

SOUTHERN CO-OPERATIVES LIMITED

Report and Financial Statements

53 week period ended 30 January 2010

REPORT AND FINANCIAL STATEMENTS 2010

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REPORT AND FINANCIAL STATEMENTS 2010

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Chairman	D J Blowe ^{1 2}
Vice-Chairman	M K Hastilow ^{1 2 4}
	T P Blair ^{1 3 4}
	G Heath ⁴
	F A Hobson
	S L Toone
	A Vincent-Prior
	P Lympny ⁶
	N Blanchard ^{5 6}

- 1 Remuneration and Appointments Committee
- 2 Chairs' Committee
- 3 Chairs' Committee from 18th June 2009
- 4 Audit Committee
- 5 Audit Committee from 18th June 2009
- 6 Director from 19th May 2009

OFFICERS

M S Smith, FCCA MloD	Chief Executive Officer
S J Dominy, MBA ACIS	Society Secretary

REGISTERED OFFICE

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Hampshire
PO16 7BN
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BANKERS

Co-operative Bank Plc
46-48 Arundel Street
Portsmouth
PO1 1TD

AUDITORS

Deloitte LLP
Chartered Accountants & Statutory Auditors
Southampton, United Kingdom

REVIEW OF THE BUSINESS

In the period just ended Group turnover rose by 18% on 2009 to reach £261m.

The surplus before tax was £9.8m, compared to £7.7m last period which was an increase of 29%.

Further investment was also made this period to support the continued organic growth of the core retail store and funeral home business.

This year also saw the commencement of trading of Co-operative Xest, which provides goods and services to assist people with physical disabilities, and a full year trading of our franchise retail business.

A full business review is produced in the Annual Review and Summary Financial Statements booklet available on request from stores, the Secretary at the Society's Registered office or from our website www.thesouthernco-operative.co.uk.

STATEMENT OF CORPORATE GOVERNANCE

Board of Directors

Mr David Blowe (Chairman)
Mr Michael Hastilow (Vice-Chairman)
Mr Thomas Blair
Mr Glenn Heath
Mrs Frances Hobson
Mr Stephen Toone
Mrs Amber Vincent-Prior
Mrs Pauline Lympany
Mr Neil Blanchard

Leadership Team

Mr Mark Smith Chief Executive Officer
Mrs Silena Dominy Society Secretary
Mr Philip Ponsonby Chief Operating Officer Food Retail & Services
Mr Stephen Pearce Chief Operating Officer End of Life Services
Mrs Andrea Dipple Managing Director, Co-operative Xest

Sub Committees of the Board

Audit Committee

Mr Thomas Blair (Chairman)
Mr Michael Hastilow
Mr Glenn Heath
Mr Neil Blanchard

Remuneration and Appointments Committee

Mr David Blowe (Chairman)
Mr Thomas Blair
Mr Michael Hastilow

Chair's Committee

Mr David Blowe (Chairman)
Mr Michael Hastilow
Mr Thomas Blair
Chief Executive Officer
Financial Controller

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

Guidance on achieving the highest possible standards of governance is contained in the Combined Code on Corporate Governance issued by the Financial Reporting Council in 2006.

As an Industrial and Provident Society, The Southern Co-operative is not required to adhere to the provisions of the revised Combined Code. However Co-operatives^{UK}, the apex body for co-operative enterprises in the UK, with the support of its Congress, has issued a Code of Best Practice ('the Code') for consumer co-operatives to which it requests voluntary compliance. This Code is based on the principles contained in the Combined Code but is tailored to the particular governance characteristics found in consumer co-operative societies.

STATEMENT OF CORPORATE GOVERNANCE (continued)

The Board is committed to the principles set out in the Code and is compliant with the majority of the recommendations.

Where the Board have specifically chosen not to comply with a recommendation of the Co-operatives^{UK} Corporate Governance Code of Best Practice, explanations have been given within the Statement of Compliance at the end of this section.

The summary that follows highlights the main features of the corporate governance arrangements in The Southern Co-operative that the Directors believe are most appropriate for the organisation at this time.

OUR MEMBERS

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

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

The Southern Co-operative operates a 'Potential Future Director' (PFD) development programme which provides sponsored training and support for qualifying Southern Co-operative members who express an interest in standing for election to the Board of Directors. Members wishing to be nominated in the election for the Board of Directors are not required to be registered on the PFD programme, however it is encouraged in order to prepare them for the role.

Elections to determine who will serve on the Board are held ahead of the Annual General Meeting (AGM) each year. All members are entitled to vote in such elections. In order to make voting accessible to all members a Voting Database is maintained on an opt-in basis. All eligible members registered on the Voting Database received a ballot paper by post. Alternatively, members may vote in person at the registered office of The Southern Co-operative on a specified election polling day. Further information relating to the election process can be found in the Society's Annual Review and on our website www.thesouthernco-operative.co.uk. Election results are announced at the AGM which is publicised to members in all retail branches and on our website. The timing and venue of the AGM is arranged to encourage maximum participation. Members are given the opportunity to meet Directors and the leadership team informally at the AGM.

The Board is keen to encourage members to have a say in the way The Southern Co-operative is run, to help our communities and to enjoy member benefits. Opportunities, in addition to our formal AGM, have been made available for members to interact with us. Members may attend local Co-operative Community Group meetings where they receive information about our activities and can influence our community activities. An annual Members' Convention is held each October which offers an informal opportunity for members to voice an opinion and be consulted, as well as make suggestions to improve our activities. There is also the opportunity for members to participate in organised social events and outings. Regular updates are provided for our members on our website, via publications and through its' range of meetings.

The Society ensures that all notified amendments to the membership register are promptly updated. In addition we are undertaking an ongoing process to contact all registered members to confirm the details held and make amendments as necessary.

THE BOARD

The Board of Directors consists of up to nine members who are directly elected from, and by, the membership on a 'one member one vote' basis under the Society's democratic structure. All Directors are non-executives. The Partial Amendment of Rules approved by Members on 3 March 2008 reduced the term of Directors to 3 years in line with the recommendations of the Corporate Governance Code of Best Practice. Directors previously elected for terms of 4 years are entitled to remain in their elected role for the balance of that period. The retirement age for Directors is 68. The Board appoints, or re-appoints, the Chairman and Vice Chairman on an annual basis. In accordance with the Code, the current Chairman of the Board is an Independent Director. The Remuneration and Appointments Committee makes informed recommendations in relation to other Board appointments and Directors complete questionnaires indicating their experience, qualifications and desire to take on such roles to assist the Committee with this work.

STATEMENT OF CORPORATE GOVERNANCE (continued)

THE BOARD (continued)

During the period the two casual vacancies that had arisen on the Board were filled and at the period end, the Board consisted of five Directors who are considered to be independent, three Directors who are also employees and one Director who is a former superannuated employee.

On appointment, Directors receive a formal letter of appointment and an induction designed to develop their knowledge and understanding of the Society and their role as a Director. Directors receive details of their duties, matters reserved for their decision, information on the Board and its Committees and details of the powers delegated to those Committees. They also receive details of the Society's corporate governance practices and operational policies and the latest financial information.

All Directors are required to sign acceptance of, and comply with, a Directors' Code of Conduct that has been endorsed by the Board. The Code of Conduct utilised has been based on the model produced by Co-operatives^{UK} but has been adapted to suit the Society's needs. Amongst other areas the Code of Conduct sets out the requirements of Directors in relation to confidentiality and conflicts of interest. A Register of Directors' Interests is maintained and regularly updated. In addition should a conflict of interest arise for a Director this is declared where appropriate during Board business and necessary safeguards are put in place.

The Southern Co-operative provides facilities for all Directors to participate in training and development programmes in order to update their knowledge and capabilities and assist them in fulfilling their roles. A number of our Directors already hold professional qualifications and they are all currently working towards achieving the Professional Diploma in Co-operative and Mutual Directorship. The Remuneration and Appointments Committee is responsible for determining methods to review the skills and knowledge of Directors and for proposing training requirements over and above these arrangements.

During the latter part of 2009, the Board engaged in a formal evaluation of the performance of the Board as a whole, its Committees, individual Directors and the Chairman. This evaluation highlighted improvements that had been made on the previous year and areas where action could be taken to further enhance the performance of the Board. These areas will be addressed during 2010.

The Board is responsible for ensuring that business is conducted in the best interests of The Southern Co-operative and its members and in accordance with co-operative values and principles. In particular, the Board determines the vision and strategies of the Society and ensures that policies and organisational structures are in place to deliver the long term objectives. The Board also ensure that the Society's actions comply with the Society's Rules, relevant laws and regulations. The Board has responsibility for overseeing the work of the Society's Leadership Team in the implementation of strategy and the monitoring of performance against objectives. Members of the Leadership Team make regular presentations to the Board at key stages throughout the year in order that progress against strategic plans can be monitored.

There is a written list of matters and decisions that may only be approved by the Board which is regularly reviewed. The Board meet approximately monthly, with additional sub-committee meetings on a regular scheduled basis. The Board has established three sub-committees; an Audit Committee, a Remuneration and Appointments Committee and a Chair's Committee, to consider specific issues and to ensure proper scrutiny and accountability of the Society's activities. Details of these Committees are given below. The Board determines the powers delegated to its sub-committees and receives regular reports from them and its active subsidiary companies. At least two Society Directors, including the Chairman, where appropriate, sit on each of the Society's active subsidiary companies.

Detailed Board and Committee papers are distributed in advance of the meetings to provide the opportunity for Directors to fully prepare for meetings. The Minutes of all Board meetings are circulated to all Directors. The Board receives regular presentations from management at its meetings to increase Directors' understanding of the business, the markets in which the Society operates and the regulatory environment. Where Directors require clarification and advice outside of the expertise of management there is an agreed procedure by which they may take independent professional advice at the Society's expense in furtherance of their duties.

STATEMENT OF CORPORATE GOVERNANCE (continued)

THE BOARD (continued)

The Society's Directors have attended the following Board and Committee meetings during the period:

	Main Board	Audit Committee	Remuneration & Appointments Committee	Chair's Committee
Mr David Blowe	11 (11)		5 (5)	2 (2)
Mr Thomas Blair	10 (11)	2 (2)	4 (5)	1 (1)
Mr Glenn Heath	11 (11)	1 (2)		
Mr Michael Hastilow	11 (11)	2 (2)	5 (5)	2 (2)
Mrs Frances Hobson	11 (11)			
Mr Stephen Toone	10 (11)			
Mrs Amber Vincent-Prior	11 (11)			
Mrs Pauline Lympany	7 (7)			
Mr Neil Blanchard	7 (7)	1 (1)		

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

The Audit Committee currently comprises four Directors including one with recent and relevant financial experience. The Chairman of the Committee is Mr Thomas Blair. In accordance with the Corporate Governance Code of Best Practice neither the Chairman nor the Chief Executive Officer sit on this Committee and employee Directors are barred from membership.

Under its terms of reference, the Committee:

- Monitors the integrity of the Group's financial statements, together with any significant financial reporting judgements contained within the statements;
- Reviews the consistency of, and any changes to, accounting policies and methods on a year on year basis, and across the Group;
- Reviews the effectiveness of the Society's internal controls and risk management systems;
- Monitors and reviews the effectiveness of the internal audit function outsourced to PricewaterhouseCoopers LLP, in the context of the Society's overall risk management system. Responsible for approving their remit, their appointment and removal and management's responsiveness to the findings and recommendations of the internal auditor;
- Reviews the Society's whistle blowing procedures, ensuring that appropriate arrangements are in place for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters;
- Monitors the effectiveness of the external audit process and makes recommendations to the Board in relation to the appointment, reappointment and remuneration of the external auditor; and
- Ensures that an appropriate relationship between the Society and the external auditors is maintained, including reviewing non-audit services and fees.

During the period, the Audit Committee discharged its responsibilities by considering the above issues during the two meetings held. The Committee met both the external auditor (Deloitte LLP) and the internal auditor (PricewaterhouseCoopers LLP) at each meeting. Both the external and internal auditors have direct access to the Chairman of the Board and the Chairman of the Committee at all times and the Committee meets with the Society's external auditors at least once each year with no members of management being present.

The Chair of the Audit Committee provides a report to the Board after each of its meeting and minutes of the Committee's meetings are circulated to all Directors.

All new appointees to the Committee receive an induction in order to prepare them for the role.

STATEMENT OF CORPORATE GOVERNANCE (continued)

THE BOARD (continued)

The Remuneration and Appointments Committee currently comprises three Directors and is chaired by Mr David Blowe, the Society Chairman. No employee or recently retired superannuated employee is permitted to serve on the Committee. The Committee meets as and when required but at least once per annum. The Chair of the Remuneration and Appointments Committee provides a report to the Board after each of its meeting and minutes of the Committee's meetings are circulated to all Directors.

The Committee's Remuneration Report can be found on pages 12-13.

The Board has determined not to establish a Search Committee but instead has incorporated the scope of operation of such a Committee into the terms of reference of the Remuneration and Appointments Committee.

The Chair's Committee. The Chair's Committee has the authority to consider issues of a very urgent nature in between Board meetings. The Committee has met twice during 2009.

The Chair of the Committee provides a report to the Board after each of its meetings and minutes of the Committee's meetings are circulated to all Directors together with any papers considered by the Committee in order that all Directors are fully informed.

THE CHAIRMAN

The Rules of the Society clearly set out the separate responsibilities of the Board, the Chief Executive Officer and the Secretary.

The Chairman, like all the Directors of the Society, is a non-executive Director. He leads the Board in determination of its strategy and in the achievement of its long term objectives. The Chairman is responsible for organising the business of the Board, and ensuring its effectiveness. The Chairman has no involvement in the operational management of the business.

THE CHIEF EXECUTIVE OFFICER

The Chief Executive is responsible for conducting the day-to-day business of the Society and is accountable to the Board for the performance of the business and for compliance with the Society's Rules and applicable legal and other regulations.

THE SOCIETY SECRETARY

The Directors have access to the advice and services of the Secretary who has responsibility for advising the Board on governance matters. The Society's Rules provide that the appointment and removal of the Secretary is a matter for the full Board. The Rules of the Society provide that the roles of Chief Executive Officer and Society Secretary may not be held concurrently by the same individual.

INTERNAL CONTROL

The Society has had arrangements in place that are consistent with the principles outlined in "Internal Control Guidance for Directors on the Combined Code" (The Turnbull Guidance) for the period under review, and up to the date the Annual Report and Financial Statements were approved. Further specific guidance for co-operative businesses is given in advice provided by Co-operatives^{UK}.

STATEMENT OF CORPORATE GOVERNANCE (continued)

CONTROL FRAMEWORK

In accordance with the Corporate Governance Code of Best Practice published by Co-operatives^{UK}, the Board has conducted a review of the Society's system of internal controls. The review covered financial, operational and compliance controls and risk management processes.

The Society's framework of internal controls consists of the following elements:-

- an organisational structure with clearly defined lines of responsibility, delegations of authority and reporting requirements;
- policies for expenditure, with set authorisation levels resulting in larger capital projects, acquisitions and disposals requiring Board approval;
- a comprehensive system of financial reporting where actual results together with budget and forecast comparisons are reported regularly to the Board throughout the period;
- Board review and approval of the annual budget and strategic plans;
- a code of business conduct covering relations with members, customers, employees, the community, the environment, suppliers, and competitors; and
- an Audit Committee that oversees the Society's system of internal control and the internal audit function.

CONTROL PROCEDURES

The Society has implemented control procedures designed to ensure complete and accurate accounting for financial transactions and to limit the potential exposure to loss of assets or fraud.

Measures taken include physical controls, segregation of duties, review by management, internal audit and external audit. However, the system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

MONITORING

The Audit Committee receives and reviews the annual internal and external audit work plans. A summary of significant matters raised by internal audit is considered by the Committee at each meeting. The Committee also reviews the annual external audit management letter and the response of the Leadership Team to the auditors' report.

Having completed its work for the period under review, the Audit Committee considers that there have been no errors or control weaknesses that have resulted in any material losses or contingencies that require disclosure. The Board receives copies of all Audit Committee minutes, and the external audit management letter.

RISK MANAGEMENT

The Board has primary responsibility for setting policies and procedures to manage the key risks facing the Society effectively. As such, the Board is responsible for the Society's system of internal control and for reviewing its effectiveness. The role of the Leadership Team is to identify key business risks arising, to assist the Board in developing policies and procedures to manage risk and to implement Board policies once established.

The Society operates a risk management process that identifies the key risks facing each part of the business. The risk assessments are consolidated and reports are made to the Audit Committee on how the material risks facing The Southern Co-operative as a whole are being managed.

This process has been in place throughout the period and up to the date of approval of the Annual Report and Accounts. The risk management process and the prioritisation of key risks at Group level have been reviewed by the Audit Committee. The overall risk register for The Southern Co-operative as a whole is considered by the Board.

STATEMENT OF CORPORATE GOVERNANCE (continued)

KEY CO-OPERATIVE, ENVIRONMENTAL AND SOCIAL PERFORMANCE INDICATORS

NO	AREA	MEASUREMENT	OUTCOME
1	Member economic involvement	Trade (£) conducted with members as a proportion of turnover (%).	During 2009 the Southern Co-operative launched the Members' Share of the Profits which will enable members' economic involvement to be measured, as well as passing a share of the Society's profits back to Members who trade with the Society and other co-operatives participating in this affinity scheme. Figures are not provided for 2009-10 as data is only held for part of the year. Full disclosure will commence in 2010. In addition, during 2009, 15,000 calendars were issued to members, which was a major increase from the 13,000 issued the previous year.
2	Member democratic participation	Number of members voting in elections and as a % of total membership	In 2009 ten nominations were received for five vacancies on the Board. An election was held during which 4,707 postal ballot papers (2,818 in 2008) were mailed to members registered on the Society's Voting Database and 11 ballot papers were distributed to members voting in person at the Society's Registered Office (13 in 2008). 2,120 members (1,890 in 2008) returned their ballot paper, a return rate of 45%.
3	Participation of employees and members in training and education schemes	All types of training. Member training includes attendance at TSC's Members' Convention	3,225 (3,085 in 2008) employees participated in education and training opportunities during 2009, ranging from training topics to long term study. For employees the total training hours as a % of total working hours equals 1.2% (3.6% in 2008) and the average number of hours of education or training per participant was 14 hours (28 in 2008). This reduction is due to increase in headcount resulting in a corresponding drop in percentage and in the use of new e-learning systems which has significantly reduced the time spent by colleagues on monthly 'training topics'. There were 1,429 instances by 562 active members (1,187 by 479 members in 2008) participating in member education training from formal Co-op College courses to informal educational Advantage activities. The average number of hours of education per member was 15.7 hours (19.2 in 2008).
4	Staff injury and absentee rates	Staff injury rates/number of accidents/number reportable. Total absentee rate	During 2009, there were 588 (733 in 2008) accidents involving our employees, of which 18 (16 in 2008) were reportable. The total employee absence rate for 2009 was 3.9% (4.86% in 2008).
5	Staff profile - gender and ethnicity %	% male/female and non-white British employees	Of our employees, 67% (69% in 2008) are female and 33% (31% in 2008) are male. Employees with ethnic origin other than White British is 5.6% (5.0% in 2008).
6	Customer satisfaction %	Number of customers satisfied as a %	We aspire to 100% customer satisfaction. We measure ourselves against the national Harris International Marketing (HIM) standard for customer satisfaction and at the time of our annual survey in 2009, the national level was 84% (84% in 2008). The Society scored 83% (80% in 2008). We also measure customer feedback (including complaints) and employ "mystery shoppers". This information helps to direct us to those areas that need improvement.

STATEMENT OF CORPORATE GOVERNANCE (continued)

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

NO	AREA	MEASUREMENT	OUTCOME
7	Considerations of ethical issues in procurement and investment decisions	Qualitative description of how these factors are considered in the course of business	A Code of Business Conduct has been produced and distributed across the Society. With regard to products, the Society is in membership of the Co-operative Retail Trading Group and shares the procurement policy of that body. The ethical trading policy and procedures in CRTG address the issues of sound sourcing, animal welfare, food integrity and health and ecological sustainability. In terms of energy and environmental factors, these are reported below. All wood used for coffins is sourced from sustainable forests.
8	Investment in community and co-operative initiatives	Annual proportion of pre-tax investment in community initiatives as a proportion of profit before tax (%)	<p>During 2009, £30,000 was given to our corporate partners, including Hampshire and Isle of Wight Wildlife Trust. Our corporate partners are based within our trading area and support a range of community activity, such as environmental projects and the support of small businesses producing local food.</p> <p>£112,000 was distributed through Community Support Card schemes together with £69,000 through direct donations and £9,000 through our facilitation fund. The community also benefited by £4,000 due to volunteering. In all over 850 community based good causes benefited.</p> <p>In addition to the above distributions:</p> <p>£50,000 was given to Naomi House, our corporate charity for 2009, in addition colleagues raised a further £80,000 for the charity;</p> <p>£10,000 was given to Portsmouth Festivities. Through this award we were able to work with them on a local school's outreach programme;</p> <p>£2,500 was sent to the Philippines to provide aid for a water service co-operative in Manila; and</p> <p>£138,500 was distributed via the Southern Co-operatives Foundation.</p> <p>A further £77,000 was spent for management, administration and professional and technical support.</p> <p>A total of £502,000 was expended in support of our community support strategy (£254,000 in 2008). The total represents 5.1% (3.3% in 2008) of pre-tax profit.</p>
9	Net carbon dioxide (CO ₂) emissions arising from operations	Annual CO ₂ emissions associated with energy used for all on-site operations, i.e. offices/shops	During 2009, we continued to purchase 100% green energy from our electrical supply contract, which resulted in 16,461 tonnes CO ₂ (15,427 in 2008). For Natural Gas, the total usage for the year amounted to 1,224 tonnes of CO ₂ (692 in 2008).
10	Waste recycled/reused as % of waste arising	% of recycled/reused	In conjunction with our environmental objectives, we continue to reduce waste contribution. During 2009 our total waste amounted to 55,628 cubic metres. Of this 34,123 cubic metres was recycled amounting to 61.34%. The method of calculation used in previous years has changed and therefore direct year on year comparison is not possible. This year we have included re-cycled cardboard and plastic recovered back to the Fareham Depot which was excluded in 2008.

STATEMENT OF CORPORATE GOVERNANCE (continued)

STATEMENT OF GOING CONCERN

The Group's business activities, together with factors likely to affect its future development, performance and position are set out in the Business Review on page 2 and within the Directors' Summary contained within the Annual Review and Summary Financial Statements booklet available on request from stores or from our website www.thesouthernco-operative.co.uk. The financial position of the group, its cash flows and liquidity position are described in the Chief Executive's review within the Annual Review and Summary Financial Statements booklet.

The Group has considerable financial strength arising from a broad range of customers and suppliers across different geographic areas. The Group has a strong balance sheet position, significant cash balances and an absence of external borrowings. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

CREDITOR PAYMENT POLICY

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

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

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

Trade creditor days of the Group for the 53 weeks ended 30th January 2010 were 16.1 days (14.5 days for the period ended January 2009), based on the ratio of trade creditors at the end of the period to the amounts invoiced during the period by trade creditors.

STATEMENT OF COMPLIANCE

The Board is committed to the principles set out in Co-operative^{UK}'s Corporate Governance Code of Best Practice. However there are some areas where the Board have chosen not to fully comply and these areas are set out below:

- A2.6 The Board has up to and including 2009 considered it inappropriate to report the remuneration of individual managers or to put the remuneration report to a separate advisory vote of members. They considered that the aim of the report was to provide transparency without compromising confidentiality. The Board have recently reconsidered this stance, although there was not sufficient time in order to include such reporting for the current period. With effect from the year ending January 2011 a report of remuneration for appropriate members of the Leadership Team will be included within the Remuneration Committee's Report.
- D1.2 In view of the size and complexity of the Society, the Board does not believe it necessary at the current time to produce an interim statement of trading activities for members. However, a performance update is given at the Members' Convention which is held in October of each year.
- D2.1 The Terms of Reference of the Audit Committee bars employee Directors, the Chairman and the Chief Executive Officer from membership, however, recently retired and superannuated Directors are permitted to serve.

STATEMENT OF CORPORATE GOVERNANCE (continued)

BOARD CERTIFICATION

The Statement of Corporate Governance is hereby signed on behalf of the Board and the Financial Statements and notes on pages 19 to 39 are hereby signed on behalf of the Board of Directors pursuant to Section 3(5)(c) of the Friendly and Industrial and Provident Societies Act 1968.

D J Blowe Chairman

M K Hastilow Vice Chairman

S J Dominy Secretary

13 April 2010

REMUNERATION REPORT

THE REMUNERATION AND APPOINTMENTS COMMITTEE

Members of the Remuneration and Appointments Committee (the Committee) are appointed by and from the Board. The Committee Chairman reports to the Board on its proceedings normally at the next available meeting.

The Committee currently comprises the Chairman and two other Directors. The members of the Committee have no personal financial interests in the Committee's decisions. During the period the Committee met five times.

To ensure that it receives independent advice on remuneration and other personnel matters, the Committee has retained Lewis Consulting (NW) Limited as its adviser. Lewis Consulting (NW) Limited does not provide any other services to the Society.

Under its terms of reference, the Committee:

- Determines and effects, on behalf of the Board, the policy and actual remuneration and other main terms and conditions of employment for the Chief Executive Officer, Secretary and such other senior managers as the Board may determine and oversees their contractual arrangements using the services of an independent adviser;
- Considers Board and senior management succession issues and makes recommendations to the Board;
- Considers and makes informed recommendations to the Board in relation to Board appointments, including membership of sub-committees of the Board;
- Determines the frequency and method of appraisal for the Board, individual Directors and the Chairman including the method of reviewing the skills and knowledge of Directors to determine training requirements; and
- Makes recommendations to the Board on the level of remuneration for Directors, as and when appropriate, and is responsible for proposing any changes to the expenses policy for Directors.

THE REMUNERATION POLICY

The Board of Southern Co-operatives is committed to high standards of good corporate governance and as such aims to comply with those recommendations of the Co-operatives^{UK} Code appropriate for the Society. The Board's policy is to remunerate fairly and responsibly.

Directors' fees are recommended to members taking into account the need to attract suitable candidates, the time commitment of the Board members, comparisons with other societies' fees and the responsibilities undertaken by the Board.

In determining the remuneration policy for senior management under the remit of the Committee, a number of factors are considered, including:

- The importance of attracting, retaining and motivating senior management of the appropriate calibre to further the success of the Society;
- The linking of reward to both individual and business performance; and
- Ensuring that the interests of senior management are aligned with those of the Society and its members.

The current policy is to pay remuneration at a level around the market median, when compared with other organisations of comparable size and complexity, and also organisations in the same business sector.

CHIEF EXECUTIVE OFFICER, SOCIETY SECRETARY AND SENIOR MANAGEMENT

The remuneration packages of the Chief Executive Officer, Society Secretary and other senior managers under the remit of the Committee as determined by the Board are decided by the Remuneration and Appointments Committee. No individual plays any part in the consideration or determination of their own remuneration package. The Committee utilises the advice from its external professional adviser when determining remuneration and service contract details.

REMUNERATION REPORT (continued)

During the current year the Board's policy has been not to report individual remuneration paid to senior management, however the Remuneration and Appointments Committee has recently determined that with effect from the financial year ending January 2011 such remuneration will be reported.

DIRECTORS

Directors do not have service contracts. From May 2008 onwards Directors have been elected to serve for 3 year terms, unless specifically elected for a lesser period to fill a casual vacancy. Some current Directors are however serving a four year term as they were elected prior to May 2008. The Society does not have a policy of co-opting professional external Directors onto the Board. The years of election and expiry of their current terms can be seen in the table below:

	First Elected	Term Expires
Mr David Blowe	1991	2011
Mr Thomas Blair	1997	2012
Mr Glenn Heath	2003	2011
Mr Michael Hastilow	2005	2012
Mrs Frances Hobson	2006	2010
Mr Stephen Toone	2008	2011
Mrs Amber Vincent-Prior	2008	2010
Mrs Pauline Lympny	2009	2012
Mr Neil Blanchard	2009	2010

Directors' fees are approved by the Society's members. The current fee structure was recommended to the membership and approved by them in May 2009 following a detailed review by the Secretary whereby advice was sought from Co-operatives^{UK} and comparisons made against other co-operative societies. The fees agreed included a formula for updating them annually in line with the average earnings and retail prices indices.

The annual base fees currently paid are:

Chairman	£6,210
Vice Chairman	£5,185
Directors	£4,270

In addition to the base fee an annual payment of £500 is made to any Director sitting on a Sub-Committee or acting as a Pension Fund Trustee. Any Director acting as Chair of such Committee or Trustee Board receives a further annual payment of £250.

Directors are also able to claim expenses reasonably incurred in carrying out Society business.

D J Blowe

Chairman
Remuneration and Appointments Committee

13 April 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom Industrial and Provident Society Law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Group at the end of the financial period, and of the income and expenditure of the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; 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 which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002 and the Industrial and Provident Societies (Group Accounts) Regulations 1969. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF SOUTHERN CO-OPERATIVES LIMITED

We have audited the financial statements of Southern Co-operatives Limited for the 53 week period ended 30 January 2010 which comprise the statement of accounting policies, group revenue account, group statement of total recognised gains and losses, note of historic cost profits and losses, group balance sheet, group cash flow statement, reconciliation of movements in shareholders' funds, and related notes 1 to 29. These financial statements have been prepared under the accounting policies set out therein.

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 auditors' 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 auditors

As described in the statement of Directors' responsibilities the Society's Directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002.

We report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Society has not kept proper accounting records, if a satisfactory system of control over transactions has not been maintained or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report (as described in the contents section) for the above period and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the Society's affairs as at 30 January 2010 and of the surplus of the society for the fifty three weeks then ended and have been properly prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002.

Deloitte LLP

Chartered Accountants and Registered Auditors
Southampton, United Kingdom
13 April 2010

STATEMENT OF ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom Generally Accepted Accounting Practice. The particular accounting policies adopted by the Directors are described below.

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the annual revaluation of investment properties.

The financial statements have been prepared on a going concern basis; see further details within the statement of corporate governance (see page 10).

Accounting date

The financial statements are made up for the 53 weeks to 30 January 2010 with comparative figures for the 52 weeks to 24 January 2009.

Basis of consolidation

The Group financial statements consolidate the accounts of the Society and all its subsidiaries.

Turnover

Turnover includes cash sales, goods sold on credit, property rental and concession income, inclusive of Value Added Tax. Sales within the profit and loss account are net of value added tax. Income is recognised on delivery of goods or related services. Property rental income is recognised on a straight line basis over the lease term.

Other operating income

Other operating income represents amounts receivable from developers and is recognised over the development period.

Investments and investment income

Interest and dividends received are accounted for on an accruals basis.

Investments held as fixed assets are carried at cost, less provision for any impairment in value.

Investments held as current assets are carried at market value with movements being taken annually to the revenue account.

Investment properties

Investment properties are professionally valued annually in accordance with Statement of Standard Accounting Practice 19 (SSAP 19). All gains and losses arising from revaluation, other than permanent diminutions in value, are taken through the statement of total recognised gains and losses directly to reserves.

The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP19. The Directors consider that, because these properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view and that is necessary to adopt SSAP 19 in order to give a true and fair view.

If this departure from the Act had not been made, the profit for the financial period would have been reduced by depreciation. However, the amount of depreciation cannot be reasonably quantified, because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified.

STATEMENT OF ACCOUNTING POLICIES (continued)

Fixed assets and depreciation

Land and buildings are stated at historic cost less depreciation. No depreciation is provided on freehold land.

Tangible fixed assets are depreciated by equal annual instalments over their estimated useful economic lives based on cost as follows:

Freehold buildings	2.5% per annum
Fixtures and fittings	12.5 % per annum
Plant and machinery	15.0% per annum
Motor vehicles	25.0% per annum
Hearses	16.6% per annum

Leasehold property is depreciated at 2.5% per annum or over the unexpired period of the lease, if shorter.

The gain or loss arising on the disposal or retirement of fixed assets is determined as the difference between the sales proceeds (or value of the option to replace the asset) and the carrying amount, and is recognised in the profit and loss for the period.

Goodwill and intangible assets

For acquisitions of a business, goodwill is capitalised in the period in which it arises and amortised over its estimated useful life up to a maximum of 20 years. The directors regard 20 years as a reasonable maximum for the estimated useful life of goodwill since it is difficult to make projections exceeding this period.

Goodwill which arose on the acquisition of a business prior to the implementation of FRS 10, which was written off to revenue reserves as a matter of accounting policy, remains eliminated in that reserve and will be charged or credited in the revenue account as appropriate on the subsequent disposal of the business to which it relates.

Post office licences are amortised by equal annual instalments over their estimated useful lives at a rate of 5.0% per annum.

Leased assets

Assets held under finance leases are capitalised at their fair value on the inception of the leases and depreciated over the estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital outstanding. Rentals due under operating leases are charged to the revenue account in the period that the cost accrues.

Taxation

Current Taxation: Provision has been made for the estimated liability based on the surplus for the period at the current rate of corporation tax.

Deferred Tax: Full provision for deferred tax has been recognised in the balance sheet in respect of timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date in compliance with FRS 19. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred Tax assets and liabilities have not been discounted.

Financial assets

Financial assets, including options to obtain replacement fixed assets, are initially recognised at fair value on the date the underlying contract is entered into.

Stocks

Retail stocks are valued at retail prices less appropriate margins, after adjusting for the impact of supplier discounts, to reduce to cost or net realisable value whichever is lower. Other stock is valued at the lower of cost or net realisable value.

STATEMENT OF ACCOUNTING POLICIES (continued)

Repairs

Repairs expenditure is charged to the revenue accounts in the period that costs are incurred.

Funeral bond schemes

Custodian trustee scheme:

The liability for funeral bonds is based on the retail value of the total commitment within the client's contract at the balance sheet date. The funds for all bonds outstanding are invested externally through the scheme's custodian trustee, State Street Trustees Limited, and held on the Society's balance sheet.

Insurance backed scheme:

The liability for funeral bonds is held at historical cost on the balance sheet as are the scheme's assets. The funds, as received from the funeral bond customer are invested externally in whole life, with profits insurance policies with the Co-operative Insurance Society Limited (CIS). Proceeds are payable on the death of the customer or upon early surrender.

Pension costs

For defined benefit schemes the amounts charged to the trading surplus are the current service costs and gains and losses on settlements and curtailments, and are included as part of staff costs. Past service costs are recognised immediately in the revenue account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

For defined contribution schemes the employer costs are charged to the profit and loss account in the period in which they are incurred.

GROUP REVENUE ACCOUNT

53 weeks ended 30 January 2010

		2010			2009
	Note	Before operating exceptional items £'000	Operating exceptional items £'000	Total £'000	£'000
TURNOVER: continuing operations	1	261,470	-	261,470	220,170
Less Value Added Tax		(18,443)	-	(18,443)	(17,239)
Sales:					
Existing operations		241,784	-	241,784	202,931
Acquisitions		1,243	-	1,243	-
		243,027	-	243,027	202,931
Cost of sales		(167,574)	-	(167,574)	(138,844)
Gross profit		75,454	-	75,454	64,087
Trading expenses	2	(66,558)	-	(66,558)	(57,900)
Operating exceptional items	2	-	742	742	-
Reversal of impairment/(impairment of investment properties)		70	-	70	(426)
Other operating income		103	-	103	134
TRADING SURPLUS:					
Existing operations		8,925	742	9,667	5,895
Acquisitions		144	-	144	-
		9,069	742	9,811	5,895
Exceptional items	5	-	-	-	(1,357)
Investment income and interest receivable	4	882	-	882	3,628
SURPLUS ON ORDINARY ACTIVITIES BEFORE INTEREST PAYABLE		9,951	742	10,693	8,166
Interest payable	6	(503)	-	(503)	(315)
SURPLUS FOR THE PERIOD BEFORE MINORITY INTEREST		9,448	742	10,190	7,851
Minority interest	19	(23)	-	(23)	(55)
SURPLUS FOR THE PERIOD BEFORE DISTRIBUTIONS		9,425	742	10,167	7,796
Distributions	7	(327)	-	(327)	(140)
SURPLUS FOR THE PERIOD BEFORE TAXATION		9,089	742	9,840	7,656
Taxation	20	(4,017)	865	(3,152)	(3,285)
SURPLUS FOR THE PERIOD AFTER TAX TRANSFERRED TO RESERVES	17	5,081	1,607	6,688	4,371

The above results have been presented on a historical cost basis, with the exception of the revaluation of investment properties and investments.

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
53 weeks ended 30 January 2010

		2010	2009
		£'000	£'000
Surplus for the financial period	Note	6,688	4,371
Unrealised deficit on revaluation of investment properties		(200)	(2,457)
Unrealised surplus/(deficit) arising from valuation in respect of retirement benefits	22	2,336	(10,041)
Pension fund related deferred tax (credit)/charge		(654)	2,811
TOTAL GAINS AND LOSSES RECOGNISED		8,170	(5,316)
SINCE THE LAST ANNUAL REPORT		8,170	(5,316)

NOTE OF HISTORIC COST PROFITS AND LOSSES

	2010	2009
	£'000	£'000
Reported profit on ordinary activities before taxation	9,868	7,656
Realisation of property revaluation gains on previous periods	-	298
Historical cost profit on ordinary activities before taxation	9,868	7,954
Historical cost profit on ordinary activities after taxation	6,688	4,669

GROUP BALANCE SHEET

At 30 January 2010

	Note	2010 £'000	2009 £'000
Fixed assets			
Intangible assets	8	15,766	13,367
Tangible assets	8	50,095	41,637
Investments	9	7,960	6,572
		<u>73,821</u>	<u>61,576</u>
Current assets			
Stocks – good for resale		10,145	9,045
Debtors and prepayments	11	6,303	5,030
Investments	12	11,004	10,306
Cash at bank		22,577	30,696
		<u>50,029</u>	<u>55,077</u>
Creditors			
Amounts falling due within one year	13	<u>(20,360)</u>	<u>(18,489)</u>
Net current assets		29,669	36,588
Total assets less current liabilities		103,490	98,164
Creditors			
Amounts falling due after more than one year	13	(11,310)	(9,520)
Provisions for liabilities and charges			
Other provisions	14	(677)	(1,083)
Deferred tax	21	(168)	(435)
Net assets excluding pension asset		91,335	87,126
Pension scheme			
Pension deficit	22	(2,146)	(6,225)
Net assets including pension deficit		<u>89,189</u>	<u>80,901</u>
Financed by:			
Share capital	16	940	1,050
Reserves	17	86,279	78,109
Revaluation reserve	18a	211	6
Other reserves	18b	401	401
		<u>87,831</u>	<u>79,566</u>
Minority interest	19	1,358	1,335
		<u>89,189</u>	<u>80,901</u>

GROUP CASH FLOW STATEMENT

53 weeks ended 30 January 2010

	Note	53 weeks ended 30 January 2010 £'000	52 weeks ended 24 January 2009 £'000
Net cash inflow from operating activities	23	13,902	15,713
Returns on investments and servicing of finance	24	308	302
Taxation		(2,966)	(3,316)
Capital expenditure and financial investment	25	(13,788)	17,129
Acquisitions	26	(5,464)	(4,997)
Net cash (outflow)/inflow before financing		(8,008)	24,831
Financing	27	(111)	(127)
(Decrease)/increase in cash in the period		(8,119)	24,704

	Note	53 weeks ended 30 January 2010 £'000	52 weeks ended 24 January 2009 £'000
Reconciliation of net cashflow to movement in net funds			
(Decrease)/increase in cash		(8,119)	24,704
Movement in net funds		(8,119)	24,704
Net funds at start of period		30,696	5,992
Net funds at end of period		22,577	30,696

	As at 24 January 2009 £'000	Cash flow £'000	As at 30 January 2010 £'000
Analysis of net funds			
Cash at bank and cash in hand	30,696	(8,119)	22,577
Total	30,696	(8,119)	22,577

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

53 weeks ended 30 January 2010

	53 weeks ended 30 January 2010 £'000	52 weeks ended 24 January 2009 £'000
Surplus for the financial period	6,688	4,371
Other (losses)/gains relating to the period	1,482	(9,687)
	<hr/> 8,170	<hr/> (5,316)
Revaluation of investment properties during the period	205	(466)
Movement in other reserves (see note 16(b))	-	401
Movement in share capital	(110)	(119)
Net addition to/(reduction in) shareholders funds	<hr/> 8,265	<hr/> (5,500)
Opening shareholders' funds	<hr/> 79,566	<hr/> 85,066
Closing shareholders' funds	<hr/> 87,831	<hr/> 79,566

NOTES TO THE ACCOUNTS

53 weeks ended 30 January 2010

1. SALES

Results for the period are attributable to retail, funeral services, property rental and concession agreements. The origin and destination of the sales is wholly within the United Kingdom.

Analysis of turnover:

	53 weeks ended 30 January 2010 £'000	52 weeks ended 24 January 2009 £'000
Retail	230,548	192,136
Funeral services	10,148	8,382
Property rental	2,332	2,413
	<u>243,028</u>	<u>202,931</u>

Within funeral services, revenue of £1,254,701 has arisen in the Group following the acquisition of Caring Ladies Funeral Directors Limited on 27 March 2009.

Turnover consists entirely of sales in the United Kingdom. No disclosure of the trading surplus or net assets by each segment has been made as the Director's consider this would be detrimental to the business.

2. TRADING EXPENSES AND OPERATIONAL EXCEPTIONAL ITEMS

	53 weeks ended 30 January 2010 £'000	52 weeks ended 24 January 2009 £'000
Personnel expenses (note 3)	35,730	30,821
Occupancy costs	6,708	5,814
Depreciation:		
- owned assets	5,196	4,321
- amortisation of goodwill	1,349	1,002
Loss on disposal of fixed assets	144	85
Loss on disposal of goodwill	-	95
Impairment/(reversal of impairment):		
- on goodwill	144	378
- on owned assets	-	57
Operating leases:		
- land and buildings	4,050	3,088
- plant and machinery	272	37
Onerous contract provision (non-exceptional items)	217	64
Auditors' remuneration:		
- audit fees	89	64
- other services	56	38
Other expenses	12,603	12,036
	<u>66,558</u>	<u>57,900</u>

NOTES TO THE ACCOUNTS (CONTINUED)

53 weeks ended 30 January 2010

2. TRADING EXPENSES AND OPERATING EXCEPTIONAL ITEMS (continued)

	53 weeks ended 30 January 2010 £'000	52 weeks ended 24 January 2009 £'000
Operating exceptional items:		
Past service credit (note 22)	(3,832)	-
Somerfield integration costs	3,090	-
	<u>(742)</u>	<u>-</u>

The trading surplus includes a one off payment of £3,090,000 related to the Co-operative Group's acquisition of Somerfield.

3. EMPLOYEES

	53 weeks ended 30 January 2010 No.	52 weeks ended 24 January 2009 No.
The average number employed by the group was:		
Full-time	874	741
Part-time	2,361	2,260
	<u>3,235</u>	<u>3,001</u>
	£'000	£'000
The costs incurred in respect of these employees were:		
Wages and salaries	32,742	27,907
Social security costs	1,977	1,686
Other pension costs	1,011	1,228
	<u>35,730</u>	<u>30,821</u>

NOTES TO THE ACCOUNTS (CONTINUED)

53 weeks ended 30 January 2010

4. INVESTMENT INCOME AND INTEREST RECEIVABLE

	53 weeks ended 30 January 2010 £'000	52 weeks ended 24 January 2009 £'000
Southern Co-operatives investment fund	266	2,248
Funeral bond scheme investment fund	277	204
Mutual Associates investment fund	-	87
Co-operative societies	50	55
Pension scheme financing	-	774
Short term deposits	212	260
Long term deposits	65	-
Other interest receivable	12	-
	<u>882</u>	<u>3,628</u>

5. EXCEPTIONAL ITEMS REPORTED AFTER TRADING SURPLUS

	53 weeks ended 30 January 2010 £'000	52 weeks ended 24 January 2009 £'000
Onerous contract charge	-	(508)
Loss on sale of fixed assets	-	(849)
	<u>-</u>	<u>(1,357)</u>

The effects of the exceptional items reported after operating profit on the amounts credited to the revenue account for taxation were:

Tax on profit on ordinary activities	<u>-</u>	<u>144</u>
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6. INTEREST PAYABLE

	53 weeks ended 30 January 2010 £'000	52 weeks ended 24 January 2009 £'000
Bank overdraft, other interest and commission	339	315
Pension scheme financing	164	-
	<u>503</u>	<u>315</u>

NOTES TO THE ACCOUNTS (CONTINUED)

53 weeks ended 30 January 2010

7. DISTRIBUTIONS

	53 weeks ended 30 January 2010 £'000	52 weeks ended 24 January 2009 £'000
Share interest	1	-
The Co-operative club	18	18
Pensioners' welfare	84	81
Donations	69	41
Corporate partnerships	30	-
Facilitation fund	9	-
Volunteering	4	-
Community support card	112	-
	<u>327</u>	<u>140</u>

8. FIXED ASSETS – TANGIBLE AND INTANGIBLE

	Land and buildings £'000	Plant and fixtures £'000	Vehicles £'000	Total £'000	Goodwill £'000
Cost or valuation					
As at 25 January 2009	25,437	40,625	2,383	68,445	18,214
Additions	5,523	7,878	172	13,573	3,973
On acquisition of subsidiary undertaking	-	114	201	315	-
Revaluation	75	-	-	75	-
Disposals	-	(572)	(272)	(844)	-
Transfers	(371)	387	70	86	(86)
As at 30 January 2010	<u>30,664</u>	<u>48,432</u>	<u>2,554</u>	<u>81,650</u>	<u>22,101</u>
Accumulated depreciation and amortisation					
As at 25 January 2009	2,197	23,082	1,529	26,808	4,847
Provided this period	376	4,513	307	5,196	1,493
On acquisition of subsidiary undertaking	-	82	83	165	-
Disposals	-	(371)	(243)	(614)	(5)
Transfers	(22)	22	-	-	-
As at 30 January 2010	<u>2,551</u>	<u>27,328</u>	<u>1,676</u>	<u>31,555</u>	<u>6,335</u>
Net book value at 30 January 2010	<u>28,113</u>	<u>21,104</u>	<u>878</u>	<u>50,095</u>	<u>15,766</u>
Net book value at 24 January 2009	<u>23,240</u>	<u>15,691</u>	<u>854</u>	<u>41,637</u>	<u>13,367</u>

The net book value of assets held under finance leases included above is £nil (2009: £nil).

An impairment charge of £144,202, included in amortisation for the period (2009: £378,257), has been made following an impairment review.

Goodwill additions of £3,973,459 in the period include acquisitions of trade of £1,404,459 and £2,569,000 of goodwill acquired with Caring Ladies Funeral Directors Limited (note 10).

NOTES TO THE ACCOUNTS (CONTINUED)

53 weeks ended 30 January 2010

8. FIXED ASSETS – TANGIBLE AND INTANGIBLE (continued)

Included in land and buildings are investment properties of £12,574,683 (2009: £12,499,683) which are valued each year on an open market basis by external chartered surveyors. The valuation in 2010 on certain properties was performed by Vail Williams, based on open market values at 30 January 2010.

The net book value of land and buildings is as follows:

	2010	2009
	£'000	£'000
Cost	27,902	23,234
Revaluation	211	6
Net book value	<u>28,113</u>	<u>23,240</u>

At the 31 January 2010 the total value in use of those investment properties with a greater value in use than open market value was £11,287,000. This resulted in £200,000 being included in the statement of total recognised gains and losses with respect of these investment properties. The assumptions used in the value in use calculation were:

• Valuation date	30 January 2010
• Discount factor	6.2%
• ERV growth rate % pa	3.0%
• Post current lease average occupancy	75.0%
• Costs	7.5%
• Void period following current lease	12 months
• Future lease terms	60 months

The net book value of land and buildings comprises:

	2010	2009
	£'000	£'000
Land	8,607	6,852
Freehold buildings	18,612	15,110
Long leasehold buildings	894	1,278
	<u>28,113</u>	<u>23,240</u>

	2010	2009
	£'000	£'000
Operating leases expiring:		
Within one year	153	74
In the second to fifth year inclusive	704	264
Over five years	3,543	4,423
	<u>4,400</u>	<u>4,761</u>

The leases of land and buildings are subject to rent reviews.

There are capital commitments contracted for, amounting to £5,939,852 (2009: £4,534,131), which have not been provided for in these accounts.

NOTES TO THE ACCOUNTS (CONTINUED)

53 weeks ended 30 January 2010

9. INVESTMENTS – LONG TERM

	2010 £'000	2009 £'000
Co-operative Group Limited	780	780
Other Co-operative organisations	1	1
CIS Funeral Bond Scheme	<u>7,179</u>	<u>5,791</u>
	<u>7,960</u>	<u>6,572</u>

Movement on the CIS Funeral Bond Scheme during the period:	2010 £'000	2009 £'000
At start of period	5,791	4,545
Additions	2,095	1,889
Transfer to short term investment	(707)	(643)
At end of period	<u>7,179</u>	<u>5,791</u>

10. ACQUISITION OF SUBSIDIARY UNDERTAKING

On 27 March 2009 the Company acquired 100 per cent of the issued share capital of Caring Ladies Funeral Directors Limited for £2,927,270. The acquisition has been accounted for under the acquisition method.

The following table sets out the book values of the identifiable assets and liabilities acquired and the fair value to the Group:

	£'000
Tangible fixed assets	150
Stock	36
Debtors	241
Cash at bank and in hand	110
Creditors: amounts falling due within one year	(165)
Provisions for liabilities	<u>(14)</u>
Net assets	358
Goodwill (note 8)	<u>2,569</u>
	<u>2,927</u>
Satisfied by:	<u> </u>
Cash	<u>2,927</u>

NOTES TO THE ACCOUNTS (CONTINUED)

53 weeks ended 30 January 2010

10. ACQUISITION OF SUBSIDIARY UNDERTAKING (continued)

The post acquisition results for Caring Ladies Funeral Directors Limited are:

	£'000
Turnover	1,255
Cost of sales	<u>(504)</u>
Gross profit	751
Trading expenses	<u>(607)</u>
Trading surplus	144
Taxation	<u>18</u>
Surplus for the period after tax transferred to reserves	<u><u>162</u></u>

11. DEBTORS AND PREPAYMENTS

	2010	2009
	£'000	£'000
Customer accounts	3,277	2,389
Corporation tax	-	455
Expenses prepaid and other debtors	3,026	2,186
	<u>6,303</u>	<u>5,030</u>

These amounts are net of a provision for bad and doubtful debts of **210** 93

12. INVESTMENTS – SHORT TERM

	2010	2009
	£'000	£'000
State Street Funeral Bond Scheme	3,381	3,104
CIS Funeral Bond Scheme	798	643
Southern Co-operatives Investment Fund	6,825	6,559
	<u>11,004</u>	<u>10,306</u>

Amounts are held with third party investment managers which are readily available but not accessible within twenty four hours.

The funeral bond money market deposits are to meet liabilities that fall due under the Funeral Bond Schemes. The custodian trustee is State Street Trustees Limited. With effect from 31 December 2001, the Funeral Bond scheme was closed to new business. A new bond scheme was opened on 1 January 2002 and all funds received are invested through the Co-operative Insurance Society Limited (CIS).

	2010	2009
	£'000	£'000
The total value of Funeral bond investments are:		
State Street Funeral Bond Scheme	3,381	3,104
CIS Funeral Bond Scheme	798	643
	<u>4,179</u>	<u>3,747</u>

NOTES TO THE ACCOUNTS (CONTINUED)

53 weeks ended 30 January 2010

13. CREDITORS

	2010 £'000	2009 £'000
Falling due within one year:		
Trade creditors	7,424	8,302
VAT	648	963
Corporation tax	960	1,864
Funeral bonds and prepayment plans	800	1,058
Taxation and social security	539	419
Other creditors	9,989	5,883
	<u>20,360</u>	<u>18,489</u>
Falling due after more than one year:		
Funeral bonds and pre-payment plans	<u>11,310</u>	<u>9,520</u>

14. OTHER PROVISIONS

	2010 £'000	2009 £'000
Onerous property lease	677	968
Dilapidation provision	-	115
	<u>677</u>	<u>1,083</u>
Movements in the period:		
As at beginning of period	1,083	860
Additions	239	603
Utilised in the period	(611)	(380)
Released in the period	(34)	-
As at end of period	<u>677</u>	<u>1,083</u>

The onerous property lease provision relates to the sub-letting of the Gosport superstore, Winklebury, Southsea, Milford-on-Sea and the vacant Denmead, Lee on Solent, Porchester, Mere and Freshwater sites. The costs provided for relate to the remaining lease terms of 1, 11, 11, 11, 1, 12, 1, 14 and 6 years respectively over which period the provision will be released.

15. OPERATING LEASE COMMITMENTS

Amounts due under non-cancellable operating leases for vehicles are:

	2010 £'000	2009 £'000
Operating leases expiring:		
In the second to fifth year inclusive	<u>308</u>	<u>115</u>

NOTES TO THE ACCOUNTS (CONTINUED)

53 weeks ended 30 January 2010

16. SHARE CAPITAL

	2010 £'000	2009 £'000
As at beginning of period	1,050	1,169
Contributions	17	24
Interest	1	8
	<u>1,068</u>	<u>1,201</u>
Withdrawals	(128)	(151)
As at end of period	<u>940</u>	<u>1,050</u>

The society abides by a code of practice which requires it to provide a statement to its shareholders of the nature of their investment and any change affecting it. The position that a shareholder of the Society occupies is no different from that of a shareholder in any other corporate body in the sense that, if the Society fails, not all or any of their investment may be returned to them. Investments are withdrawable without penalty. The Society, unlike banks and building societies, is not subject to prudential supervision by the Financial Services Authority.

Any questions regarding the code should be addressed to the secretary at the Society's registered address at 44 High Street, Fareham, Hampshire, PO16 7BN.

17. RESERVES

	2010 £'000	2009 £'000
As at beginning of period	78,109	83,127
Other net recognised gains/(losses) in the period	1,682	(7,230)
Unrealised revaluation of investment properties	(200)	(2,457)
Revaluation reserve realised on disposal	-	298
Transfer from revenue account	6,688	4,371
As at end of period	<u>86,279</u>	<u>78,109</u>

18. a) REVALUATION RESERVE

	2010 £'000	2009 £'000
As at beginning of period	6	770
Revaluation reserve realised on disposal	-	(298)
Surplus/(deficit) on property revaluation in period	205	(466)
As at end of period	<u>211</u>	<u>6</u>

18. b) OTHER RESERVES

	2010 £'000	2009 £'000
As at beginning of period	401	-
Net increase during the period	-	401
As at end of period	<u>401</u>	<u>401</u>

NOTES TO THE ACCOUNTS (CONTINUED)

53 weeks ended 30 January 2010

19. MINORITY INTEREST

	2010 £'000	2009 £'000
As at beginning of period	1,335	1,280
Transfer from revenue account	<u>23</u>	<u>55</u>
As at end of period	<u>1,358</u>	<u>1,335</u>

20. TAXATION

	2010 £'000	2009 £'000
Current tax		
United Kingdom corporation tax:2010: 28% (2009:28%)	2,390	3,388
Adjustments in respect of prior period	97	(46)
Group relief	-	(230)
Total current taxation	<u>2,487</u>	<u>3,112</u>
Deferred tax		
Timing differences, origination and reversal	738	88
Adjustment to the estimated recoverable amounts of deferred tax asset arising in previous periods	(2)	-
Deferred tax on pension	-	78
Adjustments in respect of prior periods	<u>(71)</u>	<u>7</u>
	<u>665</u>	<u>173</u>
	<u>3,152</u>	<u>3,285</u>

The tax assessed for the period is lower (2009: higher) than that resulting from applying the standard rate of corporation tax in the UK: 2010: 28% (2008: 28%).

	2010 %	2009 %
The differences are explained below:		
Standard tax rate for period as a percentage of profits	28	28
Effects of:		
Gains not taxable, expenses not deductible for tax purposes	7	(4)
Movement in unrealised gains on equities	-	(2)
Pension scheme - tax relief deferred	-	2
Other timing differences - Pension	(9)	2
Capital allowances in excess of depreciation	1	-
Deduction for pre-trading expenditure	(3)	-
Dividends not taxable	-	5
Prior period adjustment	<u>1</u>	<u>-</u>
Current tax rate for period as a percentage of profits	<u>25</u>	<u>29</u>

NOTES TO THE ACCOUNTS (CONTINUED)

53 weeks ended 30 January 2010

20. TAXATION (continued)

Factors that have affected the future tax charge:

- a. A deferred tax asset has not been recognised in respect of timing differences relating to funeral bonds as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is 614,096 (2009: £560,949);
- b. Deferred tax has not been provided in respect of gains realised on asset disposals that are rolled over into the acquisition of replacement assets. This tax will crystallise if the replacement assets are not acquired within three years of disposals. The taxable gain that would arise in these circumstances is expected to be offset by the capital loss not recognised.
- c. A deferred tax asset has not been recognised in respect of timing differences relating to capital losses as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £375,391 (2009: £805,560).

21. DEFERRED TAX

	2010	2009
	£'000	£'000
Analysis of deferred tax balance:		
Capital allowances in excess of depreciation	222	454
Other short term timing differences	(42)	(9)
Pension creditor	(12)	-
Unrealised gains on equities	-	-
Lease premium	-	(10)
	<u>168</u>	<u>435</u>
Movements in deferred tax during the period:		
As beginning of period	435	340
Charge to revenue account	(267)	95
As at end of period	<u>168</u>	<u>435</u>
Tax movement on pension deficit:		
At beginning of period	(2,421)	312
Movement for the period – revenue account	932	78
Movement for the period – statement of total recognised gains and losses	654	(2,811)
As at end of period	<u>(835)</u>	<u>(2,421)</u>

NOTES TO THE ACCOUNTS (CONTINUED)

53 weeks ended 30 January 2010

22. PENSION SCHEME

FRS 17 'Retirement Benefits' has been fully adopted in these financial statements. The Society operated a defined benefit scheme in the UK. A full actuarial valuation was carried out as at 24 January 2009 and updated to 30 January 2010 by a qualified independent actuary. The major assumptions used by the actuary were:

	2010	2009	2008	2007	2006
	%	%	%	%	%
Discount rate	5.50	6.50	6.10	5.30	4.80
Rate of increase in salaries	4.00	4.80	5.00	4.45	4.25
Rate of increase in deferred pensions	3.50	3.30	3.50	3.20	3.00
Rate of increase in pensions in payment accrued after 5 April 1997	3.50	3.30	3.50	3.20	3.00
Rate of increase in pensions in payment accrued before 6 April 1997	2.40	2.50	2.50	2.50	2.30
Inflation assumption	3.50	3.30	3.50	3.20	3.00

Mortality assumption – uses the S1N A table using the CMI 2009 projection model rated up to 1 year for males with default parameters and a 1% per annum long term rate of improvement (2009: PNA 00 medium cohort birth year tables with a plus 2 year rating for males and a 1.5% pa underpin).

The Society's contributions during the 53 week period amounted to £603,000 (2009: £637,000) and the agreed Society contribution rate for the coming period is 15.1% (2009: 12%) of pensionable payroll.

The scheme is closed to new entrants so the average age of membership is expected to increase over time. The projected unit method is used to calculate the current service cost. This calculates the value of the following year's pension accrual and expresses it as a percentage of pensionable pay. This percentage will increase as the members of the Scheme approach retirement.

The assets in the scheme and the expected rate of return were:

	2010		2009		2008	
	Long term rate of return expected	Value £'000	Long term rate of return expected	Value £'000	Long term rate of return expected	Value £'000
Equities and property	7.90%	51,847	8.20%	41,836	8.50%	49,668
Gilts and bonds	5.30%	31,671	5.60%	28,364	5.40%	34,225
Other	0.25%	<u>585</u>	1.30%	<u>709</u>	5.50%	<u>1,197</u>
Total market value of assets		84,103		70,909		85,090
Present value of scheme liabilities		<u>(87,083)</u>		<u>(79,555)</u>		<u>(83,975)</u>
(Deficit)/surplus in scheme		(2,980)		(8,646)		1,115
Related deferred tax asset/(liability)		<u>835</u>		<u>2,421</u>		<u>(312)</u>
Net pension (liability)/surplus		<u>(2,146)</u>		<u>(6,225)</u>		<u>803</u>

NOTES TO THE ACCOUNTS (CONTINUED)

53 weeks ended 30 January 2010

22. PENSION SCHEME (continued)

The expected return on assets is derived from the assumptions of long term expected returns on each asset class, these are shown below:

	2010 %	2009 %	2008 %
Equities	8.00	8.20	8.50
Bonds	5.30	6.90	5.40
Gilts	-	4.30	5.40
Property	6.50	8.20	8.50
Other investments	0.25	1.20	5.50

The overall expected return on assets of 6.85% pa is the weighted average of the expected returns on each individual asset class.

Analysis of amount charged to trading surplus

	2010 £'000	2009 £'000	2008 £'000
Current service cost	941	1,131	1,166
Past service cost	-	-	16
Total operating charge	941	1,131	1,182

Analysis of amount credited to other finance income

	2010 £'000	2009 £'000	2008 £'000
Expected return on pension scheme assets	4,914	5,841	5,642
Interest on pension scheme liabilities	(5,078)	(5,067)	(4,261)
Net return	(164)	774	1,381

Analysis of amount recognised in statement of total recognised gains and losses (STRGL)

	2010 £'000	2009 £'000	2008 £'000
Actual return less expected return on pension scheme assets	11,524	(17,698)	(3,889)
(Loss)/gain arising from changes in assumptions underlying the scheme liabilities	(9,188)	7,657	(144)
Actuarial gain/(loss) recognised in STRGL	2,336	(10,041)	(4,033)

NOTES TO THE ACCOUNTS (CONTINUED)

53 weeks ended 30 January 2010

22. PENSION SCHEME (continued)

Movements in (deficit) / surplus during the period

	2010 £'000	2009 £'000	2008 £'000
(Deficit)/surplus in scheme at beginning of the period			
Movement in period:			
Current service cost	(8,646)	1,115	4,262
Contributions	(941)	(1,131)	(1,166)
Past service credit/(cost)	603	637	687
Other finance (charge)/income	3,832	-	(16)
Actuarial gain/(loss)	(164)	774	1,381
	<u>2,336</u>	<u>(10,041)</u>	<u>(4,033)</u>
	<u>(2,980)</u>	<u>(8,646)</u>	<u>1,115</u>

The past service credit has arisen due to the application of the decision by the Court of Appeal in *Foster Wheeler vs Hanley* to the valuation of the scheme liabilities.

History of experience gains and losses

	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Difference between the expected and actual return on scheme assets	11,524	(17,698)	(3,889)	105	11,137
Percentage of scheme assets	14%	(25%)	(5%)	0%	14%
Experience gain/(loss) on scheme liabilities	2,530	-	-	444	(83)
Percentage of the present value of the scheme liabilities	3%	0%	0%	1%	0%
Total amount recognised in statement of total recognised gains and losses	2,336	(10,041)	(4,033)	3,122	3,858
Percentage of the present value of the scheme liabilities	3%	(13%)	(5%)	4%	5%

Defined contribution scheme

For new employees, the group provides a stakeholder pension scheme to which it contributes. The cost to the group in the 53 week period ended 30 January 2010 was £69,582 (2009 £42,969). The amount payable to the scheme at the end of the period was £nil (2009: £nil).

NOTES TO THE ACCOUNTS (CONTINUED)

53 weeks ended 30 January 2010

23. RECONCILIATION OF TRADING SURPLUS TO NET CASH INFLOW FROM TRADING ACTIVITIES

	2010 £'000	2009 £'000
Trading surplus	9,811	5,895
Grants and donations	(299)	(122)
Depreciation	5,266	4,321
Amortisation	1,350	1,002
Impairment on goodwill	144	861
Reversal of impairment of investment properties	(70)	-
Difference between pension contributions paid and amount recognised in profit and loss	339	494
Past service credit	(3,832)	
Loss on sale of intangible fixed assets	-	95
Loss on sale of fixed assets	144	85
Increase in stocks	(1,062)	(1,362)
Increase in debtors	(1,486)	(102)
Increase in creditors	3,597	4,546
	<u>13,902</u>	<u>15,713</u>

24. RETURNS ON INVESTMENTS AND SERVICE OF FINANCE

	53 weeks ended 30 January 2010 £'000	52 weeks ended 24 January 2009 £'000
Interest paid	(31)	-
Interest received	339	302
	<u>308</u>	<u>302</u>

25. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	53 weeks ended 30 January 2010 £'000	52 weeks ended 24 January 2009 £'000
Payments to acquire tangible fixed assets	(12,330)	(6,843)
Net (decrease)/increase in financial investments	(1,542)	20,261
Proceeds from sale of fixed assets	86	3,711
	<u>13,788</u>	<u>17,129</u>

NOTES TO THE ACCOUNTS (CONTINUED)

53 weeks ended 30 January 2010

26. ACQUISITIONS

	53 weeks ended 30 January 2010 £'000	52 weeks ended 24 January 2009 £'000
Payments for trade and assets	(2,647)	(4,997)
Payments for Caring Ladies Funeral Directors Limited	(2,927)	-
Net cash acquired with purchase of Caring Ladies Funeral Directors Limited	<u>110</u>	<u>-</u>
	<u>5,464</u>	<u>(4,997)</u>

27. FINANCING

	53 weeks ended 30 January 2010 £'000	52 weeks ended 24 January 2009 £'000
Repayment of share capital	<u>(111)</u>	<u>(127)</u>
	<u>(111)</u>	<u>(127)</u>

28. RELATED PARTY DISCLOSURE

The society has taken advantage of the exemption within FRS 8 which provides exemption from disclosing of transactions between two or more members of a group providing that all subsidiaries which are party to the transaction are wholly owned by the group.

NOTES TO THE ACCOUNTS (CONTINUED)

53 weeks ended 30 January 2010

29. SUBSIDIARIES

The financial statements consolidate the results of the society and the following subsidiaries, all of which are incorporated in Great Britain.

Subsidiary	Type of registration	Activity	Percentage of shares held %
Southern Co-operative Dairies Ltd	Industrial & Provident Society	Property Management	91
Mutual Associates Ltd	Limited Company	Property investment	100
Mutual Services (Portsmouth) Ltd	Limited Company	Funeral furnishing	100
Southern Co-operative Retailers Ltd	Limited Company	Property investment and management	100
Raeburn Dairy Ltd	Limited Company	Dormant	100
SCL (Members) Trustee Ltd	Limited Company	Trustee	100
J Edwards & Son (Funeral Directors) Ltd	Limited Company	Non - trading	100
Southern Co-operative Funerals Ltd	Limited Company	Non - trading	100
Southern Co-operative Properties Ltd	Limited Company	Property management	100
*David's Ltd	Limited Company	Grocery retail	100
*Greenstead Development Ltd	Limited Company	Grocery retail	100
Co-operative Franchising Ltd	Limited Company	Grocery retail licensing agent	100
Co-operative Independent Living Ltd	Limited Company	Disability products	100
Caring Ladies Funeral Directors Ltd	Limited Company	Funeral furnishing	100
Cherque Farm Management Ltd	Limited Company	Property Management	30
South of England Funeral Partners Ltd	Limited Company	Non - trading	100

* The two subsidiary companies Davids Limited and Greenstead Development Limited were wound up on 3 March 2009 and 17 February 2009 respectively.

Copies of financial statements of Southern Co-operatives Ltd can be obtained from the Secretary at 44 High Street, Fareham, Hampshire, PO16 7BN.

FIVE PERIOD COMPARATIVE STATEMENT

53 weeks ended 30 January 2010

Year ending January	2006	2007	2008	2009	2010
Membership ('000)	99	85	78	71	93
£'000					
Turnover (including VAT)	158,753	179,437	198,101	220,170	261,470
Depreciation and amortisation	3,392	4,242	5,262	5,323	6,616
Trading surplus	4,099	6,404	6,676	5,895	9,811
Retained surplus	18,082	6,031	7,071	4,371	6,688
Fixed assets	48,057	55,753	61,547	61,576	73,821
Net current assets	34,811	32,814	33,550	36,588	29,669
Total assets less current liabilities	82,868	88,567	95,097	98,164	103,490
Less long term liabilities including pension liabilities	7,822	5,178	8,751	17,263	14,301
Net assets including pension liabilities	75,046	83,389	86,346	80,901	89,189
Share capital	1,492	1,310	1,169	1,050	940
Reserves	72,407	80,865	83,127	78,109	86,279
Minority interest	1,147	1,214	1,280	1,335	1,358
Total sales area (sq. ft '000)	230	258	268	277	316