the Society.

I would like to thank the Society's Directors for their guidance and support and my colleagues for their initiative, hard work and enthusiasm.

Together we continue to make a difference.

John Chillcott
Chief Executive

Corporate Governance Report

CORPORATE GOVERNANCE

Code of Best Practice 2005

The Board is committed to comply with the Code, as far as possible, and this has continued into 2012. In this respect the Risk & Audit and Remuneration Committees continues to review their own compliance and reported their recommendations back to the full Board. The Society's current compliance position is detailed below.

The Board

The Board consists of ten Directors (including one Employee Director) elected by the Society's membership at its Annual Meeting, and two co-opted Independent Directors appointed by the Board of Directors. Directors serve for a three year term and the Board's Chair is elected by the Board and also serves for a three year term.

The Board defines the Society's objectives within the framework of the Rules and develops policies and strategies to achieve those objectives. It directs the business of the Society and ensures effective accountability of management in following the policies developed by the Board. The Board receives financial and trading reports from Senior Management at all Board meetings, authorises expenditure over a defined level and decides on all property acquisitions and disposals.

The Board has met during the year without the presence of the Chief Executive or other Executives and has access to independent advice from the Society Secretary. It has delegated the Executive Management of the Society to the Chief Executive acting in conjunction with the Board and all Committees.

Board skills were reviewed and development needs were addressed by process of Board Development Review meetings.

Board Committees

The Board has delegated some work to the Committees whose membership and duties are detailed below. The Minutes of the Committees' meetings are presented back to the Board for approval.

Climate Change Sub-Committee

The Board has a standing Committee to review its adherence to its Environmental Performance Policy.

Death in Service Benefit Scheme Sub-Committee

The Board has appointed a Sub-Committee to review the Death in Service Benefit Scheme.

Attendance at Board and Committee meetings is shown in the table below:

Director	Board (13 meetings)	Board Strategy Day (1 meeting)	Risk & Audit Committee (5 meetings)	Remuneration Committee (2 meetings)	ACCF Committee (5 meetings)	Pension Fund Trustees (5 meetings)	Death in Service Benefit Scheme Sub-Committee (2 meetings)	Climate Change Sub-Committee (1 meeting)
Harry Whitelock - Chair	13	1	n/a	n/a	n/a	4	n/a	n/a
John Brewer - Deputy Chair ¹	11	1	n/a	1	n/a	4	n/a	n/a
Roger Newton ²	7	1	n/a	n/a	2	n/a	n/a	n/a
Pam Baker	12	1	n/a	n/a	n/a	n/a	n/a	n/a
Jean Humphreys	12	1	n/a	2	5	5	2	n/a
Douglas Boyall	13	1	n/a	n/a	5	n/a	n/a	n/a
Graeme Watkins	11	1	4	2	n/a	5	n/a	1
Andy Arbon	13	1	4	n/a	n/a	n/a	2	0
Vince Moon ³	12	1	n/a	n/a	3	n/a	n/a	n/a
Hugh Bennett ¹	11	1	5	1	n/a	n/a	n/a	0
Neil Mackie	11	0	2	n/a	n/a	5	n/a	n/a
Lynne Ayres ⁴	6	n/a	n/a	n/a	n/a	n/a	2	n/a

¹ John Brewer - Deputy Chair up to 12 November 2011. Hugh Bennett appointed Deputy Chair from 12 November 2011

² Roger Newton stood down from ACCF Committee 12 December 2011

³ Vince Moon joined ACCF Committee 12 December 2011

⁴ Lynne Ayres appointed from 17 February 2012

Remuneration Committee

The Remuneration Committee consists of three Directors and is chaired by the Society's Deputy Chair. The Society's Secretary acts as Secretary to the Committee. The Committee met during the year to review the Chief Executive's remuneration package, and a Long Term Incentive Plan has been implemented for senior management.

The Board decided that the Chief Executive, in conjunction with the whole Board, should determine the remuneration, terms of employment, performance related pay schemes and all other contractual arrangements of the General Management Team reporting directly to him. The Board also approved a bonus for all colleagues this year.

The Directors' fees and General Management Team salaries during the year were:

Directors

Chair	£8,203
Deputy Chair	£6,578
Directors	£4,927

Directors' fees are adjusted annually in September by the NACO pay award in July of each year, in accordance with the Society's Rules, and are paid free of tax.

General Management Team

£40,000 - £60,000	2
£60,001 - £80,000	1
£80,001 - £100,000	2
£100,001 - £150,000 (reduced to 1 since the half year)	2
£250,001 - £300,000	1

No member of the General Management Team, including the Chief Executive, has a service contract in excess of twelve months. The highest paid member of the General Management Team was the Chief Executive. The Society's contribution to his pension was exactly in line with the Society's contribution to all other members of the Pension Fund.

Risk and Audit Committee

The Risk and Audit Committee, a Sub-Committee of the Board, meets four times per annum and comprises of four Directors, none of whom is the Society's Chair. One of the members is an employee but he will retire from November 2012 and be replaced by a non-employee member to ensure compliance with the Code of Corporate Governance. The Society's Secretary is the Committee's Secretary and the Financial Controller attends all meetings. The Committee is aware that it can call upon independent financial advice at any time. The external Auditor attends at least twice each year and during the year the Committee has

met with both the Risk Manager and the external Auditor without the presence of management.

The Committee reviews risk, including internal controls, by receiving reports at each meeting and reviewing the financial statements with the external Auditor annually. There is also the opportunity to invite members of the Senior Management Team to meetings for further explanations of financial statements and internal and external audit reports. The Committee has carefully monitored the risks associated with the segregation of the AHF business and the sale of the Department Stores to JE Beale PLC.

The Board reviews the work of the Risk and Audit Committee by receiving and reviewing the Minutes from each meeting, which are presented by the Committee's Chair. In accordance with auditing standards, in relation to the provision of any non-audit services, the Risk and Audit Committee receives an annual written assurance from an external audit firm to confirm their independence.

During the year the Risk and Audit Committee has adopted new Terms of Reference for its work in accordance with the Draft Terms of Reference of Co-operatives UK.

Corporate Governance Report - continued

STATEMENT ON INTERNAL CONTROLS

Part of the Code determines that the Board is ultimately responsible for the system of Internal Controls and for reviewing their effectiveness. The system is designed to manage and minimise the risk to the business and can provide only reasonable and not absolute assurance against material misstatement.

The Risk and Audit Committee has continued to receive regular reports on the key internal controls covering retail and support divisions.

Control Environment

The Society is committed to the highest standards of business conduct and seeks to maintain these standards across all operations. The Colleagues Handbook provides standards of professionalism and integrity and includes a 'Whistleblowers' Policy that ensures a mechanism for staff to report any suspected fraud or other activity that may be considered detrimental to the Society. A new Bribery Policy has also been introduced and approved.

The Society has an appropriate organisational structure for planning, executing, controlling and monitoring business operations. There are clearly defined lines of responsibility, delegation of authority and reporting requirements and, where appropriate, procedure manuals, with which all operations are required to comply.

Risk Identification/Management

Society management has responsibility for the identification and evaluation of key risks applicable to their areas of business. They are also responsible for putting in place appropriate controls to mitigate and monitor those risks.

The Society also operates a risk management process which identifies the key strategic risks in each Group/ Department. Risk Assessments are updated on a regular basis and the Risk and Audit Committee receives reports at each meeting as to the robustness of the control(s) specified against each risk.

Information and Communication

Society businesses participate in periodic strategic reviews, which include consideration of long term financial projections and evaluations of business alternatives.

Operating units prepare annual budgets, which are approved by the Board. Performance against budget is actively reported and monitored by the Board and senior management on a regular basis.

Through these mechanisms, Society performance is continually monitored, risks identified, their financial implications assessed, control procedures re-evaluated and corrective actions agreed and implemented.

Control Procedures

The Society's operating units have implemented control procedures to ensure complete and accurate accounting for financial transactions, and to limit the potential exposure of loss of assets or fraud. Measures taken include physical control, segregation of duties, reviews by management and external audit to the extent necessary to arrive at their audit opinions.

Large capital projects require Board approval, and the Board also approves other commitments.

Monitoring and Corrective Action

There are clear and consistent procedures in place for monitoring the system of internal controls. The Risk and Audit Committee meets and, within its remit, reviews the effectiveness of the Society's systems of internal controls. The Committee receives reports on Risk and from management and external audit.

The Co-operative Agenda



2012 has been recognised by the United Nations as International Year of Co-operatives. Themed 'Co-operative Enterprises Build a Better World', numerous activities have taken place up and down the country as well as across the world. The closing ceremonies for the year will be held in Manchester, the birthplace of co-operation, from October 31 finishing on November 2, and the Society is planning to take Members for a day trip to Manchester.

As for our Society 2012 marked a year of change ... introducing 'The Co-operative Agenda'

The Co-operative Agenda recognises the need for the business to have a strategy designed to deliver the Society's broader co-operative vision and confirms that in order for us to fully operate to our Co-operative Values and Principles we must actively engage with our Members, democratically involving them in an appropriate manner and to have clear Society objectives that give life and identity to Anglia Co-operative as an independent Society.

The Co-operative Agenda has particular focus on co-operative education, community engagement, ACCF (Anglia Co-operative Community Fund), and the development of partnerships for the co-operative economy in the region. The Society is aware that it has significant corporate relationships to manage and develop, with social, organisational, and commercial interests at stake.

Over the last five years we have begun the journey of reverting back to our true co-operative identity, gaining the recognition of our peers and are experiencing more 'Co-operation among Co-operatives' for the Society as a result.

Our Members own our Co-operative and we must provide them with a strong co-operative presence, delivering positive social impact. It is important that the Society provides much more than goods, services and dividend.

The Society, on identifying this need, created the role of Corporate and Member Relations Manager, with specific responsibility for the implementation of the Co-operative Agenda and the management and development of the Membership team.

THE VISION AND MISSION FOR THE CO-OPERATIVE AGENDA

The Vision of the Co-operative Agenda is to act as a catalyst and convener for leadership and community development by fostering relationships that engage Anglia Co-operative, its Members, Board Directors, employees and local communities.

The Mission for the Co-operative Agenda is to serve the communities in which we trade. We exist to attract and retain Members, and to fulfil our social responsibilities. When we adhere to this maxim, we will be fully living our Values and Principles and our services will exceed the expectations of our Members and the local communities.

The ACCF

The ACCF continues to be very popular with Members and non-Members alike, and therefore the Society agreed to the appointment of two independent Members to join the ACCF Board Sub-Committee. With these appointments the name of the Committee will change to the ACCF and Membership Committee, and the role of the Committee includes Member engagement.

The main charities chosen for 2011 were Sense and Action for Children. The Chair of the ACCF Committee and the Corporate and Member Relations Manager visited these charities to witness first-hand how the donation of £12,000 to each had been spent.

The Co-operative Agenda - continued

ACTION FOR CHILDREN

Children's Centres are all about giving children the very best start in life. Working at the heart of local communities, they give families a place to meet, play and learn, and find out about other local services they can use. The focus is on pre-school children, but they have lots of programmes to support older children and parents, as well as specific advice about health, welfare, housing and employment. We visited Catton Grove, Fiddlewood and Mile Cross Children's Centre which is an Action for Children project based in Norwich.

Action for Children spent £6,000 of the donation to set up a scheme called Forest School. Forest School is being run in partnership with the local maintained nursery schools. It is designed to give children the opportunity to get outside, play in a less controlled space and explore nature as they do not have a regular opportunity at home. The idea is to teach the children to respect and care for the environment while they also learn to look after themselves and build confidence. The donation funded staff training, purchased equipment and outdoor clothing, supplied basic First Aid training and covered the set up and support management costs.

The remainder of the donation was used by the Inclusion Project Cambridgeshire. The project works with children and young people with disabilities across the whole of Cambridgeshire to help them feel part of their local community. They make sure they get all the support and advice they need to join local clubs and activities, and that they



Forest School in action



Children encouraged to play using materials provided by nature

know about services that will make their lives easier and happier, such as occupational therapy, speech and language therapy and parent support groups. The money was used to purchase a laptop, projector and programmes to allow non-verbal children and young people to

communicate their thoughts, feelings and needs to the Support Workers and their parents. It is a great tool for the project as it means the children and young people they help can get their opinions heard and their needs can be more specifically catered for.

The Co-operative Agenda - continued

SENSE

Sense, the national deafblind charity, supports individuals who have a combination of sight and hearing loss. We visited the Sense Stables in Peakirk, near Peterborough and were welcomed by Sense staff Jo Jones, Equestrian Project Manager, and Sophie Breuil, Senior Corporate Fundraising Manager.

The Stables is a fully equipped riding school that enables 100 deafblind children and adults every year to access riding for half day sessions. They have four horses in the stables and the different areas of the building were identifiable by different textures and objects of reference so the deafblind people can move around independently. The very distinctive smell of the horses, and the texture and colour of their skins, offer sensory stimulations that deafblind people cannot experience anywhere else.

Deafblindness is a complex condition, usually combined with further unique disabilities that require very specific care. Sense's focus on a 'person centred' approach means that each deafblind person attending the Stables has an individually tailored programme of educational and therapeutic development. To help them gain new skills and feel empowered, deafblind people get involved with many aspects of the stable life including stable management, cleaning, animal care, horticulture and administrative tasks.



David preparing feed for the horses



Cleaning the stables

The Stables is a critical educational tool that enables deafblind people to become involved in mentally and physically stimulating tasks, and contributes to breaking down the barriers of isolation by helping them to communicate with people from the local community and improve their independence.

The donation was specifically used to pay the rent for the Stables. This currently stands at £1,000 per month and therefore ensured a full year's payment of £12,000, enabling the Stables to continue with the provision of these vital services to deafblind people for a further year.

The Co-operative Agenda - continued



Main Charities 2012

At the AGM in 2011 Members voted for the nominated charities to be supported by the ACCF in 2012. The top three charities that were successful were Sue Ryder, East Anglian Air Ambulance and Macmillan Cancer Support. These three charities will be receiving their awards in January 2013 and we will visit them to see how the donations are spent.

The ACCF would like to thank the Members for their continued support as 45,460 have pledged to donate all or part of their dividend to the ACCF. Without this help we would not be able to continue our work with charities, local community groups and other good causes.

CORPORATE SOCIAL RESPONSIBILITY

The Climate Change/CO2 Working Group established to support the Board's Climate Change Sub-Committee has met on numerous occasions during the year, and work towards making a positive environmental and social impact has begun in earnest.



Solar panels on the roof at our Co-operative Food stores in Bradwell, Cromer and Yaxley

Solar Panels

Solar panels have been installed on the roof of Co-operative Food stores in Bradwell, Cromer and Yaxley. The work was carried out by Co-operative Renewable on behalf of the Society in February 2012.

The size of each system is 222 x CS6P-225P which equals 49.95 KWp. Meters in June 2012 showed that 16,000KW were generated from the installations. This is equivalent to a domestic kettle boiling 48,000 times!

Electric Fleet Car

The Society is pleased to report that we are now in possession of a fully electric pool car, the Peugeot Ion, at our offices in Saville Road. The car is a four-seat all-electric car which has a range of up to 90 miles and will save 2.182 metric tonnes of CO2 emissions per year compared to a similar diesel vehicle.

The vehicle is a great environmental solution to the inner city journeys undertaken by various members of our departmental staff.

Two clearly marked charging points were installed at the Saville Road offices. The charging points are for the use of the Society, but can also be used by other businesses in and around Peterborough.



Marie D'Albret, the Corporate and Member Relations Manager goes out in the Society's electric fleet car

The Co-operative Agenda - continued

Other Initiatives

As the Society becomes more focussed on the green issues, exciting initiatives are being discussed and considered. These include the installation of:

- Time controlled lighting systems to save 8 tonnes of CO2 per annum
- Water cylinder insulation which will save 3 tonnes of CO2 per annum

Volunteering

It is recognised that during these difficult economic times it is easy to focus inward on our own circumstances and fail to look outward towards our communities. The Society is keen to support those employees who wish to make a contribution through voluntary work and has therefore introduced a policy to allow a measure of paid time out of the business on voluntary work in the community.

The Chief Executive and Senior Managers throughout the year have encouraged all employees to consider taking up rewarding voluntary work that supports our place at the heart of the communities in which we trade.

SPECIAL RECOGNITION AND LONG SERVICE AWARDS CEREMONY 2012

A Special Recognition and Long Service Awards Ceremony was held in June 2012. The Chief Executive and Chairman, along with the Directors of the Board, welcomed colleagues achieving 20 years of service and also colleagues elected for special recognition awards. The following received well deserving awards as nominated and voted for by their colleagues:



Kevin Middleton, highest donating Member, receives his award from our Chairman and the ACCF Committee Chair

Category 1

Outstanding Employee of the Year

- Ambassadorship - Jane Eden, Hunstanton Funeral Home
- Customer Service - Richard Johnson, ICT
- Team Player - Rona Bell, Westwood Avenue Food store
- Leadership - Amy Steel, St Ives Food store

Category 2

Outstanding Accomplishment

- Personal Achievement - Neil Morland, ICT
- Achievements on Employee's Own Time - Trudi Frankum, Member Services

Category 3

Special Recognition

- Mark Punchard, Halesworth Petrol Station

The ACCF Award

The ACCF Committee Chair presented the ACCF Recognition Awards to the following:

- Kevin Middleton - Highest donating Member
- Katie Paton - Representing St. Neots as the Store with the highest fundraising activities
- Linda Runnacles - Highest fundraising employee

All three recipients received individual cheques payable to charities of their choice.

This was the inaugural event of this type for Anglia Co-operative and will be an annual event going forward.



The Co-operative Agenda - continued

Education

The Society has agreed to fund four bursaries for the Anglia Ruskin University, Certificate in Higher Education Charity and Social Enterprise Management. The four bursaries give two employees and two external candidates the opportunity to attend this two year course. The successful external candidates in return have to attend four Board Meetings to give an update on their progress.

Education Fund	
	£
Balance to Begin	50 713
Co-operative Fortnight expenditure	(1 140)
Anglia Ruskin Bursaries	(4 400)
Balance to End	<u>45 173</u>

Membership

19707 Members joined the Society this year.

Share Interest

Members are advised of the following interest rates applicable to Share Capital balances. No interest is payable on Membership card balances.

Share Account Balance	Share Interest
£1 - £100	0%
£101 - £20,000	1%
£20,001+	0%

Statement of Directors' Responsibilities in respect of the Financial Statements

The Directors are responsible for preparing the Directors' Report and the Group 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. Under that law the Directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

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

In preparing the Group financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 Group 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 Group and enable them to ensure that its financial statements comply with the Industrial and Provident Society Acts 1965 to 2003. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Society's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Harry Whitelock
Chair

Hugh Bennett
Deputy Chair

David Strode-Willis
Society Secretary

Anglia Regional Co-operative Society Limited

REGISTERED OFFICE

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Peterborough PE3 7PR

Telephone: 01733 225300

Fax: 01733 225353

Website: www.arcs.co.uk

Independent Auditor's Report



St. James' Square, Manchester,
M2 6DS United Kingdom

Independent Auditor's report to the Members of Anglia Regional Co-operative Society Limited (Group)

We have audited the financial statements of Anglia Regional Co-operative Society for the period ended 1 September 2012 set out on pages 21 to 40. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Society's Members, as a body, in accordance with section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Society's Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's Members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As more fully explained in the Statement of Directors' Responsibilities set out on page 19, the Society's Directors are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Group's affairs as at 1 September 2012 and of the Group's profit for the period then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2003 and the Industrial and Provident Societies (Group Accounts) Regulations 1969.

Matters on which we are required to report by exception

We have nothing to report in respect of the following.

Under the Industrial and Provident Societies Acts 1965 to 2003 we are required to report to you if, in our opinion:

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

In addition to our audit of the financial statements, the Directors have engaged us to review their Corporate Governance Statement on pages 10 to 12 as regards the Society's compliance with paragraphs D1.1 (paragraph 5), D2.1, D2.4, D3.1 (paragraph 3) and D3.2 of the Co-operatives UK Limited's Corporate Governance Code of Best Practice issued in May 2005 ('the Code'). Under the terms of our engagement, we are required to review whether the Corporate Governance Statement reflects the Society's compliance with the five provisions of the Code specified for our review.

Michael Frankish
(Senior Statutory Auditor)
for and on behalf of KPMG LLP,
Statutory Auditor

Chartered Accountants
St James' Square
Manchester
M2 6DS

15 October 2012

Statement of Accounting Policies

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost accounting convention modified to include the revaluation of land and buildings held as investment properties and in accordance with applicable accounting standards.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

BASIS OF CONSOLIDATION

These Group financial statements consolidate the financial statements of the parent Society and its wholly owned subsidiaries.

GOING CONCERN

The directors are required to assess whether the Group has adequate resources to continue in operational existence for the foreseeable future. The financial statements have been prepared on the assumption that the Group remains a going concern. The following paragraph summarises the issues and basis on which the directors have reached their conclusion.

The Group currently meets its day to day working capital requirements from its cash reserves and bank loans. The bank loans consist of a revolving credit facility. The repayment terms of these loans are detailed in note 15 to the accounts.

The directors have reviewed the forecast of cash flows for the current year and the following year. Following this review the directors have formed the judgment that at the time of approval of these financial statements, the Group has sufficient resources to continue to prepare the financial statements on a going concern basis.

SALES AND TURNOVER

Turnover includes cash sales, goods sold on credit, bonuses and commission received from CIS Funeral bond investments and rental income from properties not used in the course of trade.

The gross value of sales includes amounts recognised in respect of sales made on an agency basis, principally relating to travel agents, foreign exchange bureaux, concessions in department stores and certain petrol stations. In accordance with Application Note G of FRS 5 'Reporting the substance of transactions' agency sales are not turnover of the Group; the gross value of agency sales are deducted from sales in the revenue account.

FOREIGN CURRENCIES

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the revenue account.

INTANGIBLE ASSETS

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising in respect of acquisitions is capitalised.

Positive goodwill is amortised by equal annual instalments over its estimated useful life to a maximum of 20 years. In accordance with FRS11 'Impairment of fixed assets and goodwill' an impairment review is undertaken if an event occurs which indicates that the carrying value of goodwill may not be recoverable.

Negative goodwill arising in respect of acquisitions is included within fixed assets and released to the revenue account in the periods in which the fair values of the non-monetary assets purchased on the same acquisition are recovered, whether through depreciation or sale.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are depreciated by equal annual instalments based on cost less estimated residual value as follows:-

Freehold land and investment properties	0%
Freehold buildings	2% to 10% per annum
Fixtures and fittings	10% to 33.33% per annum
Transport	10% to 50% per annum

Residual value estimates of 40% are applied to all freehold and long leasehold buildings used in trading. Leasehold land and buildings are subject to amortisation over the unexpired portion of the lease. Properties with a lease term of more than fifty years at the commencement of the lease are subject to a 2% annual depreciation charge.

INVESTMENT PROPERTIES

Investment properties are carried in the balance sheet at their open market value. Upward changes in market value are taken to the statement of total recognised gains and losses, being a movement on the investment revaluation reserve.

Impairments on market value, to the extent that they do not reverse previous upward changes, are taken to profit and loss.

In accordance with SSAP 19 'Accounting for investment properties' investment properties are not subject to charges for depreciation.

ASSETS FOR RESALE

Fixed assets are transferred to current assets and held for resale when a decision has been taken by the Board that they are to be disposed of and an exit plan is committed to. At the time they are transferred an impairment review is carried out and assets are held for resale at the lower of their carrying value or estimated sale proceeds less costs of selling.

Statement of Accounting Policies - continued

LEASES

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

STOCKS

Stocks are stated at the lower of cost and net realisable value. In determining the cost of consumables and goods purchased for resale (the only stock categories held) the weighted average purchase price is used.

CASH AND LIQUID RESOURCES

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources are current asset investments that are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year (other than cash) and investments in money market managed funds.

FUNERAL BOND SCHEME

Amounts received in advance for funeral bonds are recorded as a liability, apportioned between amounts due within one year and after more than one year, based upon past periods' experience of redemptions.

All receipts from holders of funeral bonds prior to 1 January 2002 are held in a separate bank account with the State Street Bank Custodian Trustees who act as independent trustees for the Scheme. All receipts since 1 January 2002 are invested in individual whole life insurance policies with the Co-operative Insurance Society Ltd (CIS). Investments of the receipts are held as assets in the balance sheet, apportioned between fixed and current assets on the same basis as the related liabilities.

Bonuses receivable on funds invested with CIS are recognised in the revenue account on encashment of the bond. Commission on funds invested with CIS is recognised in the revenue account on receipt. Interest receivable on funds held with the State Street Bank Custodian Trustees is recognised in the revenue account when earned.

TAXATION

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation purposes and accounting purposes which have arisen but not reversed by the balance sheet date except as otherwise required by FRS 19 'Deferred tax'. The provision is calculated at the average tax rates that are expected to apply when the timing differences reverse.

ONEROUS LEASE PROVISION

Where the Group is committed to future rental payments on a property that are in excess of incomes received, an onerous lease provision is made. The provision represents the lower of i) the cost to exit the lease, ii) the discounted value of future rentals; and iii) the discounted value of future trading losses.

POST RETIREMENT BENEFITS

The Group operated a pension scheme during the period providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Group.

Pension scheme assets are measured using market values. For quoted securities the current bid-price is taken as market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

Following closure of the defined benefit scheme to future benefit accrual on 14 August 2009 the Group now operates a defined contribution scheme. The amount charged to the revenue account represents the contributions payable to this scheme in respect of the accounting period. The assets of this scheme are held separately from those of the Group in an independently administered fund.

PAYMENTS TO AND ON BEHALF OF STAKEHOLDERS

Payments to and on behalf of stakeholders include amounts paid to members in proportion to their transactions with the Society (dividends on purchases), grants and donations. Payments to and on behalf of stakeholders are only recognised in the revenue account in the period in which they are approved by the members. Member share interest is charged direct to equity.

INVESTMENTS

Investments are stated at cost less amounts written off.

Group revenue account (For the 52 weeks ended 1 September 2012)

	Note	2012 Continuing Operations £000s	2012 Discontinued Operations £000s	2012 Total £000s	2011 Continuing Operations £000s	2011 Discontinued Operations £000s	2011 Total £000s
Gross value of sales		215 867	919	216 786	235 306	82 451	317 757
Gross value of agency sales		(32 954)	(238)	(33 192)	(34 127)	(14 123)	(48 250)
Turnover inclusive of VAT	1	182 913	681	183 594	201 179	68 328	269 507
VAT		(17 115)	(106)	(17 221)	(19 058)	(9 922)	(28 980)
Turnover		165 798	575	166 373	182 121	58 406	240 527
Cost of sales		(116 239)	(281)	(116 520)	(130 751)	(33 218)	(163 969)
Gross trading profit		49 559	294	49 853	51 370	25 188	76 558
Expenses – excluding exceptional cost/(credits)		(43 567)	(3)	(43 570)	(45 678)	(32 107)	(77 785)
Operating profit/(loss) – excluding exceptional credits/(costs)		5 992	291	6 283	5 692	(6 919)	(1 227)
Expenses – Exceptional credits/(costs)	4	4 590	(4 663)	(73)	(1 788)	(120)	(1 908)
Operating profit/(loss)		10 582	(4 372)	6 210	3 904	(7 039)	(3 135)
Fundamental re-organisation costs	4	-	-	-	-	(27 125)	(27 125)
Profit/(loss) on sale of fixed assets		1 827	-	1 827	6 626	(4 635)	1 991
Profit/(loss) before finance costs and distributions		12 409	(4 372)	8 037	10 530	(38 799)	(28 269)
Net interest and similar charges	5	(2 094)	-	(2 094)	(2 268)	-	(2 268)
Other finance costs	6	(1 524)	-	(1 524)	(1 433)	-	(1 433)
Profit/(loss) before distributions		8 791	(4 372)	4 419	6 829	(38 799)	(31 970)
Payments to and on behalf of stakeholders	7	(746)	-	(746)	(837)	-	(837)
Profit/(loss) before taxation		8 045	(4 372)	3 673	5 992	(38 799)	(32 807)
Taxation	8	(1 551)	-	(1 551)	4 983	-	4 983
Profit/(loss) for the period	20	6 494	(4 372)	2 122	10 975	(38 799)	(27 824)

Group statement of total recognised gains and losses

(For the 52 weeks ended 1 September 2012)

	Note	2012 £000s	2011 £000s
Profit/(loss) for the period		2 122	(27 824)
Deferred tax relating to actuarial loss/(gain)		1 163	(933)
Movement on deferred tax relating to pension scheme		(857)	(639)
Actuarial (loss)/gain recognised in pension scheme	17	(5 063)	3 734
Share interest		(10)	(11)
Total loss relating to the period		(2 645)	(25 673)

Anglia Co-operative

together we make the difference

Group balance sheet (As at 1 September 2012)

	Note	£000s	2012 £000s	£000s	2011 £000s
Fixed assets					
Intangible assets	9		2 012		2 259
Tangible assets	10		46 128		59 512
Investments	11		23 686		24 069
			<u>71 826</u>		<u>85 840</u>
Current assets					
Stocks		6 001		5 873	
Investments	11	952		972	
Debtors	12	8 308		10 025	
Assets held for resale	13	3 100		5 302	
Cash at bank and in hand		483		2 244	
		<u>18 844</u>		<u>24 416</u>	
Creditors					
Amounts falling due within one year:-					
Creditors	14	(12 444)		(20 055)	
Loans and other borrowings	15	(18 600)		(1 163)	
		<u>(31 044)</u>		<u>(21 218)</u>	
Net current (liabilities)/assets			<u>(12 200)</u>		<u>3 198</u>
Total assets less current liabilities			59 626		89 038
Creditors					
Amounts falling due after more than one year:-					
Creditors	14	(10 469)		(9 817)	
Loans and other borrowings	15	(491)		(21 322)	
		<u>(10 960)</u>		<u>(31 139)</u>	
			48 666		57 899
Provisions for liabilities and charges					
	16		(14 620)		(17 855)
			<u>34 046</u>		<u>40 044</u>
Net pension liability	17		(16 729)		(20 022)
Net assets			<u>17 317</u>		<u>20 022</u>
Capital and reserves					
Issued share capital	19		7 597		7 657
Revenue reserve	20		8 213		7 182
Revaluation reserve	20		1 507		5 183
Members' funds	21		<u>17 317</u>		<u>20 022</u>

These financial statements were approved by the directors on 15 October 2012 and were signed on their behalf by:

A Arbon
Director

Group cash flow statement (For the 52 weeks ended 1 September 2012)

	Note	2012 £000s	2011 £000s
Net cash inflow from operating activities	22	2 691	7 740
Pension deficit funding		(3 822)	(2 531)
Returns on investments and servicing of finance	23	(1 894)	(2 164)
Capital expenditure and financial investment	23	11 399	11 471
Acquisitions and disposals	23	(6 227)	(2 511)
		<hr/>	<hr/>
Cash inflow before management of liquid resources and financing		2 147	12 005
Financing	23	(3 908)	(13 725)
		<hr/>	<hr/>
Decrease in cash for the period		(1 761)	(1 720)

Reconciliation of cash flow to movement in net debt

(For the 52 weeks ended 1 September 2012)

	Note	2012 £000s	2011 £000s
Decrease in cash in the period		(1 761)	(1 720)
Cash outflow from change in liquid resources		(2)	-
Cash outflow from decrease in debt and lease financing		3 522	13 219
		<hr/>	<hr/>
Change in net debt resulting from cash flows		1 759	11 499
New finance leases		(128)	(398)
		<hr/>	<hr/>
Movement in net debt in the period		1 631	11 101
Opening net debt		(20 217)	(31 318)
		<hr/>	<hr/>
Closing net debt	24	(18 586)	(20 217)

Notes to the financial statements (For the 52 weeks ended 1 September 2012)

	52 Weeks to 1 September 2012			52 Weeks to 3 September 2011		
	Gross Sales £000s	Agency Sales £000s	Turnover £000s	Gross Sales £000s	Agency Sales £000s	Turnover £000s
1) Turnover						
Food stores	132 743	(8 658)	124 085	139 788	(9 776)	130 012
Petrol sites	42 375	(56)	42 319	54 298	(74)	54 224
Travel & Foreign Exchange	24 064	(22 326)	1 738	24 651	(22 962)	1 689
Funerals	11 149	-	11 149	10 734	-	10 734
Optical	1 173	(47)	1 126	1 222	(54)	1 168
Investment properties	184	-	184	339	-	339
Department stores	4 179	(1 867)	2 312	4 274	(1 261)	3 013
Continuing	215 867	(32 954)	182 913	235 306	(34 127)	201 179
Department stores	919	(238)	681	82 451	(14 123)	68 328
Discontinued	919	(238)	681	82 451	(14 123)	68 328
Total	216 786	(33 192)	183 594	317 757	(48 250)	269 507

2) Operating profit/(loss)

Operating profit is after charging/(crediting):

	2012 £000s	2011 £000s
Directors' fees (see note 3)	61	53
Depreciation of owned assets	2 431	4 000
Depreciation of finance lease assets	308	487
Amortisation of positive goodwill	247	247
Exceptional items (see note 4)	8 066	1 908
Exceptional income (see note 4)	(7 993)	-
Property rental charges	1 432	6 041
Plant and machinery hire	50	181

Auditor's remuneration

	2012	2011
Audit of these financial statements	25	38
Amounts receivable by the auditor and their associates in respect of:		
Audit of subsidiary financial statements pursuant to legislation	20	20
Other services relating to taxation	2	6
All other services	6	10
Audit of the Anglia Co-operative Society Limited pension scheme financial statements pursuant to legislation (incurred by the scheme)	6	9

Notes to the financial statements (For the 52 weeks ended 1 September 2012)

3) Employees and Directors

The average number employed by the Group was:

Directors	12	11
Full time	349	728
Part time	1 301	2 046
	1 662	2 785

The cost in respect of those employees was:

Wages and salaries	18 022	29 787
Social security costs	1 076	1 985
Other pension costs	501	787
	19 599	32 559

Directors' remuneration during the period was:

Fees	61	53
------	-----------	----

4) Exceptional charges/(credits)

Exceptional charges/(credits) before operating profit

	2012 Continuing Operations £000s	2012 Discontinued Operations £000s	2012 Total £000s	2011 Continuing Operations £000s	2011 Discontinued Operations £000s	2011 Total £000s
Assets held for re-sale impairments	1 017	-	1 017	2 325	-	2 325
Investment property impairments	2 386	-	2 386	-	-	-
Onerous lease provision movement	-	-	-	842	-	842
Lease break incentive	-	-	-	(1 600)	-	(1 600)
Trading property impairment	-	-	-	221	-	221
Legal claims	-	-	-	-	120	120
Provisions relating to sale of business in prior year	-	4 329	4 329	-	-	-
Disposal costs	-	334	334	-	-	-
Exceptional income on defined benefit scheme - past service cost (see below)	(7 993)	-	(7 993)	-	-	-
	(4 590)	4 663	73	1 788	120	1 908

Fundamental re-organisation costs

Provisions on sale of business	-	-	-	-	14 719	14 719
Disposal costs	-	-	-	-	1 754	1 754
Asset impairments as a result of write off	-	-	-	-	3 052	3 052
Impairment of investment properties	-	-	-	-	7 600	7 600
	-	-	-	-	27 125	27 125
Total charges	(4 590)	4 663	73	1 788	27 245	29 033

During the year there has been a change in the approach used to value the Fund's liabilities (see note 1). The change was as a result of a decision made by the Society to change the discretionary pension increases for members who left the Fund prior to 6 April 1997. The decision taken during the year has meant there is no longer a constructive nor a legal obligation to pay these increases. This change should be recognised, in line with FRS17, immediately through the revenue account.

Notes to the financial statements

(For the 52 weeks ended 1 September 2012)

	Note	2012 £000s	2011 £000s
5) Net interest and similar charges			
Loans and overdrafts	15	(821)	(1 055)
Interest payable on interest rate swap		(885)	(1 037)
Bank fees incurred on refinancing	15	(25)	(15)
Bank fee for reducing interest rate swap	25	(219)	(10)
Finance leases	15	(49)	(71)
Amortisation of re-financing costs		(258)	(176)
Other interest payable		-	(9)
Total interest payable and similar charges		(2 257)	(2 373)
Interest receivable on investments	11	18	21
Other interest receivable		145	84
Net interest and similar charges		(2 094)	(2 268)

		2012 £000s	2011 £000s
6) Other finance costs			
Expected return on pension scheme assets	17	5 336	5 218
Interest on pension scheme liabilities	17	(6 860)	(6 651)
		(1 524)	(1 433)

		2012 £000s	2011 £000s
7) Payments to and on behalf of stakeholders			
On purchases		(734)	(811)
Total Members' distributions		(734)	(811)
Local Co-operative Party grant		(3)	(4)
Other grants and donations		(9)	(22)
		(746)	(837)

		2012 £000s	2011 £000s
8) Taxation			
Current Tax			
UK corporation tax at 25.17% on profits for the period		-	-
Adjustments in respect of prior periods		-	-
Total current tax charge		-	-
Deferred tax			
Origination and reversal of timing differences:			
Current period (see note 16)		193	(3 956)
Prior period (see note 16)		(882)	(985)
Pension liability timing differences		2 240	(42)
Total deferred tax credit		1 551	(4 983)
Total tax credit for the period		1 551	(4 983)

Notes to the financial statements (For the 52 weeks ended 1 September 2012)

8) Taxation - continued

The effective tax rate for the period is lower than the standard rate of corporation tax in the UK of 25.17%. The differences are explained below:

	2012 £000s	2011 £000s
Loss before taxation	3 673	(32 807)
Current tax credit at 25.17% (27.17% 2011)	924	(8 914)
Effects of:		
Expenses not deductible for tax purposes	133	913
Depreciation in excess of/(less than) capital allowances	893	3 206
Profit on disposal of fixed assets	(460)	60
Unrelieved tax losses	4 690	4 696
(Utilisation) of tax losses	(726)	-
Pension liability timing differences	(2 735)	42
Other timing differences	(3)	(3)
Non taxable income	(2 716)	-
Current tax charge for the period	-	-

Factors affecting the tax charge in future periods

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2011) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively.

The will reduce the company's future current tax charge accordingly. The deferred tax liability at 1 September 2012 has been calculated based on the rate of 23% substantively enacted at the balance sheet date.

It has not yet been possible to quantify the full anticipated effect of the announced further 1% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax liability accordingly.

9) Intangible assets

	Positive goodwill £000s	Total £000s
Costs		
As at 3 September 2011 and 1 September 2012	4 947	4 947
Amortisation		
As at 3 September 2011	2 688	2 688
Charge for the period	247	247
As at 1 September 2012	2 935	2 935
Net book value		
As at 1 September 2012	2 012	2 012
As at 3 September 2011	2 259	2 259

Notes to the financial statements (For the 52 weeks ended 1 September 2012)

10) Tangible fixed assets

	Land and buildings £000s	Fixtures and fittings £000s	Transport £000s	Land and buildings investment properties £000s	Fixtures and fittings investment properties £000s	Total £000s
Cost						
As at 3 September 2011	38 324	40 259	1 867	34 566	3 351	118 367
Additions	602	1 321	96	-	3	2 022
Transfers	(3)	(4)	-	3	4	-
Transfers from/(to) current assets	-	(137)	-	-	135	(2)
Disposals	(7 608)	(3 680)	(121)	(7 276)	(6)	(18 691)
Aa at 1 September 2012	31 315	37 759	1 842	27 293	3 487	101 696
Depreciation						
As at 3 September 2011	6 319	32 997	1 053	16 438	2 048	58 855
Charge for the period	384	2 163	192	-	-	2 739
Impairment	-	-	-	2 386	-	2 386
Transfers	(1)	(1)	-	1	1	-
Transfers (to)/from current assets	-	(135)	-	-	131	(4)
Disposals	(2 130)	(3 569)	(82)	(2 622)	(5)	(8 408)
As at 1 September 2012	4 572	31 455	1 163	16 203	2 175	55 568
Net book value						
As at 1 September 2012	26 743	6 304	679	11 090	1 312	46 128
As at 3 September 2011	32 005	7 262	814	18 128	1 303	59 512

The net book value of investment property and land and buildings comprises:

	2012 £000s	2011 £000s
Freehold trading	23 529	29 932
Freehold non-trading	11 090	18 128
Long leasehold	2 793	1 612
Short leasehold	421	461
Finance leases	37 833	50 133

Included in fixed assets are the following amounts under finance leases:

Cost

As at 3 September 2011	4 976
Assets leased during the period	128
Disposals	(2 282)
As at 1 September 2012	2 822

Depreciation

As at 3 September 2011	3 079
On additional assets leased during the period	10
Charge for the period	308
Disposals	(1 851)
As at 1 September 2012	1 546

Net book value

As at 1 September 2012	1 276
As at 3 September 2011	1 897

During the period some assets owned by the Society in the prior period were sold and leased back and these are included above.

Notes to the financial statements (For the 52 weeks ended 1 September 2012)

11) Investments

	Fixed Assets		Current Assets		Interest Receivable	
	2012 £00s	2011 £00s	2012 £00s	2011 £00s	2012 £00s	2011 £00s
Co-operative Group (CWS) Limited	334	334	22	86	18	21
Preference shares investment in J E Beale PLC	8 500	8 500	-	-	-	-
Loans to undertakings in which the company has a participating interest	1 500	2 500	-	-	-	-
Investment in Anglia Home Furnishings Limited	2 500	2 401	-	-	-	-
Other	4	4	-	-	-	-
Funeral bonds	10 848	10 330	930	886	21	38
	23 686	24 069	952	972	39	59

The Group has no significant holdings in the Co-operative Group (CWS) Limited or other Industrial and Provident (I&P) Societies, other than as shown above.

The Society received two instalments relating to the repayment of the J E Beale PLC term loan totalling £500,000 during the year. On 10 June 2012, the Society made an adjustment to the J E Beale PLC term loan to reduce £500,000 off its nominal value and to extend the repayment period to 6 years (previously repayable in 3 years) in exchange for an amendment to the provisions as set out in the Sale and Purchase Agreement.

The subsidiary undertakings of the Society are shown below. These are all wholly-owned companies incorporated in England and Wales.

Subsidiary undertaking

Anglia Co-operative (Food) Limited
 Anglia Co-operative Properties Limited
 Anglia Motor Group Limited
 Anglia Wholesale Furniture Distributions Limited
 ARCS Department Stores Limited
 ARCS Electrical Stores Limited
 Co-operative Funeral Services (Anglia) Limited
 Elite Electrical Limited
 Food & Funerals Properties Limited
 Plutarch Limited
 Rainbow Stores Limited
 Westgate Optical Limited
 Yaxley Farm Limited

Principal activity

Food retailing
 Property management
 Non-trading
 Non-trading
 Non-trading
 Non-trading
 Funeral services
 Non-trading
 Property management
 Non-trading
 Non-trading
 Optical retailing
 Farming

The Society currently holds investments in the following entities:

Associated undertakings	Principle activity	Country of incorporation	Class of shares held
J E Beale PLC	Non Food retailing	United Kingdom	Preference
Anglia Home Furnishings Limited	Furniture retailing	United Kingdom	Preference

12) Debtors

	2012 £000s	2011 £000s
Trade debtors	2 461	3 013
Other debtors	221	582
Value Added Tax	383	838
Unpaid share capital	65	73
Prepayments and accrued income	5 178	5 519
	8 308	10 025

Notes to the financial statements (For the 52 weeks ended 1 September 2012)

12) Debtors - continued

Included within prepayments is £1,006,000 (2011: £1,390,000) relating to payments for £1,900,000 made to the Co-operative Retail Trading Group (CRTG) during the 2009 and 2010 in relation to the Society share of integration costs. These costs are being deferred over 5 years as the Society has, and will continue, to obtain both additional margin and cost saving benefits from the Co-operative Buying Group as a consequence of the changes made over this period. During the current financial year the Society has amortised £385,000 (2011: £385,000) of these costs.

13) Assets held for resale

	Land & buildings £000s	Fixtures & fittings £000s	Total £000s
Cost			
As at 3 September 2011	9 853	1 414	11 267
Transfers from fixed assets	-	2	2
Disposals	(1 440)	(1 196)	(2 636)
As at 1 September 2012	8 413	220	8 633
Depreciation			
As at 3 September 2011	4 668	1 297	5 965
Impairment	1 017	-	1 017
Transfers from fixed assets	-	4	4
Disposals	(319)	(1 134)	(1 453)
As at 1 September 2012	5 366	167	5 533
Net book value			
As at 1 September 2012	3 047	53	3 100
As at 3 September 2011	5 185	117	5 302

14) Creditors

	Within one year		After one year	
	2012 £000s	2011 £000s	2012 £000s	2011 £000s
Trade creditors	6 704	6 452	-	-
Other taxation and social security	322	393	-	-
Other creditors	1 219	2 819	-	-
Funeral bonds awaiting redemption	622	2 354	10 469	9 521
Accruals	3 490	7 852	-	-
Deferred income	87	185	-	296
	12 444	20 055	10 469	9 817

Notes to the financial statements (For the 52 weeks ended 1 September 2012)

15) Loans and other borrowings

	Within one year		After one year		Interest payable	
	2012 £000s	2011 £000s	2012 £000s	2011 £000s	2012 £000s	2011 £000s
Bank loans	18 430	-	-	20 742	776	1 055
Other loans	-	1 000	-	-	45	6
Obligations under finance leases	170	163	491	580	49	71
	18 600	1 163	491	21 322	870	1 132

The Bank loans detailed above have been classified as due within one year due to the refinancing taking place after the year end date. The refinancing with Lloyds and Handelsbanken on 27 September 2012 extended the existing £25.0m facility for a further 4 years from this date.

The new RCF is secured by fixed charges over the majority of the food stores and floating charges over the remaining properties and other assets of the Society. The Anglia Regional Co-operative Society Limited (Peterborough) Employee's Superannuation Fund continues to have a first charge of £5.0m and a second charge of £30.0m over the property assets held by the Group. During the financial year under the old facility interest was charged at 2.5% above LIBOR.

At the beginning of the year the Society had a loan with the Phone Co-op Limited for £1.0m (2011: £1.0m) which was repaid on 31 May 2012

The maturity profile of loans and other borrowing is as follows:

	2012 £000s	2011 £000s
Within one year	18 600	1 163
Between one and two years	158	21 161
Between two and five years	284	314
After five years	49	107
	19 091	22 745
Costs of re-financing amortised over life of the loan	-	(260)
	19 091	22 485

16) Provisions for liabilities and charges

	Discontinued operations provision £000s	Onerous leases £000s	Deferred taxation £000s	Total £000s
Opening balance	14 462	1 817	1 576	17 855
Charged/(credited) to revenue account	4 329	-	(690)	3 639
Utilised	(6 727)	(147)	-	(6 874)
Closing balance	12 064	1 670	886	14 620

Onerous leases

The provision represents the lower of i) the cost to exit the lease; ii) the discounted value of future rentals; and iii) the discounted values of future trading losses. The assessment, which is undertaken at the end of each accounting period, is made on a property by property basis. The provision is expected to be fully utilised within the next 5 years.

Discontinued operations

Provisions represent an amount that the Directors have estimated be payable under contracts entered into during the prior financial year with J E Beale PLC and Anglia Home Furnishings Limited.

Notes to the financial statements (For the 52 weeks ended 1 September 2012)

Deferred taxation

The elements of deferred tax are as follows:

Accelerated capital allowances
Short-term timing differences
Other timing differences
Deferred tax provision

2012 £000s	2011 £000s
886	679
-	(353)
-	1 250
886	1 576

A deferred tax asset of £5.2m (2011: £7.1m) has been offset against the pension liability (see note 17). Deferred tax in relation to accelerated capital allowances of £958,000 (2011: £nil) are not provided at 1 September 2012.

17) Net pension liability

During the 2011/12 year, the Society operated a defined benefit pension plan for its employees (the Anglia Regional Co-operative Society Limited (Peterborough) Employees' Superannuation Fund). The current practice of increasing pension in line with inflation is included in the measurement of the defined benefit obligation.

Change in benefit obligation

Opening balance
Interest cost
Actuarial losses/(gains)
Past service cost credit
Benefits paid
Closing balance

2012 £000s	2011 £000s
129 214	129 900
6 860	6 651
10 682	(3 335)
(7 993)	-
(4 205)	(4 002)
134 558	129 214

Change in fair value of plan assets

Opening balance
Expected return on plan assets
Actuarial gains
Employer contribution
Benefits paid
Closing balance

102 096	97 950
5 336	5 218
5 619	399
3 822	2 531
(4 205)	(4 002)
112 668	102 096

Net amount recognised

Fair value of plan assets
Benefit obligation
Funded status
Related deferred tax asset
Net pension deficit

112 668	102 096
(134 558)	(129 214)
(21 890)	(27 118)
5 161	7 096
(16 729)	(20 022)

The major assumptions used in the valuation were:

Discount rate
Rate of compensation increase
Rate of increase of pensions in payment who left after 6 April 1997
Rate of increase of pensions in payment who left before 6 April 1997 until 2015
Rate of increase of pensions in payment who left before 6 April 1997 after 2015
Rate of increase of pensions in deferment
Inflation

2012	2011	2010
4.55%	5.40%	5.20%
n/a	n/a	n/a
2.70%	3.15%	3.00%
2.00%	3.15%	3.15%
0.00%	3.15%	3.15%
2.80%	3.25%	3.10%
2.80%	3.25%	3.10%

Notes to the financial statements (For the 52 weeks ended 1 September 2012)

17) Net pension liability - continued

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The weighted average life expectancy for mortality tables used to determine benefit obligations at 1 September 2012 were:

	Male	Female
Member age 65 (current life expectancy)	22.8	24.0
Member age 45 (life expectancy at age 65)	24.7	25.9

Net pension liability

The fair value of the plan's assets and the present value of the plan's liabilities are shown in the table below. The plan's assets are not intended to be realised in the short term and may be subjective to significant change before they are realised. The plan's liabilities are derived from cash flow projections over long periods and thus inherently uncertain.

	2012	2011	2010
	£000s	£000s	£000s
Equities	68 727	61 258	57 791
Bonds	43 941	40 838	40 159
Total market value of assets	112 668	102 096	97 950
Present value of scheme liabilities	(134 558)	(129 214)	(129 900)
Deficit in the plan	(21 890)	(27 118)	(31 950)
Related deferred tax asset	5 161	7 096	8 625
Net pension liability	(16 729)	(20 022)	(23 325)

The weighted average assumptions used to determine net pension cost for the period ended 1 September 2012 are:

	2012	2011
Equity securities	6.10%	7.20%
Debt securities	4.55%	5.20%
Property	6.10%	7.20%
Other	2.10%	3.70%
Expected long-term return on assets	4.60%	5.93%

Notes to the financial statements (For the 52 weeks ended 1 September 2012)

17) Net pension liability - continued

Contributions

The Society expects to contribute approximately £4.4 million of deficit reduction contributions to the Scheme in the next financial year.

Movement in deficit for the period

	2012 £000s	2011 £000s
Opening deficit	(27 118)	(31 950)
Contributions	3 822	2 531
Other finance costs	(1 524)	(1 433)
Actuarial (loss)/gain	(5 063)	3 734
Past service cost credit	7 993	-
Closing deficit	(21 890)	(27 118)

The expense is recognised in the following line items in the profit and loss account

	2012 £000s	2011 £000s
Other finance costs	(1 524)	(1 433)
Exceptional income	7 993	-

Analysis of amounts recognised in the statement of total recognised gains and losses

	2012 £000s	2011 £000s
Actual return less expected return on scheme assets	5 619	399
Changes in assumptions underlying the present value of scheme liabilities	(10 682)	3 335
Actuarial (loss)/gain recognised in the statement of total recognised gains and losses	(5 063)	3 734

History of experience gains and losses

	2012 £000s	2011 £000s	2010 £000s	2009 £000s	2008 £000s
Difference between the expected and annual return on scheme assets	5 619	399	11 005	(9 269)	(3 904)
<i>Percentage of period-end scheme assets</i>	5%	0%	11%	(11%)	(4%)
Experience gains on scheme liabilities	-	-	3 571	-	-
<i>Percentage of period-end present value of scheme liabilities</i>	0%	0%	3%	0%	0%
Total amount recognised in statements of total recognised gains and losses	(5 063)	3 734	7 034	(6 639)	(14 333)
<i>Percentage of period-end present value of scheme liabilities</i>	(5%)	3%	5%	(5%)	(12%)

Notes to the financial statements (For the 52 weeks ended 1 September 2012)

18) Retirement benefits

Following the closure of the defined benefit scheme on 14 August 2009 to future accrual, the Group now operate a defined contribution scheme. The assets of this scheme are held separately from those of the group in an independently administered fund. During the period contributions of £501,000 (2011: £787,000) were paid by the Group. Contributions totalling £26,000 (2011: £30,000) were payable to the fund at the period end and are included in creditors.

19) Share capital

	2012		2011	
	No.	£000s	No.	£000s
Opening share capital		7 657		7 941
Contributions		99		159
Interest and distributions		1 627		1 274
Withdrawals		(1 786)		(1 717)
Closing share capital		<u>7 597</u>		<u>7 657</u>
The balance comprises:				
Employee purchased shares	144 799	145	147 350	147
Member shares	<u>7 452 047</u>	<u>7 452</u>	<u>7 509 895</u>	<u>7 510</u>
	7 596 846	7 597	<u>7 657 245</u>	<u>7 657</u>

Member shares have a value of £1 and attract interest of up to 1%. Employee purchased shares attract interest at 3.25%. Each Member is entitled to one vote. With effect from 6 October 2009 and the adoption of the new Rules for the Society, shares may be withdrawn by members upon giving one week's notice to the Society. The Board, at their absolute discretion, are entitled to decline any such withdrawals.

The closing share capital for 2012 includes £64,988 (2011: £73,074) of unpaid share capital being the joining share price for new membership accounts opened during the financial period. The £1 per share will be recovered from any subsequent dividend payment due to the member.

20) Reserves

	Revaluation reserve £000s	Revenue reserve £000s	Total £000s
Opening reserves	5 183	7 182	12 365
Transfer of realised profits	(3 676)	3 676	-
Share interest	-	(10)	(10)
Actuarial loss	-	(5 063)	(5 063)
Deferred tax on actuarial loss	-	306	306
Profit for the period	-	2 122	2 122
Closing reserves	<u>1 507</u>	<u>8 213</u>	<u>9 720</u>

Notes to the financial statements (For the 52 weeks ended 1 September 2012)

21) Reconciliation of movements in Members' funds

	2012	2011
	£000s	£000s
Profit/(loss) for the financial period	2 122	(27 824)
Share interest	(10)	(11)
	<u>2 112</u>	<u>(27 835)</u>
Other recognised (losses)/gains relating to the period (net)	(4 757)	5 674
Decrease in share capital	(60)	(284)
	<u>(2 705)</u>	<u>(22 445)</u>
Opening Members' funds	<u>20 022</u>	<u>42 467</u>
Closing Members' funds	<u>17 317</u>	<u>20 022</u>

22) Reconciliation of trading profit to net cash flows from operating activities

	Continuing operations	Discontinued operations	2012	2011
	£000s	£000s	£000s	£000s
Operating loss after fundamental reorganisation costs (2011 excluding £2.3m cash incentive - see note 23)	2 589	(4 372)	(1 783)	(27 960)
Depreciation and amortisation	6 310	79	6 389	14 880
Decrease in investments	-	-	-	43
Decrease/(increase) in stocks	(382)	251	(131)	13 043
Increase/(decrease) in debtors	1 417	-	1 417	3 646
Decrease in creditors	(7 883)	-	(7 883)	(7 552)
Increase/(decrease) in provisions	-	4 682	4 682	11 640
Net cash inflow/(outflow) from operating activities	<u>2 051</u>	<u>640</u>	<u>2 691</u>	<u>7 740</u>

23) Analysis of cash flow

	2012	2011
	£000s	£000s
Returns on investments and servicing of finance		
Interest received	119	47
Interest paid	(1 952)	(2 114)
Payments to and on behalf of stakeholders	(12)	(26)
Interest element of finance lease payments	(49)	(71)
	<u>(1 894)</u>	<u>(2 164)</u>

Notes to the financial statements (For the 52 weeks ended 1 September 2012)

23) Analysis of cash flow - continued

	2012 £000s	2011 £000s
Capital expenditure and financial investment		
Purchase of intangible and tangible fixed assets	(1 893)	(4 374)
Sale of intangible and tangible assets	13 292	29 251
Purchase of trade investments	-	(13 406)
	11 399	11 471
Acquisitions		
Purchase of trade and assets	-	(211)
Payments made on sale of business	(6 227)	(2 300)
	(6 227)	(2 511)
Financing		
Contributions to share capital	(129)	(331)
Capital element of finance leases	(211)	(394)
Repayment of secured loans	(3 568)	(13 000)
	(3 908)	(13 725)

24) Analysis of debt

	Opening net debt £000s	Cash flows £000s	Other changes £000s	Closing net debt £000s
Cash in hand and at bank	2 244	(1 761)	-	483
	2 244	(1 761)	-	483
Debt due within one year	(1 000)	919	(18 349)	(18 430)
Debt due after more than one year	(20 742)	2 393	18 349	-
Finance leases	(743)	210	(128)	(661)
Loan capital investment	24	(2)	-	22
	(20 217)	1 759	(128)	(18 586)

25) Financial instruments

During 2008, the Group entered in to an interest rate swap to mitigate interest rate risk on its loans and borrowings. The Group reduced the notional amount hedged during the year from £25m to £20m to reflect its current borrowing level. This resulted in a charge of £219,000 (see note 5).

The £20.0m interest rate swap had a market value loss of £425,000 at 1 September 2012 (2011: loss £1.5m). The final maturity of the interest rate swap is 28 February 2013.

Notes to the financial statements (For the 52 weeks ended 1 September 2012)

26) Related party transactions

During the year Moorewood Estates has advised on potential rating appeals on a number of properties. Moorewood Estates is owned by Mr R.A. Newton who is a Director of the Society. Fees of £400 (2011: £2,500) were payable to Moorewood Estates and were fully paid at the year end.

Anglia Regional Co-operative Society Limited continues to hold a preference share interest in Anglia Home Furnishings Limited and maintains certain trading relationships relating to its normal trading activities which give rise to payables and receivables being due at the balance sheet date. The net amount due from Anglia Home Furnishings Limited in respect of these relationships was £283,000.

27) Contingent liabilities

The Group has provided a number of guarantee's on behalf on J E Beale PLC and Anglia Home Furnishings Limited to suppliers for services that were being provided under contract at the time of the business disposals. These include exposures for contracts covering car leases, consumer finance and property.

28) Commitments

Financial commitments

Annual commitments under non-cancellable operating leases are as follows:

	2012		2011	
	Land and buildings £000s	Transport £000s	Land and buildings £000s	Transport £000s
Operating leases expiring:				
Within one year	107	98	177	118
Between two and five years	1 639	163	1 301	143
Over five years	3 476	-	3 989	-
	5 222	261	5 467	261

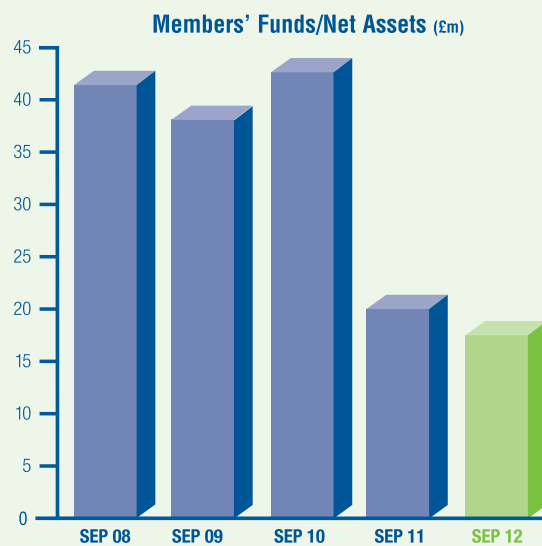
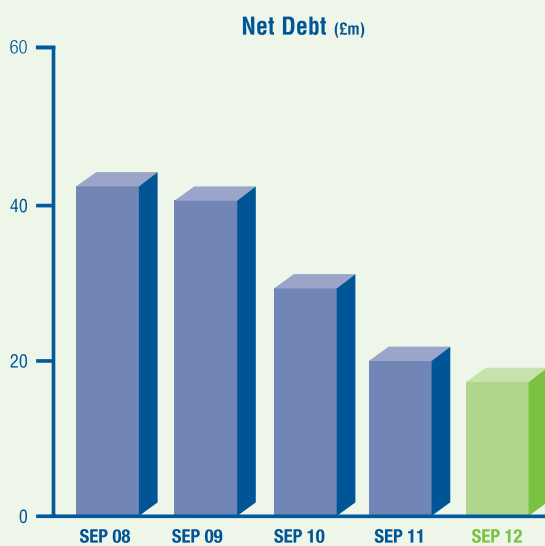
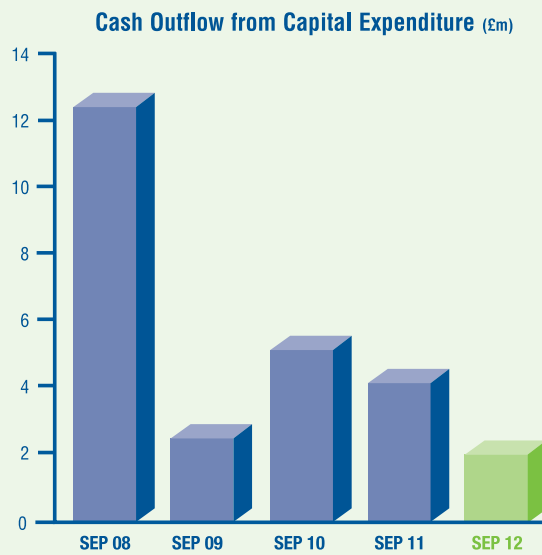
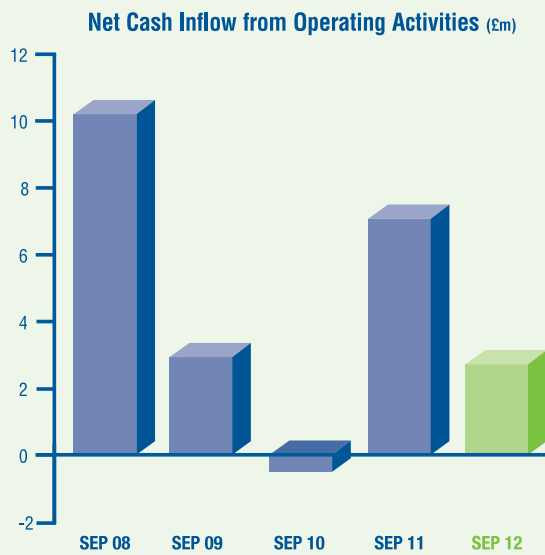
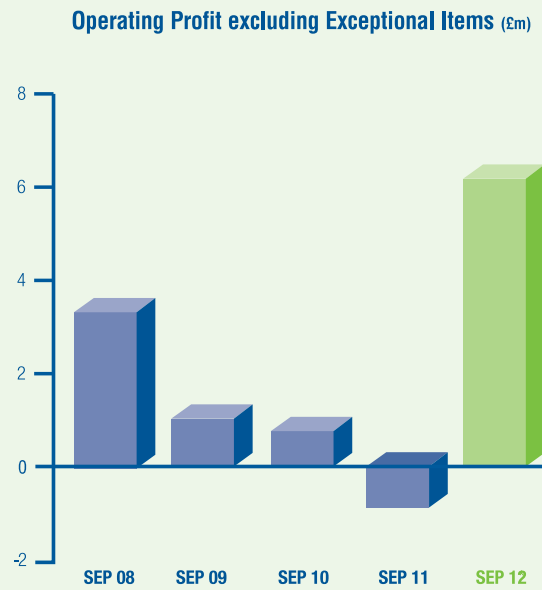
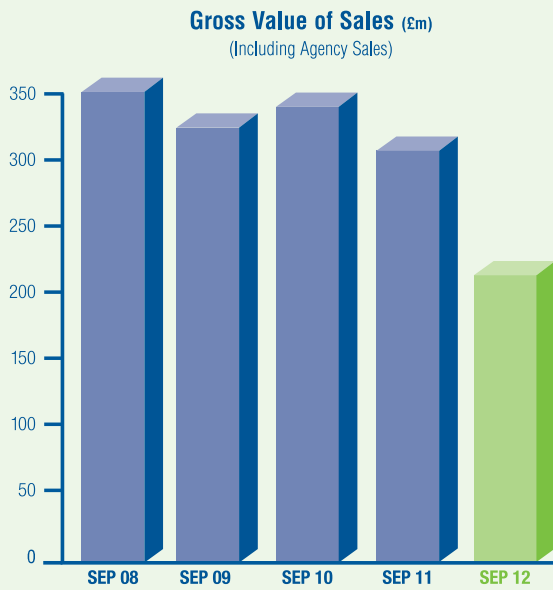
Capital commitments

The Society had committed to building of a new store in Loddon in Cambridgeshire for which £1.3m was still outstanding at the year end.

Five year summary (Unaudited)

	Sept 2008 53 weeks	Sept 2009 52 weeks	Sept 2010 52 weeks	Sept 2011 52 weeks	Sept 2012 52 weeks
	£000s	£000s	£000s	£000s	£000s
Gross value of sales	359 133	337 952	349 213	317 757	216 786
Turnover	266 494	257 142	266 564	240 527	166 373
Operating profit/(loss) excluding exceptional items	3 711	1 046	998	(1,227)	6 283
Profit on disposal of assets or sale of investments	18 226	3 454	8 055	1,991	1 827
Net finance costs excluding exceptional items	(2 255)	(4 490)	(2 727)	(2 268)	(2,095)
Other finance costs	(1 899)	(1 817)	(1 834)	(1 433)	(1 524)
Payments to and on behalf of stakeholders	(650)	(563)	(787)	(837)	(746)
Profit/(loss) for the period	(4 621)	153	1 187	(27 824)	2 122
Intangible and tangible assets and assets held for resale	130 247	118 048	100 714	67 073	51 240
Net current (liabilities)/assets	55 900	24 723	23 633	3 198	(12 200)
Share capital	8 460	8 242	7 941	7 657	7 597
Other reserves	33 261	28 604	34 526	12 365	9 720
Net assets	41 721	36 846	42 467	20 022	17 317
Net cash inflow/(outflow) from operating activities	10 343	3 529	(401)	7 740	2 691
Cash outflow from capital expenditure	(12 459)	(2 519)	(5 101)	(4 374)	(1 893)
Net debt	44 591	41 185	31 318	20 217	18 586
Active Membership (000s)	228	278	337	374	401
Average employee numbers (Full & part time)	3 242	3 063	3 249	2 785	1 662

Five year comparison (Unaudited)



Standing orders

To be observed at the Ordinary and Special General Meetings of the Society

1. The order of business at every General or Special Meeting of the Society shall be in accordance with the printed order of business issued with the Annual Report.

2. All notices of motion for consideration at any General Meeting must first be submitted to the Secretary, in writing, signed by the Member concerned giving the notice, not later than twenty-eight days preceding the meeting.

3. No motion, to the same effect as any motion which has been negative, shall be resubmitted by any Member within a period of twelve months.

4. Any amendment to a motion must be submitted in writing and delivered to the Secretary not later than fourteen days prior to the date of the meeting at which it is to be considered.

5. The mover of an original motion, or of an amendment, shall be allowed ten minutes and all other speakers five minutes. No Member may speak more than once on any one subject. The mover of the original or amended proposition may reply at the close of the debate, but must confine him or herself strictly to answering previous speaker's comments and not introduce any new matter. Immediately after the reply, the proposition shall be put from the Chair without further debate. Asking or answering a question, by permission of the Chair, must not be considered as a speech.

6. A Member who has seconded an amendment in a formal manner shall be permitted to speak afterwards on that same matter. A Member who has not responded to the question before the meeting may at any time during the course of the debate move 'that the question now be put', or 'that the next business be proceeded with'. Such

motions must be made without an accompanying speech and must be forthwith put without amendment or debate. Should either of such motions be adopted the Chair shall, subject to the right to reply of the mover of the question under discussion, at once put the question, or proceed with the next business, as the case may be.

7. Any Member desiring to speak upon any question whatsoever must rise in their place and address him or herself directly to the Chair.

8. When two or more Members rise at the same time, the Chair shall determine and name the Member who is to speak first.

9. No Member, whilst speaking, shall be interrupted by another except upon a point of order. The Member so interrupting shall confine him or herself to the point of order.

10. Whenever the Chair rises to speak, no Member shall continue standing, nor shall any Member rise until the Chair resumes their seat.

11. A Member shall confine their speech strictly to the motion under discussion, or to an amendment to be proposed by him or herself, or to a question of order.

12. The Chair may call attention to continued irrelevance, tedious repetition, or any breach of order on the part of a Member, and may direct such Member to discontinue their speech.

13. Any one or more of these standing orders may, in cases of emergency, be suspended, providing three-fourths of the Members present at the meeting vote in favour thereof.

14. The decision of the Chair upon any point of order shall be final.

Stores and operations

FOOD RETAIL

Co-operative Food Stores

BOURNE The Burghley Centre
BRADWELL Burgh Road
BUNGAY Hillside Road East
CROMER Middlebrook Way
DEEPING Godsey Lane
HALESWORTH Saxons Way
LITTLEPORT Wisbech Road
LOWESTOFT Ashburnham Way, Carlton Colville
LOWESTOFT Jubilee Buildings, Pakefield
LOWESTOFT London Road South
LOWESTOFT Westwood Avenue
MARCH Badgeney Road
MULBARTON Cuckoofield Lane
PETERBOROUGH Ortongate Shopping Centre, Orton
PETERBOROUGH Bentley Avenue, Yaxley
RAMSEY Newtown Road
RICKINGHALL The Street
SAWTRY Glatton Road
ST IVES Burleigh Hill Estate
ST NEOTS Old Great North Road, Eaton Socon
SWAFFHAM London Street
TERRINGTON Wesley Road, Terrington St Clements

Co-op Local Food Stores

EYE Church Street
LODDON Church Plain
PETERBOROUGH Mayors Walk
PETERBOROUGH Southfields Drive

Petrol Stations

BECCLES Gosford Road
BRADWELL Burgh Road
BUNGAY Hillside Road East
DEEPING Godsey Lane
HALESWORTH Saxon Way
PETERBOROUGH Paxton Road, Orton Centre
RAMSEY Newtown Road
STOWUPLAND Thorney Green

NON FOOD RETAIL

Westgate Department Stores

BLYTH Waterloo Road
SCUNTHORPE Southgate

Westgate Optical

HUNSTANTON 69 Westgate
PETERBOROUGH Beales Department Store, Park Road
ST NEOTS Beales Department Store, High Street

Stylistics Hair Salon

PETERBOROUGH Beales Department Store, Park Road

The Co-operative Travel

BECCLES Smallgate
BEDFORD Harpur Street
BOURNE Abey Road
DISS Market Place
LOWESTOFT London Road North
KINGS LYNN Vancouver Centre
MARCH Broad Street
MARKET DEEPING The Precinct
PETERBOROUGH Park Road
SCUNTHORPE High Street
SPALDING Market Place
ST NEOTS High Street
WISBECH Church Terrace

Foreign Exchange

BECCLES Smallgate
DISS Market Place
MARCH Broad Street
PETERBOROUGH Park Road
REDCAR Regent Walk
SCUNTHORPE High Street
SPALDING Market Place
ST NEOTS High Street
WISBECH Church Terrace

(Please note Foreign Exchange is sold in all Travel Branches. The above list are Branches that have a separate Bureau)

FUNERALS

Funeral Services

BOURNE Wherry's Lane
BUNGAY Newgate, Kirby Cane
CAISTER-ON-SEA High Street
CHATTERIS High Street
CROWLAND West Street
DEEPING ST JAMES Horsegate
GORLESTON Church Lane
HUNSTANTON Westgate
HUNTINGDON St Peter's Road
LOWESTOFT Pakefield Street
LOWESTOFT Police Station Road
MARCH City Road
PETERBOROUGH Fitzwilliam Street
PETERBOROUGH Whittlesey Road, Stanground
PETERBOROUGH Lincoln Road, Werrington
SAWTRY Green End Road
SOUTHWOLD Field Stile Road
STAMFORD St George's Street
ST IVES Broad Leas
ST NEOTS Huntingdon Street
WHITTLESEY Inhams Road
WISBECH Norwich Road
YAXLEY Main Street

Central Office

PETERBOROUGH Saville Road

The **co-operative**
good with food



The **co-operative**
travel

ANGLIA
CO-OPERATIVE
FUNERALS

Anglia Co-operative

together we make the difference

Anglia Regional Co-operative Society Ltd, Registered Office: Burch House, Saville Road, Peterborough PE3 7PR

2012 Co-operative Party Report

Anglia Regional Party Council:

Chair: Slim Wilkinson

Vice Chair: Ron Harris

Secretary: Vince Moon

Council Members: Graeme Watkins,

John Brewer, Stuart Mathers

Fellow Members,

We have pleasure in presenting the Report of the Society Co-operative Party for the period ending 1 September 2012.

We continue to have branches of the Co-op Party in King's Lynn, North East Cambridgeshire and Peterborough and there has been a steady increase in Party membership in all these areas. In Peterborough we had local elections to the City Council in May 2012. We supported four candidates who were members of the Co-op Party and three of these were victorious bringing to six the number of our members on this Council. Further we backed Ed Murphy in his efforts to become the official Labour Candidate for the position of Police Commissioner in Cambridgeshire as well as endorsing Lisa Forbes in her efforts to become the Prospective Labour Candidate for Peterborough. Both won their contests and were selected.

The Peterborough branch also worked with Peterborough Labour Party members to organise well-received activities at the Regional Conference of the Labour Party that was held in Peterborough in October 2011, including a quiz night that was attended by over 100 people. Other activities have included the ever popular Wisbech Wine and Cheese Party and

King's Lynn Branch have been involved in organising a coach trip to the Burston School Rally. The Party has also been represented at a number of local, regional and national meetings and conferences. Future projects include having a stall at the Freshers' Fayre at Peterborough Regional College to attract young members and next year we hope to hold a Fair Trade event in Peterborough City Centre.

Nationally, Gareth Thomas MP, Chair of the Co-op Party, reports that this was a year in which the Co-op Party built on considerable achievements and looked forward to new challenges. The UN International Year of Co-operatives in 2012 has been a welcome opportunity for the whole Co-op movement to showcase what we value to the world, while the Party has continued to work to develop and defend our model and our brand in Westminster, in the devolved governments, and in councils across the UK. That is why Labour and Co-operative MPs sponsored legislation to promote co-operative housing, to provide more support for mutuals in our discredited financial services industry and greater protection from loan sharks for vulnerable people who suffered most in the global economic downturn. That is why we

recruited record numbers of new members, provided new and innovative campaigning opportunities for them, expanded our networks for women, for young members and for members from BAME communities, and revolutionised our social networking to get our message to thousands of people every day. The Party will continue to do all we can to campaign on and promote the genuinely co-operative policy solutions to the challenges we face not only in our own community but across the world.

Finally, we would like to express our thanks to the officials of the Society for their co-operation and friendly assistance throughout the year.

Slim Wilkinson and Vince Moon

Co-operative Party Accounts

(For the 52 weeks ended 1 September 2012 - Unaudited)

	Income		Expenditure
	£		£
Co-operative Party Account			
Balance to Begin	11 241	Conferences	504
Society Grant - 2012	3 465	Travel	273
Members' subscriptions	500	Postage & Stationery	94
		Literature	133
		Room Hire	0
		Schools & Courses	47
		Affiliations	136
		Transferred to Election Fund	3 540
		Transferred to Educational Visits	0
		Membership	728
		Balance to End	9 751
	15 206		15 206
Election Fund Account			
Balance to Begin	1 460	Police Comm. Election	500
Transferred from Co-operative Party Account	3 540	Local Elections	290
		Balance to End	4 210
	5 000		5 000
Educational Visits Fund Account			
Balance to Begin	190	STB Costs	0
Transferred from Co-operative Party Account	0	Balance to End	190
	190		190