Southern Co-op provides high quality convenience stores and end of life services across the south of England.

Southern Co-op is a large, independent, co-operative society with its roots in the south of England. Our main business is food – with a network of over 200 food stores, where we employ local people to serve their communities. We also offer end of life services, which include funeral homes, crematoria and a natural burial ground. We’ve been owned and traded by people across the region for over 140 years. Our values reflect that: we are **fair** to all our stakeholders, from members to colleagues to suppliers; we champion a **fresh approach** to business, putting purpose before profit; and we are **for all** – making it easy for people to join us and share in our success.
2016 was a milestone year: we opened our 200th store, achieved our highest ever week’s sales, and shared £2.8m of profits with our members for the third year running. We’re strongly placed to keep growing our business and serving our communities in 2017 and beyond.
Welcome

The political events of 2016 have thrown into sharp relief some of the challenges ahead for our country and the world in 2017 and beyond. Most important is the breakdown in levels of trust in politicians, state institutions and big business alike.

A Changing World

The emergence of new political thinking and concepts like “post truth” and “alternative facts” are not limited to the world of politics. Across wider society, attitudes are changing and business must respond.

In elections in the UK and the US, voters rejected the status quo. To some extent, these events can be seen as the culmination of the financial crash of 2008 and the loss of trust that followed. However, it seems increasingly clear that the growing gap between the haves and have-nots in wealthy countries like the UK and the US was an important factor. This gap has changed people’s perceptions of market economies as a force for good. People are rejecting free trade and globalisation, which they blame for job losses and stagnant wages at home.

As a result, people appear more divided in their view of the world than has been the case for some time and many from both sides of the argument are worried about the future.

Against this backdrop, business must step up to play its part in re-building trust and establishing an appropriate model for sound, mutually beneficial commerce. This will only be possible if we all ensure that business is done in a way that supports and enhances communities and is consistent with the long-term wellbeing of people and the natural world.

Never has the importance of vibrant and sustainable local communities been greater. A responsible business model is absolutely key to this. As a co-operative that has traded through good times and bad for approaching 150 years we are keen to play our full part.

We are proud of our longstanding co-operative values and principles and the ethical business model that underpins all our decision making. In 2016, we re-confirmed our core purpose as a co-operative: to work together with others to benefit our local communities.

Our new community programme, Love Your Neighbourhood, which is specifically designed to build community resilience, supporting greener, safer, healthier, more inclusive communities, has made important progress since its launch mid year.

Beyond our own operations, we seek to influence and lead thinking in the wider business community regionally, nationally and spreading the benefits of responsible business to all. To this end, I was particularly pleased this year when our Chief Executive was appointed by HRH The Prince of Wales as his Responsible Business Ambassador for the South East.

As part of the Prince’s Responsible Business Network, we are also proud to be playing our full role in the important work of Business In The Community (BCT), particularly in helping to improve the work prospects of young people from challenging backgrounds. This builds on our previous work with the Shaw Trust to help the long-term unemployed back into work. We remain committed to putting our values as a co-operative into practice for the benefit of society as a whole.

Introducing Our Local Brand

During 2016 the Co-op Group (a completely separate organisation to our own) launched new branding and the concept of “The Co-op Way.”

Our business holds an existing brand licence from the Co-op Group for the current version of the co-operative trading brands for both food (green) and funeral outlets (lilac). We have been invited to seek a licence for the new branding to use on our food stores and funeral homes. However, at the time of writing, the Board is awaiting further information to establish whether incurring the costs of acquiring a licence for the new branding is in the best interest of our members. In the meantime, the existing licence and the current green and lilac trading fascias will remain in place.

Alongside this, we are taking the opportunity to refresh the visual identity of our own co-operative society. This Annual Review showcases our new local brand, which will be introduced in 2017. This new visual identity will not change how our stores or funeral homes look, and will work alongside either version of the trading brands in the future.

Committed to Mutuality and Members

Our new branding is an important way of showcasing the values we stand for as a mutual with a purpose beyond profit. I want to re-assure our members and other stakeholders that our focus continues to be on operating as a responsible business delivering all the benefits of our mutual ownership model in the cause of building greener, safer, healthier and more inclusive neighbourhoods.
2016 was a year of uncertainty and unexpected outcomes that impacted politics, the economy, and business conditions. The UK food sector experienced its third consecutive year of retail price deflation, putting pressure on like-for-like sales and profits. Meanwhile, competitive pressures in food intensified with Tesco resurgent as market leader, the reinvigoration of the fourth largest grocery operator, Morrison’s, and the continued rapid growth of the discounters.

A challenge facing all food retailers was the significant step up in costs outside our control. The National Living Wage, which we strongly support in concept, was introduced at very short notice and without consultation, creating a big challenge for ourselves and other retailers. We also face significant cost increases from higher business rates, the apprenticeship levy and increased employer pension contributions.

Building Our Current Capability

Our response to these new external cost pressures was to look at how we could improve the way we operate our business, whilst continuing to add new stores, enabling us to get the most from spreading the fixed costs of running our business.

To this end, we identified ten key areas we wanted to improve in our core business during the year. I am pleased to say that we have made a good start in each of these areas during 2016.

Our progress is summarised on page 11. If you would like more detail on these initiatives, please follow the signposts to the relevant section of this Annual Review.

Growing Our Business

As well as building our capability to deal with current and future headwinds, we continue to invest in growing our retail network, despite the uncertainty caused by the Brexit vote in the Referendum on EU membership.

During 2016, we realised opportunities to acquire 22 new stores, including a number of trading stores that we bought as going concerns from previous operators. The purchased stores have all been converted to the Southern Co-op format and they, alongside completely new stores opened in the year, provide an excellent platform for future growth.

We are working hard to find and realise good opportunities while remaining alert to, and managing, the heightened level of background risk over the next couple of years.

Mark Smith
Chief Executive

EBITDA profit result
(target of £17m)

£17.4m
2015 was a 53 week accounting year compared to significantly grow our profits in the short our industry mean that it will not be possible but the scale of the cost challenges facing We will continue to invest for the future, such heavy external cost pressures. a time of continued price deflation and opportunity to significantly grow profits at a robust financial results when overseeing significant, planned expansion of the business and whilst undertaking major change programmes, such as Model Structures for store staffing. In a small part, our trading results reflect the work started in 2015 to invest in better prices for customers and better execution of our store operations. Considerable progress has been made in simplifying store processes this year and much more is to come. All the changes are intended to make sure our colleagues remain focused on serving customers and improving customer experience. At the same time, we are making our colleagues’ core roles more fulfilling and easier to perform.

Profits allow us to invest in and grow our business, to reward members and to support our communities, as well as maintain our long-term financial strength. However, we have to be realistic about the opportunity to significantly grow profits at a time of continued price deflation and such heavy external cost pressures. We will continue to invest for the future, but the scale of the cost challenges facing our industry mean that it will not be possible to significantly grow our profits in the short term without risk of damage to the business.

We are a unique, regional business; we have a purpose beyond profit, and operate for the long-term benefit of you, our members, and our local communities.

Robust Financial Results
Over all, across the Society we delivered sales of £335m, 7% ahead of 2015* and profits slightly ahead of internal targets, with the important EBITDA profit result at £374m against an internal target of £370m (2015: £376 m).

We have achieved these financial results while overseeing significant, planned expansion of the business and whilst undertaking major change programmes, such as Model Structures for store staffing.

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Supporting Our People & Communities
I would like to thank and pay tribute to the talented and dedicated team of people that make up Southern Co-op, for what they have helped the Society achieve this year, particularly against such challenging external conditions.

These same people have also continued to engage with the communities in which we trade and have supported and raised funds for countless good causes during the year.

I am delighted that our next generation community programme Love Your Neighbourhood was successfully launched during 2016. This will make an important contribution to our communities in the years ahead.

The Future
As we look ahead to 2017 and beyond, the future of food retailing looks set to continue to evolve, both in terms of how people choose to shop, and in how retailers engage with their customers, with the impact of digital technology likely to present both new challenges and opportunities.

There are many as yet unknown implications from the Brexit vote, particularly for the food industry. However, we are determined to continue our journey of transformation for Southern Co-op despite developments outside our control. We will work hard to find and realise good opportunities that arise in the new landscape, while always remaining alert to, and managing, the heightened level of background risk over the next couple of years.

Page 47 summarises the key priorities my Leadership Team and I are focused on delivering in the year ahead.

We are a unique regional business; we have a purpose beyond profit, and operate for the long-term benefit of you, our members, and our local communities. Thank you for supporting your Society in this work.

With your continued support alongside everything that we are planning to do, together we will ensure that our co-operative remains successful as it begins the journey towards its 150th anniversary in 2023.

What We Delivered in 2016

Refreshed membership communications to ensure Southern Co-op membership is clear to our members.

Our Model Structures programme reorganised our in-store food teams so that we have the right people in the right place at the right time to best serve our customers.

A review of our Goods Not For Resale supplier contracts focusing on facilities management which saw the selection of a new strategic provider.

A review of our properties to explore new opportunities and ensure a good financial return to the Society from the buildings we own.

Our Right Range, Right Store programme introduced new store layouts and product ranges in each store that better reflect local customers’ shopping habits.

The addition of LED lighting across our retail estate and Lakeside office, and the start of a roll out to End of Life Services, along with continued work with the Wildlife Trust to ensure the long-term sustainability of Clayton Wood and The Oaks.

The foundations of our Right Store programme. This will allow colleagues more time to look after customers by updating a common set of store procedures.

The launch of Love Your Neighbourhood, our local community programme which empowers each store, funeral home and office to support the issues that matter most to their members and neighbourhoods.

New training and development programmes that give our colleagues every opportunity to realise their individual potential, and the testing of a new platform to improve internal communications.

The completion of our end to end RVS Retail system implementation, a multi-million pound investment; the launch of new forecast and franchise software; a new fully mobile responsive funeral website, and work to initiate a business-wide digital strategy review.

Our Right Store programme.

A review of our goods Not For Resale supplier contracts focusing on facilities management which saw the selection of a new strategic provider.

A review of our properties to explore new opportunities and ensure a good financial return to the Society from the buildings we own.
Governance

Good governance is about ensuring your Society is led by people with the right values, skills and experience to ensure the Society’s long-term success. We aim to balance the interests of our stakeholders and actively encourage members to help shape our future.

Our Governance Journey

Our Governance Roadmap project, launched in 2014, continues to implement initiatives to ensure the highest standards of good governance in our Society. In February 2016, the Board adopted a Board Composition Charter, which outlines the ideal Board make-up, and the skills and experience expected of directors both generally, and for specific roles, such as chairing our Audit Committee.

Having carried out a thorough evaluation of directors’ individual skills and benchmarked these against the Board’s needs as a whole, we identified several areas in which directors could benefit from additional knowledge, and put in place a series of training and development programmes. We also assigned each director to an individual area of the business so they can deepen their understanding of that part of the business, and question and challenge management constructively and effectively in Board discussions.

New Directors Bring New Skills

We welcomed two new directors to the Board in 2016. Beth Rogers is Academic Head of Marketing at the University of Portsmouth’s Business School and Kate Hibbert is our Local Sourcing Manager based at our Lakeside office. Both bring new skills and experience to the Board and, with other directors, are actively contributing to the vision and strategy of Southern Co-op to ensure we achieve our long-term goals.

We would like to hear from members who are interested in standing as a candidate in future elections if they have the skills and experience required for the role. All candidates for elections to the Board must meet minimum skills levels and qualification criteria. In order to complement the Board’s skill set and further promote the long-term success of the Society, we are particularly keen to hear from members with accounting and finance knowledge or experience in property management, HR, funeral services and risk management.

Please visit our website or get in touch with our Member Support team on 0800 652 0124 for further information.

Stronger Risk Management

The Board has also continued to strengthen its risk management throughout the year and undertook a successful test of our Business Continuity Plan. A detailed view of the role of the Board can be found in the full Annual Report and Financial Statements on our website.

Involving Our Members

Being a democratic co-operative is a cornerstone of what makes us different and we actively encourage our members, as the owners of Southern Co-op, to get involved by voting for their directors.

This year we introduced a brand new digital voting portal in our election process to reach more of our members. As well as candidates’ written statements, the portal included video clips of each candidate explaining why they were seeking election and what they had to offer our Society. It also gave members the opportunity to post questions to candidates on subjects that mattered to them. Members could vote online, quickly and easily, reducing the amount of paper we were mailing out. We saw a 77% rise in the number of members voting for directors compared with the previous year, a tremendous endorsement of our new approach. We hope this upward trend in member involvement will continue.

Being a democratic co-operative is a cornerstone of what makes us different.

Southern Co-op Board of Directors from left to right: Mike Hastilow, Kate Hibbert, Neil Blanchard, Beth Rogers, Kelly Emmerse, John Harrington, Amber Vincent-Prior, Gareth Lewis, Andy Cottrell.
We believe in being fair to our members, customers and colleagues and the suppliers and community partners we work with.
Membership

Southern Co-op is owned by its 166,000 members. Our members have a say in how we run our business, they contribute to our success, and they share in it.

Membership of Southern Co-op is available for all: anyone can become a member and enjoy the great range of benefits as part of our community. Nearly 13,000 people joined as members in 2016.

Sharing Our Profits With Members

We reward members every time they shop at Southern Co-op stores, use our other services, or spend with other Co-ops that are part of the affinity scheme, by giving them points on their membership card. Each year, our members receive a share of our profits based on how much they have spent with us.

In 2016, for the seventh consecutive year, we maintained a 2p in the £1 profit share. This means that members received roughly 2% back on all products we sell in our stores. In total, members’ share of profits totalled £2.8m in 2016.

Rewarding Loyal Members

Southern Co-op members are not just customers or colleagues – they are owners. Our Society is run for the benefit of our members and our local communities. Here are a few of the ways you will benefit from being a member:

• Sharing in our profits
• Having a say in how our business is run and who represents our members on the Board
• Supporting your local community
• Joining special member trips to local suppliers and attractions
• Enjoying local offers, such as discounts at local attractions
• Learning more about our business at our AGM

In 2016 we improved our member communications to make our member benefits clearer. Our website and leaflets in store provide details on how to apply.

Membership of Southern Co-op is completely separate from membership of the Co-op Group. In 2016, Co-op Group launched a new brand and membership scheme which Southern Co-op is not currently participating in. Southern Co-op members should continue to use their Southern Co-op cards in our stores to receive our member benefits. We are currently reviewing whether the Co-op Group approach is compatible with our future vision and in the best interests of our members.

Getting a Taste for Local Flavours

Our members’ trips programme is a popular benefit. In 2016 we decided to tie our trips in more with our co-operative values to showcase aspects of our business where we are making a difference.

Montezuma’s Chocolate Factory in West Sussex, the Hogs Back Brewery in Surrey, and Marshfield Farm Ice Cream in Wiltshire all welcomed our members for tours and tastings during 2016. We also organised visits to other local partners, including the Calbourne Water Mill and Museum on the Isle of Wight, and to The Wildlife Trust, one of the charities we support, where members saw birds on the move during migration season and enjoyed the local nature and wildlife.

Feedback has been very positive with many members enjoying the chance to meet local suppliers and charity partners and learn more about our business.

More information on membership trips for 2017 and our AGM can be found by visiting our website.

In 2017 we will look at how we further strengthen our member offer and how we engage members as owners of our Society, including the benefits for them and their communities.

£2.8m shared with our members this year
Southern Co-op employs some 4,200 people across stores, funeral homes and our Lakeside office.

Our colleagues are local people serving their local communities, and make a vital contribution to our success as a business.

**Leadership and Development**

We want to make working for Southern Co-op as attractive as possible and, in 2016, we worked hard to enhance our ‘employer brand’ – in other words, our reputation as an employer – so that we can attract and retain high-performing colleagues.

New and existing colleagues are looking for an employer that offers rewarding work, good training, and opportunities for career progression. In 2016, we launched new training and development programmes and introduced new roles to support our business goals.

In retail, a new duty manager role was established and we now have over 900 duty manager positions across our food stores. We supported colleagues appointed to this role with an 8-week training programme to equip them with the skills to run a safe, legal and successful store. The programme focused on three key skills: how to manage a team, make decisions and manage a shift. It combined practical “on the job” learning with classroom sessions to help develop the skills needed to engage, motivate and develop our store colleagues.

Duty managers also completed accredited compliance courses including alcohol licensing, health & safety, and food hygiene.

Since the launch in April, we have trained 1,094 colleagues in over 250 management workshops and compliance courses. The change in store structure led to a decrease in the number of internal store manager appointments, which is one of the ways we measure our success in developing colleagues’ careers, so this will be an area of focus for us in the coming year.

**Investing in Talent**

Following the success of our first talent programme, Future Leaders, launched in 2015, we have continued to develop our talent strategy by supporting high performance and encouraging internal succession and career development. This means equipping our colleagues with the skills, knowledge and behaviours they need to succeed in their current role and to develop new skills that give them the potential to move into a new, or more senior, role.

This year we launched our second talent programme, Aspire. This 12-month programme is aimed at senior managers to develop their management and leadership skills in a range of ways, including coaching, change management, engagement, motivation and influencing. Eight managers from across the business, including Retail Planning, Products & Services, HR, Digital Communications, IT, Trading Formats and Finance, started the programme in January.

**Learn While You Earn: Apprenticeships**

High quality apprenticeships offer young people the chance to learn while they earn, and employers the opportunity to develop the talents of ambitious young people. We continued to develop our apprenticeship scheme in 2016, launching a dedicated apprenticeship in End of Life Services in addition to our retail qualification. Twenty colleagues completed their apprenticeship this year and a further 59 are working towards it.

We are currently analysing the impact of the apprenticeship levy, which was introduced in April 2017 and how we achieve best value from the levy for the benefit of our Society and colleagues.

**Helping People Into Work**

For vulnerable and disadvantaged people in our communities, the barriers to employment can seem immense. Our HR community programme in 2016 aimed to break down these barriers to help people find work.

Over 100 young people took part in work experience placements this year in our stores and our Lakeside office. We joined forces with our community partner, Business in the Community (BITC), to begin work on a new toolkit for managers, to ensure our students receive structured, hands-on experience and leave with new skills to support their chosen career path. The toolkit will launch in summer 2017.

Working in partnership with the Shaw Trust we improved the employability of people who are long-term unemployed and those facing disadvantage in our communities.

At monthly employability sessions, clients had the opportunity to practice their interviewing skills, learn about the current employment market and receive feedback on their CV. In 2016, we supported 120 clients through the Shaw Trust in Portsmouth.

We continued our partnership with Portchester Community School through BITC’s Business Class programme which connects employers and schools. In 2016 we organised a range of events for pupils at the school, including an employability day, mentoring partnerships, careers talks and a ‘Women in leadership’ event, which is pictured at the bottom right of this page.
Discussing Performance

All our colleagues need to understand how they contribute to the success of our organisation, and to have clear goals and objectives to help them succeed at their jobs. We aspire to a culture where managers and colleagues discuss performance and expectations regularly, talking about both what people have achieved, and how they have achieved it.

We have introduced a ‘performance cycle’ to organise these conversations. At the start of the financial year, we agree clear objectives for each colleague, and these are reviewed regularly during the year. At the end of the year, a colleague’s performance is assessed in an appraisal conversation.

To make sure we are setting the same standards and expectations across our stores and other businesses, we have introduced calibration sessions. These ensure objectives are in line with our strategic goals and that we ask the same of colleagues in different locations and businesses.

As teamwork is an important contributor to our success as a business, in 2016 we redesigned our incentive schemes for senior colleagues to encourage teamwork as well as individual performance.

Fair Reward For All

Following the government’s Gender Pay Gap Reporting Regulations, which came into force in April 2017, we are preparing the data for our Gender Pay Gap report. This will give us a clear understanding of our position and provide a baseline to work from in the coming year.

2016 also saw the introduction of the National Living Wage (NLW), which set the minimum pay rate for workers aged 25 years and over at £7.20 per hour. This increased to £7.50 per hour in April 2017. We have put in place a pay plan for the three years to 2020 to ensure our pay rates rise in line with the NLW and maintain appropriate differentials between colleagues and managers.

We believe it’s important to offer a rounded reward package of pay, bonus and benefits to make working for Southern Co-op attractive to existing and new colleagues. In 2016, we introduced Life Assurance cover for all colleagues and in 2017 we will continue to review our reward offering to attract and retain high performing colleagues.

Colleagues’ Opinions Count

Over 2,075 colleagues, that’s 51% of those eligible, responded to the 2016 colleague survey, a significant increase of 17% over 2015. Colleagues gave us valuable feedback on all aspects of their employment experience including:

- 84% respondents ‘are proud to tell people they work for Southern Co-op’. This means we have a great team of ambassadors saying great things about us;
- 85% of colleagues said they understand how their work contributes to achieving Southern Co-op priorities;
- 100% of colleagues said they are committed to giving great customer service.

The survey is a valuable tool in helping us to understand how colleagues feel about our business and what is important to them.

In 2017 we will introduce ‘listening groups’ across the business, facilitated by members of the Leadership Team, where colleagues can share their employment experience and suggest ways to further develop our employer brand.

2017 People Priorities

2016 has seen a significant change in our operating model and now that Model Structures is embedded, our focus will be on driving stability in our workforce. We are working to address this in a number of ways including:

- Launching a new induction programme for all new starters;
- Reviewing and updating our recruitment processes to make them more user-friendly for applicants by introducing Applicant Tracking technology, and;
- Providing additional training for people managers to develop their people skills.

Other priorities for 2017 will be to review how we approach Diversity and Health & Wellbeing, and the launch of a new internal communications platform for colleagues.

We want to make working for Southern Co-op as attractive as possible, and in 2016, we worked hard to enhance our ‘employer brand’ – in other words, our reputation as an employer so that new and existing colleagues see us as an employer that offers rewarding work, good training and opportunities for career progression.
Fresh approach

We are championing a fresh approach to business, putting purpose before profit.
Sustainability

Southern Co-op has always had a purpose beyond profit. We want to manage our business in a responsible and sustainable manner, mindful of our social, ethical and environmental impacts.

Global Trends, Local Impacts

We have continued to see the serious and unpredictable impacts of global warming on our climate and natural systems. Wildlife remains under threat through species loss and habitat destruction. Resources to meet our basic demands for energy, water, food and shelter remain under pressure. This is being felt locally as well as globally with increasing population pressures on housing and supporting infrastructure in the UK, climatic effects, leading to flooding and threats to local wildlife and habitats.

Now more than ever it is important for businesses to be responsible and sustainable. That means thinking differently about the way we do things, to create communities where we can share resources, where there is space for people and wildlife, and where living sustainably is easy, affordable and attractive.

Making a Difference

In our sustainability plan, Making a Difference, we set out our commitments as a business in three key areas: protecting our environment, sharing our success with others, and supporting our communities.

We achieve these ambitions in many different ways: through managing our operations in an environmentally sustainable way; through being a good employer; through trading fairly with our suppliers; through supporting local community groups – to name just a few.

When we launched our plan two years ago, we made 19 public commitments so that we could measure our progress. Today, 12 of these commitments have been achieved or are on plan, a further 6 are in progress, with only one not being achieved. You can read our commitments and progress against them on our website.

In 2016 we reviewed our plan to ensure it still reflects the issues that are most important to our members, customers, colleagues and other stakeholders. We concluded that our plan remains aligned to our purpose, values and business strategy, and still reflects wider trends and emerging sustainability issues globally, nationally and locally.

In this section of the report, we focus on some of the highlights and challenges in 2016.

Southern Co-op continued its support for Co-operative UK’s Big Co-op Clean which saw colleagues come together to volunteer their support for local community projects, showing the power of co-operation as part of this two week campaign.

Ambassador for Responsible Business

In 2016 our Chief Executive was appointed by HRH The Prince of Wales as Business in the Community’s (BITC) Responsible Business Ambassador for the South East of England. The Prince appoints an inspirational business figure in each of the UK’s regions each year to champion responsible business among other businesses in the region.

Mark Smith, Southern Co-op’s CEO, said: “It’s a great honour to be chosen by His Royal Highness to champion responsible business in the south east. We know that responsible businesses contribute towards more resilient communities, resilient local economies, help to create skilled and healthy workforces, and tackle environmental challenges. There is also a real benefit for those businesses and the people in them. I am looking forward to using my time as Ambassador to help grow the responsible business network in the region.”

As a member of BITC’s South East Advisory Board, Mark has been actively involved in driving the agenda for companies to engage with education in the region. In his Ambassador role he will continue to focus on using responsible business to encourage aspiration and the achievement of personal potential among young people from challenging backgrounds.
Reducing Carrier Bag Usage

Since the introduction of the carrier bag levy in 2015, we have reduced carrier bag usage by 68%. In 2016 we sold over 950,000 bags for life. We donate all proceeds from the 5p carrier bag charge to local communities. We accumulated a fund of £370,000 for our Love Your Neighbourhood scheme in 2016.

Tackling Food Waste

Food waste remains an important issue for the food industry as a whole and for our colleagues, members and customers. We continue to look at new ways to recycle food that might otherwise be wasted. We have recently launched a food donation trial with a number of stores in south Portsmouth, in partnership with local charity Foodcycle, and have built a partnership between stores in the Fareham area and The Real Junk Food Project Meon Valley. The Portsmouth trial is proving to be a success with food donations going to the The Real Junk Food Project Meon Valley. The Portsmouth trial is proving to be a success with food donations going to the Real Junk Food Project Meon Valley. The Portsmouth trial is proving to be a success with food donations going to the Portsmouth trial is proving to be a success with food donations going to The Real Junk Food Project. The Portsmouth trial is proving to be a success with food donations going to the Portsmouth trial is proving to be a success with food donations going to The Real Junk Food Project. The Portsmouth trial is proving to be a success with food donations going to the Portsmouth trial is proving to be a success with food donations going to The Real Junk Food Project. The Portsmouth trial is proving to be a success with food donations going to the Portsmouth trial is proving to be a success with food donations going to The Real Junk Food Project. The Portsmouth trial is proving to be a success with food donations going to the Portsmouth trial is proving to be a success with food donations going to The Real Junk Food Project. The Portsmouth trial is proving to be a success with food donations going to the Portsmouth trial is proving to be a success with food donations going to The Real Junk Food Project. The Portsmouth trial is proving to be a success with food donations going to the Portsmouth trial is proving to be a success with food donations going to The Real Junk Food Project. The Portsmouth trial is proving to be a success with food donations going to the Portsmouth trial is proving to be a success with food donations going to The Real Junk Food Project. The Portsmouth trial is proving to be a success with food donations going to the

Implementing the Modern Slavery Act

In recent years, concerns have grown about the abhorrent practice of modern slavery and human trafficking. As a result, the Modern Slavery Act, a world-leading piece of human rights legislation, was passed to tackle this problem. Like all large businesses, we are obliged to publish a slavery and human trafficking statement each financial year outlining what steps we take to ensure no-one in our business or supply chain is subject to such practices. You can find our statement on our website.

Sharing Our Success

Fair Dealing With Suppliers

Southern Co-op champions fair and ethical standards in how we source our products and services and how we promote them to our customers.

Through our trading agreement with Federal Retail Trading Services, the buying group for co-operatives in the UK, our approach to ethical sourcing focuses mainly on protecting the rights of workers throughout our supply chains. It is guided by a Sound Sourcing Code of Conduct and Sustainable Procurement and Supplier Policy. Further details about ethical sourcing in our food chain can be found on the Co-op Food website: www.co-operative-food.co.uk/food-matters.

We are also working to improve sustainability in parts of our supply chain we directly control, such as the procurement of goods and services we use but don’t sell – everything from bakery bags to printers, cleaning equipment to security services.

We are also proud that Co-op continues to be the world’s largest convenience seller of Fairtrade products. We remain committed to promoting Fairtrade, through online and social media campaigns, and through in-store product promotions for customers.

From May 2017, we will become the first UK retailer to sell and use only fairly sourced cocoa in all of our products.
Southern Co-op was born of a sense of community. We are part of our neighbourhoods across the south of England, employing, serving and supporting local people.

Supporting Our Communities

An important way we show our support for our neighbourhoods is by supporting local good causes. Through our community investment programme, Love Your Neighbourhood, we gave £701,514 to local charities and community groups in 2016, the equivalent of 14% of our Society’s pre-tax, pre-dividend profits.

On top of this, our energetic colleagues took part in sponsored walks, races, bake sales and head and beard shaves raising £262,857 in additional funds for local causes. This, together with customer donations raised through our funeral tributes, meant over £1.02m was contributed to the local community in 2016.

Love Your Neighbourhood

Love Your Neighbourhood is the name of our new community programme, which aims to create greener, safer, healthier and more inclusive communities.

Love Your Neighbourhood empowers each of our stores, funeral homes and offices to build their own neighbourhood network, supporting issues that matter most locally.

Every site has its own budget to spend in their neighbourhood and community groups are encouraged to ask for support in a number of ways. We make donations of goods, for raffles and other purposes. Other groups request cash donations of between £50 and £1000. Other groups are looking for volunteers.

Love Your Neighbourhood is jointly funded by the proceeds of the carrier bag levy and central funding from Southern Co-op’s community funding pot. This community funding pot is agreed by a member vote at our AGM.

Fundraising Partnerships

We concluded our two year fundraising partnership with Whizz-Kidz in 2016. Thanks to the amazing efforts of our colleagues, members and other partners, we raised an incredible £506,813 over two years. This money funded life-changing mobility equipment, youth clubs and residential camps, and wheelchair skills training, for young people living in the Southern Co-op region.

Colleagues at each of our sites now choose their own local fundraising partner. In 2016 funds raised by our colleagues encouraged young people to be more active, through support for swimming, badminton and football clubs; helped healthy eating sessions run in schools; supported community centre refurbishments in isolated villages; helped fund low cost hot meals for vulnerable people in a relaxed and social environment; and so much more.

Installing Life-Saving Defibrillators

For the last 3 years, Southern Co-op has facilitated the installation of defibrillators in various locations across our estate. We have worked with ambulance services to confirm the most suitable sites for use at any time of day or night. We currently have 12 sites fitted with defibrillators and more units will be installed during 2017, including one at The Oaks Crematorium.

The decrease in time volunteered, compared to previous years, reflects the business focus on transformation projects like Model Structures in 2016. We want to make it easier for colleagues to give back to their communities through volunteering, so we will be reviewing our volunteering policy and plan to relaunch this to colleagues in 2017.

Our Volunteers Go the Extra Mile

An extra pair of hands can make all the difference to getting a community project off the ground and we encourage our colleagues to volunteer to support local good causes.

In 2016, our colleagues volunteered over 1,000 hours of their time to communities. Examples of this included scrub clearance for local Wildlife Trusts to support their conservation work and the creation of a “work ready” programme, in partnership with the Shaw Trust Portsmouth, for the long-term unemployed in the Solent area.

Gemma Lacey
Director of Sustainability & Communications

£701,514
invested in our local communities

£262,857
raised for good causes by our colleagues
Regional Campaign Partners

We have also identified four regional campaign partners linked to our Love Your Neighbourhood themes of greener, safer, healthier and more inclusive communities to inspire our colleagues and members to get involved in their local communities.

Each partner received an equal share of any surplus funding not used by our stores and funeral homes from the carrier bag levy. The first Regional Campaign Partners are: The Wildlife Trusts, Stand Against Violence (SAV), Solent Mind and Scope.

The Wildlife Trusts
Southern Co-op is working jointly with the 10 Wildlife Trusts in our region to help families get outside and explore their local wildlife habitats. Whether it’s investigating animal tracks and signs, hunting for bugs and butterflies, or creating a wildlife-friendly garden – there’s lots people can do to support wildlife on their doorsteps. We’ve been working with the Trusts to share ideas and inspire our colleagues, members and others to discover their wild side.

Stand Against Violence (SAV)
SAV works with young people to prevent violence. Their funding is helping SAV to raise awareness of the issues and increase its capacity to deliver prevention programmes, workshops and talks in the community. The workshops focus on personal safety, managing anger and aggression, basic life support and the awareness of choices and consequences. SAV is also helping our colleagues with a Stay Safe programme to recognise and manage violence, or its triggers. This will be delivered for store colleagues that have had experience of violence in their store or locality in the past.

Solent Mind
Solent Mind is a regional mental health charity. Our funding will mainly go towards their peer-led support programme. This is where people who have experienced mental health issues support others. Solent Mind will also utilise our funding to support other local Mind charities and related organisations, to raise awareness of mental health issues through peer support opportunities and services such as supported housing, crisis helplines, drop-in centres, employment and training schemes, counselling and befriending.

Scope
Scope aims to make sure disabled people have the same opportunities as everyone else. They provide support, information and advice to more than a quarter of a million disabled people and their families every year. Our funding is supporting their End the Awkward campaign, which aims to tackle the awkwardness people feel about disability. This has included support for a film inspired by End the Awkward where disabled people share their awkward retail-based anecdotes and tips for retail colleagues.

Measuring Social Impact

In 2016, with the support of Business in the Community, we conducted two social impact studies. One looked at our relationship with our Local Flavours suppliers and how this has affected their operations in terms of business security, expansion and employment. The other looked at the impact our Bereavement Centre is having on our communities.

Local Flavours Helps Local Suppliers
The majority of respondents experience positive benefits from being part of our local sourcing programme, especially regarding income security and business growth. For some, the relationship has enabled them to invest in infrastructure or increase employment opportunities. Positive brand association has helped increase their own business reputation and the increased geographic reach of locally produced goods, has led to better access to and choice of local products for the local community. This, in turn, is helping suppliers increase their customer base and grow their business.

Areas where we could improve our relationship were internal processes linked to ordering and stock management, as well as local supplier relationship management at store level, establishing better feedback mechanisms for suppliers to raise concerns or ideas, better communication of local supplier stories and building better connections between our local supplier base to share good practice and ideas. We will be looking at how we address these in 2017.

Bereavement Centre Helps People Cope with Loss
The Bereavement Centre’s purpose is to educate, care and support those in life’s transitional journey of loss. It is run by experienced professionals and volunteers and provides a growing offer of free of charge services. These include one to one bereavement counselling, forums, social and support groups, walk and talk groups, life coaching and memorial services to the public. The service also offers bespoke training or education days, conferences and workshops to community partnership groups, such as hospices, hospitals and charities.

The Centre’s work aligns well with Southern Co-op’s business strategy and addresses an important societal need. The review identified opportunities such as ensuring a more strategic long-term approach to the Centre’s work, further integration with the wider End of Life Services business and better understanding and communicating the outcomes and impacts it delivers. See End of Life Services p38 for more about our Bereavement Centre.

The Wildlife Trusts
Bereavement Centre Helps People Cope with Loss
Scepe
Portsmouth Cultural Trust

We believe in being for all – so it is easy for people to join us and share in our success.
Retail

Our retail network is going from strength to strength. We increased our sales in our existing network thanks to keen pricing and an updated product range. We opened 22 new stores and have plans to open in up to 20 communities in 2017, when we will also start updating the look and feel of our stores.

Open For Business

We reached a major milestone in July 2016, with the opening of our 200th store in Purbrook, Hampshire (see left). This was one of 22 new stores we opened in 2016, six of which were brand new. The other 16 were stores we acquired and converted to a Southern Co-op format.

Our new stores included petrol forecourt stores at Haywards Heath, West Sussex and Wimborne, Dorset. We opened new stores in Bristol, the west country and our original heartland counties of Hampshire and Dorset. We also expanded into Surrey and outer London with seven new stores, and into Kent and East Sussex with two more stores.

We began the 2017 financial year with 207 stores trading. Despite a competitive property market our pipeline of potential new sites is good, supported by increasingly sophisticated tools to assess their potential.

Nine new stores were opened in the first quarter of 2017, and we expect to open a similar number again during the year. The pipeline includes a number of sites which will continue our organic growth inside the M25.

Post Office Counters

While our Post Office numbers fell during the year due to the closure of stores in Winsley, Wiltshire and Bishopstoke, Hampshire we were pleased to protect the Post Office service in these local communities by selling the stores as going concerns. The reduction in Post Office numbers was offset by the opening of a new Post Office in our store in Eastney, Portsmouth. We will also soon complete the addition of new Post Offices to our stores in Cranbrook, East Devon and in West Cowes on the Isle of Wight.

Closing Stores Responsibly

We know our stores are an important part of community life and we take decisions to close stores only after very serious consideration of the alternatives. Sadly, it is sometimes necessary to close loss-making stores, for example, when major competitors arrive and our own store is too small to allow us to compete effectively.

In 2016, we sold four stores as going concerns, including the two Post Office branches mentioned above, with colleagues protected under TUPE employment rights, and we closed a further six stores.

Open All Hours

The way customers shop is changing, and we must change with it.

People are living in smaller households and moving away from the big weekly shop. Instead, they are buying little and often, reflecting the faster pace of life today. Consumers are still value conscious and spend their money wisely. They want to shop in stores that are conveniently located, open longer hours, which offer keenly priced goods.

In 2016, we took steps to reorganise our in-store teams so that we have the right people, in the right place, at the right time, providing us with a sound base for future growth.

Our in-store teams are now organised around how customers shop today. We introduced a new role of duty manager (read more on p18), and redesigned our work rotas so we get the best balance of colleagues in each location to serve our customers throughout the trading week.

In 2017, we will build on these achievements with the Right Store programme. This puts more emphasis on allowing colleagues the time to look after customers. We will be introducing a common set of procedures covering everything from stock management to customer service; store safety, legality and cleanliness to effective resource planning. By introducing standard procedures across our stores, we will reduce the amount of administration for in-store colleagues, freeing up more time for them to spend with customers.

The way customers shop is changing, and we must change with it.
Improving Store Layouts

In Spring 2016, we completed our Right Range, Right Store programme. This gave all stores new layouts and merchandising to better reflect our customers’ shopping habits. We completely overhauled the product ranges in every store, including fresh and frozen food, groceries and non-food products. Store colleagues worked incredibly hard to make over 5,000 sets of changes, including new ways to clear end of line stock and free up warehouse space.

Store of the Future

In the last five years, the retail business has made considerable progress in reducing the capital cost of new stores, while accelerating the pace of delivery, improving energy efficiency and reducing inflationary pressures on new store investment.

While our in-store design has remained relatively unchanged, we are now looking to update the look and feel of our stores, especially in urban locations closer to London, where competitors are introducing more contemporary and aspirational store designs. Work is underway to create a more progressive store design and layout, which is being trialled in spring 2017.

Local Flavours – Taking It to the Next Level

We are proud to have been supporting local food and drink producers since 2007 and the popularity of our Local Flavours range is growing fast, as interest grows in locally produced food.

We are still expanding our Local Flavours range, and stocking it in more of our stores. Local Flavours went into an additional 18 stores in 2016 taking the total number of stores with a comprehensive local offer to 78. We added 27 new producers to our range, including COOK, a company that produces premium frozen ready meals in small batches, which we successfully piloted in 9 stores. Kentish Mayde which produces frozen savoury pies was another hit with customers, complementing our fresh food, and we plan to put their products in more stores in 2017.

Following the huge success of sourcing artisan breads and rolls from a local baker on the Isle of Wight, we are now looking for local bakers who can supply our stores in the southern counties. Sales rose by a third in the stores that trialled new bread products alongside our in-store bakery, and we are looking at how we might roll this out across the business during 2017.

Craft beers are also capturing the public imagination, and we have introduced a comprehensive range of local beers in all our counties. Customers are happy to buy local beers, resulting in a doubling in sales. This is another area we will continue to concentrate on in 2017.

We renewed strategic local food partnerships with Hampshire Fare, the Sussex Food & Drink Awards and the Royal Isle of Wight Agricultural Society County Show and continued our support for southdownsfood.org.

Value for Money Pricing

Consumers continue to be value conscious. Following our significant investment in the pricing of staples, such as milk, eggs, bread and fresh produce during 2015, we continued to invest heavily in pricing throughout the year. We reduced fresh meat and poultry prices in the spring and developed a new pricing model to deliver greater value in our stores. Our sales data analysis lets us identify which product prices are most important to our customers and we focus our investment in reducing these prices.

Welcoming New Franchisees in 2017

Our Welcome franchise business has reduced by one store to 25, with the retirement of the Tilbury franchisee. In 2016, we slowed new franchisee recruitment while we finalised a new franchise electronic point of sale (EPOS) system. In early 2017, we began an active recruitment drive which will add two new franchise partners and a total of four new stores to our portfolio in the first quarter of the year.

We have completely overhauled all product ranges in every one of our stores to better reflect our customers’ shopping habits.
End of Life Services

We pride ourselves on the high quality End of Life Services we offer our clients. We help people plan their funeral arrangements for the future, giving them control and peace of mind, and we help bereaved families create a personalised funeral for their loved one. Alongside funeral planning and arranging, we offer floristry and masonry services, as well as cremation and natural burial services. We also offer Bereavement Support which provides emotional, practical and social support to help the bereaved and their families through the difficult grieving process.

More people than ever are choosing our End of Life Services, which is reflected in the rise in numbers of families for whom we provided funeral, natural burial or cremation services for the third consecutive year. In 2016, we continued to invest in improving the services we provide. This included enhancements to our colleague training, the development of our new funeralcare.co.uk website and the opening of a new funeral home in Rose Green, Bognor Regis. Over £1m was invested in upgrading our vehicle fleet which saw the addition of new hearses, limousines and private ambulances.

Restful Resting Places

In early 2017, we took over full responsibility for East Devon Crematorium, in which we’d provided funeral, natural burial or cremation services for the third consecutive year. In 2016, we continued to invest in improving the services we provide. This included enhancements to our colleague training, the development of our new funeralcare.co.uk website and the opening of a new funeral home in Rose Green, Bognor Regis. Over £1m was invested in upgrading our vehicle fleet which saw the addition of new hearses, limousines and private ambulances.

Our memorial offering at The Oaks continues to be well received by our clients. We have plans to develop the mounds at the front of our site to create further memorial areas.

Families have become attracted to these sites because of the empathetic and sensitive support provided by our experienced colleagues, but also by their natural settings, which we have worked hard to enhance and maintain for the benefit of our clients and the wildlife that inhabit them.

At The Oaks, the Hampshire & Isle of Wight Wildlife Trust is helping us to encourage wildlife and preserve habitats including a natural pond and wildflower meadow. We are installing bee hives there in partnership with one of our Local Flavours suppliers, Sirth Common Honey. As well as providing important homes for pollinators, they will be used to educate members about bees and beekeeping as part of our member trips programme.

At Clayton Wood we have installed bird and bat boxes and dormice tubes in the hedgerows to attract more wildlife. The Wildlife Trust also ran a training session for our colleagues there covering our biodiversity surveys and action plan, the species these have identified and how this might affect site activity. We plan to run a similar session for our colleagues at The Oaks in 2017.

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Introducing funeralcare.co.uk

People increasingly turn to the internet and smart technology to access information on, and buy, products and services at a time and place of their choosing. Funeral planning is no different: people want to be able to review our products and services online, at their own convenience, before making an appointment in person. In response to this demand, we launched a new fully mobile, responsive funeralcare website, www.funeralcare.co.uk.

Through the website, bereaved customers can create personal tributes and share precious memories of loved ones, by uploading photos, videos and stories. They can light virtual candles of remembrance, share details of the funeral service, and make donations to charity in memory of the deceased. Families and friends can also contribute their own memories and stories.

Feedback from clients and colleagues in our funeral homes has been extremely positive. People are spending twice as long on the site as before and viewing more pages. In the four months after we launched the site, customers created over 700 tribute pages, which raised almost £57,000 for 97 charities.

Local charities, such as the Rowans Hospice and Hampshire & Isle of Wight Air Ambulance benefited directly from our donations platform, which enhances our ethos and brand values as a Society that gives back to the communities we serve.
Planning Ahead

More people are choosing to plan ahead, and select a pre-paid Funeral Plan to spare the people they love difficult decisions at a painful time. Sales of pre-paid Funeral Plans from our funeral homes reached a new record of over 1,500. As people increasingly turn to the internet to buy services, we are developing an e-commerce platform to allow our customers to purchase their plans online, and we expect to launch our first online funeral plan package in 2017. We hope this will make it easy for our customers to plan and make a purchase, and that it will also make the service more appealing to younger people, encouraging them to consider, discuss and plan their own funerals earlier, providing peace of mind for themselves and their families.

Supporting Bereaved Families

The reputation of our Bereavement Centre has continued to grow, thanks to the care, support, education and networking it undertakes to support the bereaved, and the professionals and organisations it comes into contact with on a daily basis. A new bereavement co-ordinator who joined the team during the year and, increased use of technology such as Skype counselling, is helping to increase the amount of bereavement support provided throughout our area.

We were delighted to see the great work of the Bereavement Centre formally recognised when our team reached the final of the Experian Building Stronger Businesses Award category of Business in the Community’s Responsible Business Awards 2016.

Work is underway to develop a children’s specific bereavement service and we are exploring ways in which Southern Co-op colleagues can support the centre through volunteering.

Caring Colleagues Provide Compassionate Service

Customers of our End of Life business are seeking sensitivity and reassurance as they make difficult decisions about their own funeral, or that of a loved one. We pride ourselves on the compassionate service we provide and continue to invest in training new and longstanding colleagues. In 2016, we enhanced our induction programme for new joiners, creating a 16-week training programme, supported and run by 20 newly-appointed and fully-trained mentors. We also created a dedicated apprenticeship scheme for our funeral business, which will be offered to new colleagues. We recently launched a new management development programme to improve career progression and leadership.

Benchmarking Our Service

An ongoing challenge for our business is to meet the needs of our customers today, while also looking to develop a service proposition that reflects customers changing demands and perceptions of end of life. To help us navigate this journey, we have become a member of the Institute of Customer Service. We will use our membership to help us benchmark, evaluate and enhance our current services, and to begin to evolve a customer service strategy for the future.

£10.2m at need funeral sales

1,526 funeral plans taken out in 2016

We pride ourselves on the compassionate service we provide and continue to invest in training new and longstanding colleagues.
Southern Co-op includes a number of additional businesses outside our food stores and End of Life Services. These include a property portfolio, several Starbucks franchises and an online business selling independent living aids.

**Property**
Southern Co-op has a property portfolio which, as well as the stores and funeral locations we own, includes non-trading properties. This includes flats above stores, other surplus space attached to our properties that we rent out, and investment properties unconnected to our trading businesses which we hold for rents and the opportunity for long-term capital growth.

During the year, we developed a new plan for our property assets. The aim was to identify how to create the most possible value from the property we own, and where to best invest in additional property assets.

As well as providing a useful additional income stream, our properties, particularly the investment estate, provide a way of spreading the risk we face as a trading business over more diverse areas of activity.

This year we have sold some investment properties that no longer meet our future plans. Our focus in 2017 will be to re-invest the sale proceeds in new properties and also to increase our overall investment portfolio where doing so can deliver the necessary return. Alongside this, and where possible, we will seek to buy the freehold of more of our trading locations.

**Co-operative Independent Living**
Co-operative Independent Living is our online business that provides aids for Daily Living – these are the products people need to remain independently in their homes for as long as possible following disability or the onset of advanced old age.

In 2016, we continued to develop our website, adding several hundred new product lines. Our in-house Occupational Therapist continues to develop new online advice and product guides for our customers, many of whom are facing additional needs for the first time.

We aim to grow scale in this specialist area by working in partnership with Complete Care Network in the operation of the business.

**Starbucks Franchise**
Our three Starbucks franchise sites have continued to mature and are trading in line with our expectations. In 2016 we were not able to secure any more sites for this part of the business that met our criteria for investment. Our focus has therefore been on driving extra business through the existing sites. We have seen good progress, particularly in the most recently opened Nelson Gate, Southampton branch. Our London Road, Southampton branch benefited from a full refurbishment during the year.
Summary of Financial Statement

This summary financial statement does not contain sufficient information to allow as full an understanding of the results of the group and state of affairs of the group, as would be provided by the full annual financial statements.

Group profit and loss account for the 52 weeks ended 28th January 2017

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>£’000</td>
<td>£’000</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(282,393)</td>
<td>(257,431)</td>
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<tr>
<td>Gross profit</td>
<td>111,430</td>
<td>109,355</td>
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<tr>
<td>Administrative expenses</td>
<td>(106,027)</td>
<td>(105,244)</td>
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<tr>
<td>Other operating income</td>
<td>524</td>
<td>186</td>
</tr>
<tr>
<td>Gain/(loss) from changes in fair value of investment properties</td>
<td>(321)</td>
<td>546</td>
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<tr>
<td>Group operating profit</td>
<td>5,606</td>
<td>4,843</td>
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<tr>
<td>Share of operating profit in associated company</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Profit on ordinary activities before interest</td>
<td>5,606</td>
<td>5,04</td>
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<tr>
<td>Interest payable and similar charges</td>
<td>(1,359)</td>
<td>(2,228)</td>
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<tr>
<td>Profit for the period before distributions</td>
<td>4,247</td>
<td>2,815</td>
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<tr>
<td>Distributions</td>
<td>(9,000)</td>
<td>(2,647)</td>
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<td>Profit for the period before tax</td>
<td>2,365</td>
<td>2,352</td>
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<tr>
<td>Taxation</td>
<td>(362)</td>
<td>1,962</td>
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<tr>
<td>Profit for the financial period</td>
<td>2,003</td>
<td>4,314</td>
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<tr>
<td>Group statement of comprehensive income</td>
<td></td>
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<tr>
<td>Profit/(loss) for the financial period</td>
<td>2,003</td>
<td>4,314</td>
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<tr>
<td>Unrealised gain/(loss) arising from valuation in respect of retirement benefits</td>
<td>(380)</td>
<td>4,022</td>
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<tr>
<td>Pension fund related deferred tax (charge)/credit</td>
<td>(179)</td>
<td>(930)</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>1,202</td>
<td>7,406</td>
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</table>

Group balance sheet at 28th January 2017

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>23,023</td>
<td>20,184</td>
</tr>
<tr>
<td>Tangible assets</td>
<td>106,029</td>
<td>91,592</td>
</tr>
<tr>
<td>Investments</td>
<td>31,062</td>
<td>27,428</td>
</tr>
<tr>
<td>Total</td>
<td>160,114</td>
<td>139,204</td>
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<tr>
<td>Current assets</td>
<td></td>
<td></td>
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<tr>
<td>Stocks</td>
<td>13,331</td>
<td>14,683</td>
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<tr>
<td>Debtors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due within one year</td>
<td>8,662</td>
<td>8,792</td>
</tr>
<tr>
<td>Due after one year</td>
<td>3,305</td>
<td>3,172</td>
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<tr>
<td>Investments</td>
<td>2,377</td>
<td>1,802</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>11,833</td>
<td>8,821</td>
</tr>
<tr>
<td>Total</td>
<td>36,203</td>
<td>37,203</td>
</tr>
<tr>
<td>Creditors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts falling due within one year</td>
<td>(46,997)</td>
<td>(32,251)</td>
</tr>
<tr>
<td>Net current assets/(liabilities)</td>
<td>(9,994)</td>
<td>4,952</td>
</tr>
<tr>
<td>Total assets less current liabilities</td>
<td>150,120</td>
<td>144,156</td>
</tr>
<tr>
<td>Creditors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts falling due after more than one year</td>
<td>(31,119)</td>
<td>(26,731)</td>
</tr>
<tr>
<td>Provisions for liabilities and charges</td>
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<td></td>
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<tr>
<td>Other provisions</td>
<td>(1,633)</td>
<td>(1,625)</td>
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<tr>
<td>Deferred tax</td>
<td>(1,025)</td>
<td>(1,356)</td>
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<tr>
<td>Net assets excluding pension (deficit)/asset</td>
<td>116,333</td>
<td>114,444</td>
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<tr>
<td>Pension asset/(deficit)</td>
<td>1,168</td>
<td>1,884</td>
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<tr>
<td>Net assets including pension (deficit)/asset</td>
<td>117,501</td>
<td>116,328</td>
</tr>
<tr>
<td>Capital and reserves</td>
<td></td>
<td></td>
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<tr>
<td>Share capital</td>
<td>586</td>
<td>615</td>
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<tr>
<td>Revenue reserves</td>
<td>115,473</td>
<td>114,271</td>
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<tr>
<td>Equity attributable to owners of the parent company</td>
<td>116,059</td>
<td>114,886</td>
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<tr>
<td>Non-controlling interests</td>
<td>1,442</td>
<td>1,442</td>
</tr>
<tr>
<td>Total</td>
<td>117,501</td>
<td>116,328</td>
</tr>
</tbody>
</table>
Group summary of cash flow for the 52 weeks ending 28th January 2017

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>£’000</td>
<td>£’000</td>
</tr>
<tr>
<td>Cash flows from operating activities</td>
<td>21,251</td>
</tr>
<tr>
<td>Net interest paid</td>
<td>(554)</td>
</tr>
<tr>
<td>Net taxation paid</td>
<td>(138)</td>
</tr>
<tr>
<td>Net cash generated from operating activities</td>
<td>20,561</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>7,532</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>(25,081)</td>
</tr>
<tr>
<td>Net increase/(decrease) in cash and cash equivalents</td>
<td>3,012</td>
</tr>
<tr>
<td>Net funds as at the start of the year</td>
<td>8,821</td>
</tr>
<tr>
<td>Net funds as at the end of the year</td>
<td>11,833</td>
</tr>
<tr>
<td>Cash and cash equivalents comprise: Cash at bank and in hand</td>
<td>11,833</td>
</tr>
</tbody>
</table>

*Distributions are now treated as financing activity rather than an operating activity.

5 year summary

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
<th>2015**</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>£’000</td>
<td>£’000</td>
<td>£’000</td>
<td>£’000</td>
<td>£’000</td>
</tr>
<tr>
<td>Number of members ('000)</td>
<td>167</td>
<td>159</td>
<td>151</td>
<td>147</td>
</tr>
<tr>
<td>Turnover</td>
<td>393,823</td>
<td>366,786</td>
<td>350,505</td>
<td>326,796</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>11,758</td>
<td>13,031</td>
<td>15,021</td>
<td>11,816</td>
</tr>
<tr>
<td>Underlying EBITDA</td>
<td>17,364</td>
<td>18,145</td>
<td>19,762</td>
<td>23,040</td>
</tr>
<tr>
<td>Trading profit</td>
<td>5,606</td>
<td>4,843</td>
<td>4,637</td>
<td>10,625</td>
</tr>
<tr>
<td>Retained profit to reserves</td>
<td>2,003</td>
<td>4,314</td>
<td>(1,436)</td>
<td>8,062</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>160,114</td>
<td>139,204</td>
<td>136,927</td>
<td>126,670</td>
</tr>
<tr>
<td>Net current assets</td>
<td>4,952</td>
<td>490</td>
<td>2,054</td>
<td>11,030</td>
</tr>
<tr>
<td>Total assets less current liabilities</td>
<td>150,612</td>
<td>144,156</td>
<td>137,417</td>
<td>128,724</td>
</tr>
<tr>
<td>Long term liabilities including pension liabilities</td>
<td>(31,119)</td>
<td>(27,028)</td>
<td>(28,492)</td>
<td>(23,669)</td>
</tr>
<tr>
<td>Net assets excluding pension liabilities</td>
<td>116,493</td>
<td>114,444</td>
<td>110,648</td>
<td>108,584</td>
</tr>
<tr>
<td>Share capital</td>
<td>586</td>
<td>615</td>
<td>618</td>
<td>590</td>
</tr>
<tr>
<td>Distributable reserves</td>
<td>115,473</td>
<td>110,435</td>
<td>104,855</td>
<td>105,113</td>
</tr>
<tr>
<td>Society funds</td>
<td>116,059</td>
<td>114,886</td>
<td>107,483</td>
<td>103,613</td>
</tr>
<tr>
<td>Minority interest</td>
<td>1,442</td>
<td>1,442</td>
<td>1,442</td>
<td>1,442</td>
</tr>
</tbody>
</table>

**2015 has been restated under the new financial reporting standard FRS102