

Co-operative Group Holdings (2011) Limited

Financial statements

Registered number 28501R

Period ended 4 January 2025

Corporate Information

Directors	Dominic Kendal-Ward Simon Nuttall
Secretary	Caroline J Sellers (resigned 31 March 2025) Yasmin Sidat (appointed 31 March 2025)
Auditors	Ernst & Young LLP, 2 St Peter's Square, Manchester, M2 3EY
Registered Office	1 Angel Square, Manchester, M60 0AG

Contents	Page
Statement of Directors' responsibilities in respect of the financial statements	1
Independent auditor's report to the members of Co-operative Group Holdings (2011) Limited	2-7
Income statement	8
Statement of other comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes	11 - 26

Statement of Directors' responsibilities in respect of the financial statements

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

Co-operative and Community Benefit Society Law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

Under that law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Society and of the income and expenditure of the Society for that period.

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

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

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Society and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Society and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Society's website.

Independent auditor's report to the members of Co-operative Group Holdings (2011) Limited

Opinion

We have audited the financial statements of Co-operative Group Holdings (2011) Limited (the "Society") for the 52-week period ended 4 January 2025 which comprise the Income statement, the Statement of other comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes 1 to 21, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice)."

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 4 January 2025 and of its profit for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

Basis for opinion

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

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

Conclusions relating to going concern

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

The Society has amounts owed to it by Group undertakings of £1,983m and is party to a Group MASS account arrangement operated by Co-operative Group Limited's Treasury Department. As a result, the Society is reliant on financial support from Co-operative Group Limited ("the Group"). We obtained an understanding of the process the Board of the Society undertook to evaluate whether the Group had the financial resources to be able to honour their commitments to the Society. We read the letter of support provided from the Group to corroborate management's expectation that the Group has the intent and the ability to provide support and will do so for the period to 31 December 2026.

Our evaluation of the Directors' assessment of the Society's ability to continue to adopt the going concern basis of accounting included:

- We confirmed our understanding of the Group's going concern assessment process including the review process over the going concern model and management's related Board memorandum.
- We assessed the adequacy of the going concern assessment period, and considered whether any events or conditions foreseeable after the period indicated a longer review period was required.
- The Group has secured a five-year term loan for £350m following the balance sheet date which has a deferred drawing until the date of the Eurobond settlement which is also for £350m. We read the terms of the agreement for the new debt and evaluated the agreement in the context of available headroom throughout the going concern assessment period.
- We checked the arithmetical accuracy of the Group cash flow forecasts, including the base case and downside scenarios, covering the going concern assessment period prepared by management and used by the Board in its assessment.
- We obtained copies of all facility agreements and understood the terms and conditions including those related to covenant test ratio requirements. We re-performed the calculation of headroom in respect of the financial covenant test ratios under the base case and by applying sensitivity analysis to assess compliance under severe but plausible downside scenarios. Within both our sensitivity analysis and management's sensitivity analysis, amounts were included to reflect cash outflows related to the recent Group wide cybersecurity incident.
- For the Group's downside scenarios, we considered whether they reflected severe but plausible changes in key assumptions, including estimates of the impact of the cyber-attack which arose in April 2025, and adequately reflected our assessment of management's historical forecasting accuracy.
- We assessed management's ability to execute feasible, mitigating actions, if applicable, to respond to the downside scenarios, based on our understanding of the group and the sector.
- We obtained summaries of the climate-related expenditure within the going concern period, checked whether the related cashflows were appropriately incorporated into the model and checked that the model appropriately reflected the Group's climate-related commitments. We assessed the appropriateness of the going concern disclosures in describing the risks associated with the Group's ability to continue as a going concern for the review period.

Independent auditor's report (continued)**Conclusions relating to going concern (continued)**

Explanation of how we evaluated management's assessment (included in Conclusion section above) and the key observations arising with respect to that evaluation:

In making the going concern assessment, we have considered the following:

The Group has net current liabilities of £358m (2023: £470m), which is common in the retail industry due to the working capital cycle. The Group has net debt (excluding leases) of £55m (2023: £82m). Of the debt held by the Group as at the period end, it is only the undrawn revolving credit facility which requires compliance with covenant tests. These covenants are tested twice per year. Subsequent to the period end, the Group entered into a new £350m term loan agreement which remains undrawn. This new loan arrangement includes covenant test ratios which have the same thresholds as for the existing RCF facility.

Cash generated from the Group's operating activities was £456m (2023: £602m).

We identified the following significant assumptions made by the Group's management which have influenced their going concern assessment:

- Food retail like for like sales volumes;
- The impact of cost headwinds (for example employer's NI increases and continuing cost inflation);
- The latest estimate of the impact of the cyber-attack on the Group in April 2025 on the liquidity headroom; and
- The repayment of the 2025 and 2026 bonds from a combination of existing cash and committed facilities arising from a new term loan which was completed in June 2025.

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

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

Overview of our audit approach

Key audit matters	<ul style="list-style-type: none">• Estimated credit losses on Intercompany receivables• Valuation of Investment in Food Wholesale business
Materiality	• Overall materiality of £37m which represents 2% of equity.

An overview of the scope of our audit**Tailoring the scope**

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Society. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Society and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Climate change

Stakeholders are increasingly interested in how climate change will impact the Society. The Society has determined that the most significant future impacts from climate change will be indirectly through their holdings in a food retail store business, a food wholesaling business, and a funeral plan and funeralcare business which materially comprise the operations of the Group entity. Directly the impact of climate change is not anticipated to be material to the Group or this Society.

The most significant future impacts from climate change across the entities where investments are held will be a lack of raw material availability and reduced access to key facilities (depots & data centres). The material future transition risks arising from climate change are potential damage to consumer sentiment in the market and impairment of technological assets as a result of negative impacts from the transition to a more sustainable business.

These are disclosed in the Group's financial statements for the 52-week period ended 4 January 2025 on pages 120 to 127 in the required Task Force on Climate Related Financial Disclosures and on pages 55 to 59 in the principal risks and uncertainties. All these disclosures form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information."

Independent auditor's report (continued)

Climate change (continued)

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

The Group has explained in their financial statements for the 52-week period ended 4 January 2025 within the Accounting Policies and Basis of Preparation section and in Note 10 and 12 their articulation of how climate change has been reflected in the financial statements and cash flow forecasting, including how this aligns with their commitment to become a net-zero business before 2040. Significant judgements and estimates relating to climate change are described within the section "Material accounting judgements, estimates and assumptions in relation to climate change."

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, their climate commitments, the effects of material climate risks disclosed on page 110-118 and the significant judgements and estimates disclosed within section "Material accounting judgements, estimates and assumptions in relation to climate change". We assessed whether this impact has been appropriately reflected in asset values where these are impacted by future cash flows and associated sensitivity disclosures (see notes 10, 12 and 25), following the requirements of UK adopted international accounting standards. As part of this evaluation, we performed our own risk assessment, supported by our climate change internal specialists, which included a review of the most recent Sustainability Report produced by the Group and a review of "Co-op's Climate Plan" updated in March 2024, to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit. We also challenged the Directors' considerations of climate change risks in their assessment of going concern and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work, we have not identified the impact of climate change on the financial statements to be a standalone key audit matter. However, we have considered the impact on one existing key audit matter: Valuation of Investments. Details of the impact, our procedures and findings are included in our explanation of the key audit matter below.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Board
<p>Estimated Credit Losses on Intercompany Receivables</p> <p><i>Refer to page 23 under the Trade and other receivables note</i></p> <p>The balance sheet includes intercompany receivables of £1,983 million (2023: £2,108 million) which are primarily due from the Society's parent undertaking, Co-operative Group Limited. There is a risk that the receivables may be impaired.</p> <p>Management has applied the expected credit loss model under IFRS 9: "Financial Instruments" to determine whether a provision is necessary.</p> <p>The risk has remained unchanged in the current period.</p>	<ul style="list-style-type: none">• We obtained an understanding of and documented the key processes and controls by performing a walkthrough of the processes for expected credit loss provisioning.• We have agreed the intercompany balances from the trial balance for the entity to the intercompany matrix.• We inspected a paper prepared by management to demonstrate the ability of group companies to settle their intercompany positions, and, in turn, the recoverability of the intercompany receivables held by the Society, if required.• We reperformed an expected credit loss calculation considering the change in credit risk from initial recognition and the exposure at default, probability of default, and loss given default.• We searched for contradictory evidence to management's key assumptions, such as the ability to make asset sales within a twelve-month period, and ran sensitivities to assess the appropriateness of the assumptions.• We read the disclosure and concluded over the appropriateness of the disclosure in line with the requirements of accounting standards.	<p>We concluded that the expected credit loss provision recorded by management was appropriate and within our acceptable range.</p>

Independent auditor's report (continued)

Key audit matters (continued)

<p>Valuation of Investments (2024: £217 million, 2023: £217 million)</p> <p><i>Refer to page 22 under the Investments note</i></p>	<p>The balance sheet includes an investment in the Group's Food Wholesale business of £126 million (2023: £126 million). There is a risk that the investment might be impaired. The risk relating to the carrying value of the investment has increased in the period due to continuing commercial headwinds.</p> <ul style="list-style-type: none"> • We obtained an understanding of and documented the key processes and controls by performing a walkthrough of management's impairment processes. • We have read management's impairment assessment of the investment in the Food Wholesale business • We have performed a detailed impairment assessment of the valuation of the investment by assessing: <ul style="list-style-type: none"> - management's forecasting accuracy by comparing historic forecasts to historic results across the prior three accounting periods. - key assumptions within the forecasts such as projected growth rates, customer contract wins, losses and renewals and discount rates and corroborating to external benchmarks where available. • We performed a sensitivity analysis on both the discount rate and sales volumes and performed an analysis on EBITDA to evaluate the headroom. • We read the disclosures included within the financial statements and concluded on their appropriateness in line with accounting standards. 	<p>We did not identify an impairment in the carrying value of the Society's investment in the Food Wholesale business.</p>
---	--	--

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Society to be £37million (2023: £36 million), which is 2% (2023: 2%) of equity. We believe that equity provides us with an appropriate performance metric on which to base our materiality calculation. This is due to the principal activity being a holding entity for group subsidiaries and for debt financing. Therefore, we concluded that equity, a capital-based measure, was appropriate to use as a performance benchmark given the focus of the users of the accounts is on the solvency of the Society in the long-term.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Society's overall control environment, our judgement was that performance materiality was 75% (2022: 50%) of our planning materiality, namely £28million (2023: £18million). We have set performance materiality at this percentage due to the number of audit misstatements identified in the prior period

Independent auditor's report (continued)

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with those charged with governance that we would report to them all uncorrected audit differences in excess of £1.9m (2023: £1.8m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

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

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 1, the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report (continued)

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

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

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Society and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Society and determined that the most significant are direct laws and regulations relating to tax legislation, and the financial reporting framework i.e. Co-operative and Community Benefit Societies Act 2014 and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework".
- We understood how Co-operative Group Holdings (2011) Limited is complying with those frameworks by making enquiries with management, internal audit, and those responsible for legal and compliance matters. We reviewed specialist reports and correspondence with regulators and made enquiries of legal counsel in relation to a cyber incident.
- We assessed the susceptibility of the Society's financial statements to material misstatement, including how fraud might occur by considering the controls that the Society has established to address risks identified by the entity, or that might otherwise seek to prevent, deter or detect fraud. We also considered areas of significant judgement including valuation of investments. Where the risk was higher, we performed audit procedures to address each identified fraud risk. In addition, we performed testing to address the pervasive risk of management override through testing journal postings which were outside of our expectations, searching for significant or unusual transactions, assessing related party transactions and performing sensitivity analysis over key estimates.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. For both direct and other laws and regulations, our procedures involved; making enquiries with those charged with governance and senior management for their awareness of non-compliance with laws and regulations, inquiring about policies that have been established to prevent non-compliance with laws and regulations by officers and employees, inquiring about the Society's methods of enforcing and monitoring compliance with such policies.

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

Other matters we are required to address

Following the recommendation from the Board we were appointed by the Society on 21 May 2016 to audit the financial statements for the 52-week period ending 31 December 2016 and subsequent financial periods.

The period of total uninterrupted engagement including previous renewals and reappointments is nine periods, covering the 52-week periods ending 31 December 2016, 5 January 2019, 4 January 2020, 2 January 2021, 1 January 2022, 31 December 2022, 4 January 2025 and two 53-week periods ending 6 January 2018 and 6 January 2024.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Society and we remain independent of the Society in conducting the audit.

Use of our report

This report is made solely to the Society's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014 and our engagement letter dated 20 February 2024. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

 Ernst & Young LLP

E04496AD9177466...

Ernst & Young LLP
Statutory Auditor
Manchester
27 June 2025

Income Statement
for the period ended 4 January 2025

	Notes	For period ended 4 January 2025* £'000	For period ended 6 January 2024 £'000	For period ended 6 January 2024 £'000
Revenue	3	8,040	8,624	8,624
Cost of sales **		(4,763)	(8,305)	(8,305)
Gross profit		3,277	319	319
Change in expected credit loss provision on amounts owed by group undertakings		11,126	(7,833)	
Change in value of investment properties		10,457	4,315	
Impairment of property, plant and equipment	4	-	(4,473)	
Partial reversal of Impairment of property, plant and equipment	4	802	-	
Profit on disposal of property, plant and equipment	4	9,876	4,912	
Operating profit / (loss)	4	35,538	(2,760)	(2,760)
Investment income	6	615,853	-	
Finance income	7	131,548	126,441	
Finance expenses	8	(38,611)	(49,464)	
Profit before taxation		744,328	74,217	74,217
Taxation	9	(11,200)	(15,983)	
Profit for the period		733,128	58,234	58,234

All amounts relate to continuing activities.

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

** Prior to the year ended 6 January 2024, the entity operated a portfolio of food stores as well as holding properties for rental or resale. The food stores were transferred to another part of the Co-op group on the final day of FY22. In prior year financial statements (including the year ended 6 January 2024) cost of sales only reflected the cost of retail food sales, while the cost of generating rental income was presented as part of admin expenses. This is because the property rental side of the business was not considered to be the main purpose of the business. Following the transfer of the food stores on 31 December 2022, the main source of revenue for the entity derives from rental income from its property portfolio. Therefore, the entity has changed its policy of classification of property rental costs from being presented as Administrative expenses, to being presented as Cost of sales. The comparatives have been adjusted to reflect this change in presentation.

Statement of other comprehensive income
for the period ended 4 January 2025

	Notes	For period ended 4 January 2025* £'000	For period ended 6 January 2024 £'000
Profit for the period		733,128	58,234
Other comprehensive income: Items that will not be reclassified to profit or loss			
Revaluation upon transfer from PPE to investment property		187	1,078
Tax impact of above		(120)	-
Total comprehensive income for the period		733,195	59,312

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

The notes on pages 11 to 24 form an integral part of these financial statements.

Balance Sheet
as at 4 January 2025

	Notes	As at 4 January 2025 £'000	As at 6 January 2024 £'000
Non-current assets			
Property, plant and equipment	10	10,079	13,517
Right-of-use assets	11	3,074	5,133
Investment properties	12	31,487	29,277
Investments	14	217,225	217,225
Finance lease receivables*	11	10,779	14,700
Trade and other receivables	15	1,997,176	2,018,476
Deferred tax asset	19	3,177	2,814
Total non-current assets		2,272,997	2,301,142
Current assets			
Trade and other receivables	15	10,904	7,828
Finance lease receivables*	11	5,077	6,175
Cash and cash equivalents		55,970	-
Total current assets		71,951	14,003
Total assets		2,344,948	2,315,145
Non-current liabilities			
Loans and borrowings	16	357,360	357,049
Lease liabilities	11	57,220	72,582
Provisions	17	16,128	17,010
Derivatives	13	5,783	8,580
Total non-current liabilities		436,491	455,221
Current liabilities			
Lease liabilities	11	9,299	12,178
Trade and other payables	18	19,781	19,583
Overdraft		-	21,006
Provisions	17	5,667	11,929
Total current liabilities		34,747	64,696
Total liabilities		471,238	519,917
Net assets		1,873,710	1,795,228
Equity			
Called up share capital	20	522,000	522,000
Retained earnings		1,347,887	1,269,472
Revaluation reserve		3,823	3,756
Total equity		1,873,710	1,795,228

* The comparative split between the current and non-current balance of the finance lease receivable as at 6 January 2024 has been restated to correct for an error in the prior year.

The notes on pages 11 to 26 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 27 June 2025 and were signed on its behalf by:

S Nuttal
Director

D Kendal-Ward
Director

Y Sidat
Secretary

Statement of changes in equity
for the period ended 4 January 2025

	Called up share capital £'000	Revaluation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2023	522,000	2,678	1,211,238	1,735,916
Profit for the period	-	-	58,234	58,234
Other comprehensive income				
Revaluation upon transfer from PPE to investment property	-	1,078	-	1,078
Balance at 6 January 2024	522,000	3,756	1,269,472	1,795,228
Profit for the period	-	-	733,128	733,128
Other comprehensive income				
Revaluation upon transfer from PPE to investment property	-	187	-	187
Tax impact of above	-	(120)	-	(120)
Dividends paid in the period to parent undertaking, Co-operative Group Limited	-	-	(654,713)	(654,713)
Balance at 4 January 2025	522,000	3,823	1,347,887	1,873,710

The notes on pages 11 to 24 form an integral part of these financial statements.

Notes
(*forming part of the financial statements*)

1 General information

Co-operative Group Holdings (2011) Limited is a Registered Society and is registered in England and Wales.

The address of the Society's registered office is 1 Angel Square, Manchester, M60 0AG.

The principal activities of the Society are property management, the financing of the parent undertaking Co-operative Group Limited, and holding investments in other group subsidiaries.

2 Accounting policies

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

Basis of preparation

The Society meets the definition of a qualifying entity under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' and the Co-operative and Community Benefit Societies Act 2014 for the 52 week period ended 4 January 2025. The comparative period was for the 53 week period ended 6 January 2024.

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

The Society is a wholly owned subsidiary of Co-operative Group Limited ('the Group'), a Registered Society under the Co-operative and Community Benefit Societies Act 2014 registered in England and Wales. The Society owns investments in the Group's food retail store business, a food wholesaling business, and a funeral plan and funeralcare businesses, which materially constitute the operations of the Group. As such, the Directors have determined the level of risk and challenges in relation to climate change to be indirectly commensurate with its ultimate parent undertaking (the Group) and continues to manage these risks in-line with the Group's approach to climate change.

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

As a standalone holding entity, the Society faces no other significant climate change risk given the trade of the Group's business is not the Society's principal activity.

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

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

New and amended standards adopted by the Society

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

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

Standards, amendments and interpretations issued but not yet effective

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

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

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

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

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

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

Notes (continued)

2 Accounting policies (continued)

Critical accounting estimates and judgements

The preparation of financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

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

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

Key judgements:

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

- Leases (note 11) - The Society determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Society has the option, under some of its leases to lease the assets for additional terms of 5 to 10 years. The Society applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Society reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

Key estimates and assumptions:

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

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

- Investment properties valuation (note 12) - investment properties are held on the balance sheet at fair value. For rural estate (plots of land held for future development and capital appreciation) fair value is determined each year by independent valuers. For all other properties (formerly trading stores and residential properties), fair value is determined internally each year in accordance with the RICS Appraisal and Valuation Manual. Fair value is based on current prices in an active market for similar properties in the same location and condition. Dependent on how volatile the market is, this can have a significant impact on the value of the investment properties on the balance sheet.

- Investments (note 14) - the carrying amount of investments in subsidiaries is reviewed at each balance sheet date and if there is any indication of impairment, the investment's recoverable amount is estimated. The recoverable amount is the greater of the fair value of the asset (less costs to sell) and the value in use of the asset. An impairment loss is recognised whenever the carrying amount of an investment exceeds its estimated recoverable amount.

The Society estimates the value in use of a subsidiary by projecting future cash flows into perpetuity and discounting the cash flows ('DCF') associated with that subsidiary. The key assumptions used to determine the recoverable amount for the different subsidiaries, and the sensitivity analysis that is undertaken, are disclosed and further explained in note 14.

- Expected credit loss on receivables owed from group undertakings (note 15) - the Society has applied the Group's expected credit loss model to trade receivables and amounts owed by group undertakings, which focuses on whether the receivables are expected to be recoverable rather than whether an impairment loss has occurred.

To aid the assessment as to whether a significant increase in credit risk has occurred since inception, the Group reviews Global default rates tracked by S&P.

In the Group's assessment of the intercompany debtor recoverability, a layered 3 tier decision tree approach is undertaken, which considers three forward-looking scenarios: 1) immediate cash settlement, 2) settlement using the Group's pooled cash arrangements, and 3) repayment over time. The third scenario is also extended to consider any potential expected credit loss that might arise should the Group itself ultimately default during any assumed repayment horizon.

In all scenarios considered in the model, full recoverability of amounts owed by group undertakings is anticipated. This is the case whether that be immediately via cash settlement by the borrowing entity (or via immediate settlement from utilising the Group's available funding arrangements and pooled cash model) or via settlement over a longer period of time (including any potential default by the Group). Where a recovery over time scenario has been modelled, any ECL has been calculated to reflect the risk of default over the time it takes to recover the loan, calculated as the impact of discounting the loan balance over the recovery time horizon at the effective interest rate.

- Provisions (note 17) - a provision is recognised in the balance sheet when the Society has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The most significant provision for the Society relates to property provisions for non-rental costs associated with properties that are no longer used for trading purposes and significant assumptions and estimates are made in relation to the estimation of future cash flows and the discount rate applied. See note 17 for further details.

Notes (continued)

2 Accounting policies (continued)

Going concern

The Society generated a profit of £733,128k in the period (2023: £58,234k) and at the balance sheet date holds net assets of £1,873,711k (2023: £1,795,228k) and net current assets of £37,204k (2023: net current liabilities of £50,693k). The Society has an inter-company receivable of £1,994m as at 4 January 2025 (2023: £2,013m).

The Society is reliant on the support of Co-operative Group Limited ("the Group") in order to meet its day to day working capital requirements because the Group operates a joint account arrangement for its subsidiaries managed by the Group's central treasury function. In addition, the Society participates in facility arrangements provided by external lenders to the Group and certain of its subsidiaries, including the Society ("the Group facilities").

A letter of support has been obtained from the Group as evidence of its intention to give continued financial support. The Group has confirmed that it has the ability to provide such financial support and has committed to providing such support until at least 31 December 2026.

In assessing the ability of the Group to provide financial support to the Society, the Directors of the Society have considered the going concern disclosure included in the Annual Report and Accounts of the Group issued on 3rd April 2025 included below, updated for the impact of any significant events occurring between the 3rd April 2025 and the date of signing these financial statements. As described in the Subsequent events note to these financial statements, the Group has since the end of April 2025 been managing a cyber incident. Our early assessment of the expected worst case impact before mitigation on the Group, has been modelled against the Group going concern downside scenario, with sufficient liquidity and financial covenant headroom over the next 18 month period. The Board is expecting that the impact will be managed and reduced through management of costs and other trading actions.

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

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

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

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

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

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

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

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

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

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

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

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

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

The key assumptions in the plan are:

- a. Growth in price, volume and profit, whilst keeping net debt steady.
- b. This growth is tempered with impact of continued cost headwinds on payroll, goods not for resale inflation, and expected increase in packaging costs, being offset by margin and operating cost efficiencies.
- c. Whilst the impact of Chancellor's budget is market-wide, base case has been adjusted to quantify the national insurance and other impacts along with mitigations of these headwinds.
- d. Our healthy balance sheet position will allow us to repay the £112m 2025 subordinated notes (due December 2025). As disclosed in the subsequent events note, the Group has in June 2025 signed a new 5 year term loan for £350m which will allow us to repay the £350m bond maturing in July 2026.

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

Notes (continued)

2 Accounting policies (continued)

Going concern (continued)

3. Assess downside scenarios against the base case

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

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

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

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

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

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank and short-term deposits with banks with a maturity of three months or less, which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Society's cash management are included as a component of cash and cash equivalents.

Through its primary banking provider, the Co-operative Group operates a joint account arrangement for its subsidiary entities. Under this arrangement, the Group manages all funds through a joint MASS (Memorandum account statement system) account on behalf of all participating entities, whilst the individual entities have Memorandum accounts which are reflected in the header MASS account. All memorandum balances are grouped together in the MASS account for the purposes of applying interest from a Group perspective, but each entity records its own memorandum balance in its individual financial statements.

Each subsidiary presents the net aggregate balance of their Memorandum accounts as cash and cash equivalents as each participant is able to access their accounts as if it was a real individual bank account and is responsible for its own indebtedness as per the MASS agreement.

Property, plant and equipment and depreciation

Where parts of an item of property, plant and equipment have materially different useful economic lives, they are accounted for as separate items of property, plant and equipment. Cost includes purchase price plus any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is provided on the cost or valuation less estimated residual value (excluding freehold land) on a straight-line basis over the anticipated working lives of the assets. The estimated useful lives are as follows:

Freehold buildings	50 years
--------------------	----------

Leases

i) Right-of-use assets

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

ii) Lease liabilities

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

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

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

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

Notes (continued)

2 Accounting policies (continued)

Impairment

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

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

Investment property

Properties held for long term rental yields that are not occupied by the Society or properties held for capital growth are classified as investment property. Investment properties are freehold land and buildings and Right-of-use assets. These are carried at fair value. For rural estate (plots of land held for future development and capital appreciation) fair value is determined each year by independent valuers. For all other properties (formerly trading stores and residential properties), fair value is determined internally each year in accordance with the RICS Appraisal and Valuation Manual. Fair value is based on current prices in an active market for similar properties in the same location and condition. Any gain or loss arising from a change in fair value is recognised in the income statement.

Transfers between investment property and property, plant and equipment, are made when there is a change in use, evidenced by the end of user occupation. Properties reclassified from property, plant and equipment to investment property are measured at fair value with the change in value taken to other comprehensive income (initial valuation) with subsequent revaluations taken to the income statement.

If we start to occupy or trade from one of our investment properties, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes. Other disclosures required by IAS 40 (Investment Properties) are not considered to be material.

Dividends

Dividends payable are recognised as a liability in the period in which they are approved and shown as a distribution of reserves (in the Statement of changes in equity). Dividends received are treated as investment income (see note 6).

Investments

The Society holds investments in subsidiary Companies and Societies and these are accounted for at cost less provision for impairment. The carrying value is reviewed at each reporting date to determine any indication of impairment. If such an indication exists, then the investment's recoverable amount is measured. The recoverable amount is the greater of its value in use and its fair value less cost to sell. An impairment loss is recognised in the income statement if the carrying amount exceeds the recoverable amount.

Trade receivables

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

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (for example, by customer, coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not insured or subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in trade and other receivables (note 15).

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

Financial instruments

All financial liabilities are measured at amortised cost, except the hedged portion of the fixed rate sterling Eurobond values, which are measured at fair value through profit or loss.

This is because the Society has used interest rate swaps to hedge the impact of movements in the interest rate and the movement in the fair value of the quoted debt, which is partially offset by the fair value movement in the interest rate swaps (note 13). The un-hedged portion of the Eurobond quoted debt is accounted for at amortised cost in accordance with IFRS 9. This approach applies to those borrowings taken out prior to the adoption of IFRS 9 in 2018. Any subsequent borrowings are initially measured at fair value through the P&L and then amortised cost.

While there is a difference in accounting between the portion of Eurobond debt measured at amortised cost and the hedged portion measured at fair value through profit or loss, hedge accounting is not applied.

Derivatives

Derivative financial instruments are used to provide an economic hedge to reduce the Society's exposure to interest rate risks arising from operational, financing and investment activities. In accordance with treasury policy, the Society does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are measured at fair value and any gains or losses are included in the income statement. Fair values are based on quoted market prices in active markets, and where these are not available, using valuation techniques such as discounted cashflow models.

Interest payments or receipts arising from interest rate swaps are recognised within net financial income / (expenses) in the period when the interest is incurred or earned.

Notes (continued)

2 Accounting policies (continued)

Provisions

A provision is recognised in the balance sheet when the Society has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Property provisions are held for running costs, excluding rental costs, of leasehold properties that are vacant or not planned to be used for ongoing operations. Property provisions are expected to be utilised over the remaining periods of the leases.

The Society considers that where it has entitlement to possession of a property, even if vacant, it retains a statutory obligation to pay the related business rates that have been determined to be levies as defined in IFRIC 21. Accordingly, the estimate of the least net costs of exiting from the contracts excludes future business rates which instead under IFRIC 21 are recognised when the event that triggers the payment of the levy arises (as a periodic cost). Property provisions are expected to be utilised over the remaining periods of the leases which range from 1 to 97 years.

Taxation

(i) Income tax

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

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

Whilst a current tax asset / liability is presented on the balance sheet, brought forward tax attributes currently allow the group to extinguish any current tax charges / liabilities by way of group relief claims. The settlement of such group relief claims / surrenders is made by way of either cash payments or intergroup loans.

(ii) Deferred taxation

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

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

Share capital

The shares are withdrawable under the Society Rules and it is at the Board's discretion to approve any withdrawal. IFRIC 2 (Members' Shares in Co-operative Entities and Similar Instruments) determines the features that allow shares to be classified as equity capital. As the Board has an unconditional right to refuse redemption of shares, the shares are treated as equity shares.

Revenue

Rental income is recognised in the income statement on a straight line basis over the term of the lease. Rent incentives granted by the Society are spread evenly over the course of the rental term, even if the payments are not made on such a basis. The rental term is the non-cancellable period of the rental agreement, along with any further optional term, which at the inception of the rental agreement, it is reasonably certain that the tenant will exercise.

All revenue is derived from the Society's principal activity of property management.

Notes (continued)

3 Revenue

	For period ended 4 January 2025 £'000	For period ended 6 January 2024 £'000
Revenue comprises the following:		
Property rental income	8,040	8,624
	<hr/>	<hr/>
	8,040	8,624

4 Operating profit

	For period ended 4 January 2025 £'000	For period ended 6 January 2024 £'000
Operating profit is stated after charging / (crediting):		
Depreciation of property, plant and equipment	551	747
Depreciation of right-of-use assets	444	723
Change in expected credit loss provision on amounts owed by group undertakings	(11,126)	7,833
Impairment of land and buildings	85	565
Impairment / (reversal) of impairment of right-of-use assets	(887)	3,908
Profit on disposal of property, plant and equipment	(9,876)	(4,912)
	<hr/>	<hr/>

The auditor's remuneration of £107,510 (2023: £96,576) is borne by the ultimate parent undertaking. Non-audit fees (audit related assurance services) were £nil (2023: £nil).

5 Director's remuneration

Directors' remuneration in respect of services provided to the Society were borne by the ultimate parent undertaking in both the period ended 4 January 2025 and the period ended 6 January 2024.

The cost of remuneration paid to Directors who are also executive Directors of Co-operative Group Limited cannot be meaningfully apportioned to the Society. The full amounts of their total remuneration are fully disclosed in the annual report and accounts of Co-operative Group Limited (which can be accessed on <https://www.co-operative.coop/investors/reports>) and not included here.

The cost of remuneration paid to other Directors, who are employed and paid by Co-operative Group Limited but not recharged to the Society, cannot be meaningfully apportioned to the Society as the level of their qualifying services in relation to the Society are incidental and negligible compared to their main role. No emoluments are paid directly to them by the Society.

6 Investment income

	For period ended 4 January 2025 £'000	For period ended 6 January 2024 £'000
Dividends received from Co-operative Group Food Limited	588,713	-
Dividends received from Co-operative Legal Services Limited	26,000	-
Dividends received from Coldham Windfarm Limited	1,140	-
	<hr/>	<hr/>
	615,853	-
	<hr/>	<hr/>

7 Finance income

	For period ended 4 January 2025 £'000	For period ended 6 January 2024 £'000
Underlying interest income from finance lease receivables	1,478	1,982
Interest on intra-group receivables	124,293	117,734
Fair value movement on interest rate swaps (see note 13)	2,797	4,045
Other interest income	2,980	2,680
	<hr/>	<hr/>
Total interest receivable and similar income	131,548	126,441
	<hr/>	<hr/>

8 Finance expenses

	For period ended 4 January 2025 £'000	For period ended 6 January 2024 £'000
Interest expense on loans	26,110	28,320
Interest on lease liabilities	4,533	5,482
Fair value movement on quoted debt	3,150	9,975
Other interest expense	4,818	5,687
	<hr/>	<hr/>
Total interest payable and similar costs	38,611	49,464
	<hr/>	<hr/>

Notes (continued)

9 Taxation

Analysis of charge/credit in period

	For period ended 4 January 2025 £'000	For period ended 6 January 2024 £'000
<i>UK corporation tax</i>		
Group relief payable	(11,857)	(16,926)
Current tax credit - adjustments in respect of prior years	174	177
Total current tax charge	<u>(11,683)</u>	<u>(16,749)</u>
<i>Deferred tax (see note 19)</i>		
Deferred tax credit - adjustments in respect of current year	645	1,171
Deferred tax charge - adjustments in respect of prior years	(162)	(480)
Effect of rate change on closing balance	-	75
Total deferred tax credit	<u>483</u>	<u>766</u>
Tax charge on profit before taxation	<u>(11,200)</u>	<u>(15,983)</u>

Factors affecting the tax charge for the current period

The tax on the net profit before tax differs from the theoretical amount that would arise using the standard applicable blended rate of corporation tax of 25% (2023: 23.5%) as follows:

	For period ended 4 January 2025 £'000	For period ended 6 January 2024 £'000
<i>Current tax reconciliation</i>		
Profit before tax	744,328	74,217
Current tax charge at 25% (2023: 23.5%)	<u>(186,082)</u>	<u>(17,441)</u>
<i>Effects of:</i>		
Expenses not deductible for tax purposes	(736)	(1,890)
Non-taxable income	9,567	-
Relief for dividend paid	163,677	-
Transfer pricing adjustments	65	41
Depreciation and amortisation on non-qualifying assets	1,540	3,127
Profit on disposal of fixed assets	757	408
Capital (gains) /losses transferred	-	-
Adjustments to tax charge in respect of previous periods	12	(303)
Deferred tax rate change adjustment	-	75
Total income tax charge	<u>(11,200)</u>	<u>(15,983)</u>

Income tax on items in the statement of comprehensive income

	For period ended 4 January 2025 £'000	For period ended 6 January 2024 £'000
Taxation for the period	(11,200)	(15,983)
Other comprehensive income:		
Revaluation upon transfer from PPE to investment property	<u>(120)</u>	<u>-</u>
Income tax on items taken to statement of comprehensive income	<u>(11,320)</u>	<u>(15,983)</u>

Based on previously enacted legislation, the rate of corporation tax increased to 25% with effect from 1 April 2023. The rate of tax applicable to the whole year is therefore 25%.

The rate of tax applied to deferred tax movements in the year is also 25% on the basis that this was the enacted rate at the balance sheet date. This applies to deferred tax movements in the year and post balance sheet values.

Notes (continued)

10 Property, plant and equipment

	Land and buildings £'000
For the period ended 4 January 2025	
Cost	
At 6 January 2024	29,046
Additions	860
Disposals	(4,457)
Transfers to investment property	(4,118)
Transfers to Group undertakings	(2)
At 4 January 2025	21,329
Depreciation	
At 6 January 2024	15,529
Charge for the period	551
Impairment	85
Disposals	(1,663)
Transfers to investment property	(3,251)
Transfers to Group undertakings	(1)
At 4 January 2025	11,250
Net book value	
At 4 January 2025	10,079
At 6 January 2024	13,517
Transfers to Group undertakings include transfers of property to the Group's trading entities at carrying amount.	
For the period ended 6 January 2024	
Cost	
At 1 January 2023	77,468
Additions	2,129
Disposals	(40,260)
Transfers to investment property	(8,329)
Transfers from Group undertakings	(1,962)
At 6 January 2024	29,046
Depreciation	
At 1 January 2023	72,485
Charge for the period	747
Impairment	565
Disposals	(54,545)
Transfers to investment properties	(3,648)
Transfer from Group undertakings	(75)
At 6 January 2024	15,529
Net book value	
At 6 January 2024	13,517
At 1 January 2023	4,983

Notes (continued)

11 Leases

A. As a lessee

Right-of-use assets

For the period ended 4 January 2025	Property £'000	Plant and Equipment £'000	Total £'000
Cost			
At 6 January 2024	11,454	13	11,467
Additions	2,743	-	2,743
Disposals	(2,680)	-	(2,680)
Transfers to investment properties	(5,479)	-	(5,479)
Transfers to Group undertakings	(1,690)	-	(1,690)
At 4 January 2025	4,348	13	4,361
Depreciation			
At 6 January 2024	6,321	13	6,334
Charge for the period	444	-	444
Partial reversal of impairment	(887)	-	(887)
Disposals	(1,027)	-	(1,027)
Transfers to investment properties	(3,535)	-	(3,535)
Transfers to Group undertakings	(42)	-	(42)
At 4 January 2025	1,274	13	1,287
Net book value			
At 4 January 2025	3,074	-	3,074
At 6 January 2024	5,133	-	5,133

The Society leases many assets, principally it leases properties for the Group's non-trading food retail stores and non-trading funerals branches. The leases of non-trading stores are typically between 1-20 years in length.

For the period ended 6 January 2024	Property £'000	Plant and Equipment £'000	Total £'000
Cost			
At 1 January 2023	10,632	74	10,706
Additions	6,422	-	6,422
Disposals	(11,840)	-	(11,840)
Transfers to investment properties	-	-	-
Transfers to group undertakings	6,240	(61)	6,179
At 6 January 2024	11,454	13	11,467
Depreciation			
At 1 January 2023	4,981	43	5,024
Charge for the period	713	10	723
Impairment	3,908	-	3,908
Disposals	(9,306)	-	(9,306)
Transfers to investment properties	-	-	-
Transfer to group undertakings	6,025	(40)	5,985
At 6 January 2024	6,321	13	6,334
Net book value			
At 6 January 2024	5,133	-	5,133
At 1 January 2023	5,651	31	5,682

Notes (continued)

11 Leases (continued)

Lease liabilities

	As at 4 January 2025 £'000	As at 6 January 2024 £'000
Current	9,299	12,178
Non-Current	57,220	72,582
Lease liabilities included in the balance sheet	66,519	84,760
 Lease liabilities - maturity analysis (undiscounted)		
Less than 6 months	5,058	6,250
6 - 12 months	5,003	6,211
1 - 2 years	9,773	11,722
2 - 5 years	23,635	29,287
5 - 10 years	19,078	29,632
10 - 15 years	8,292	10,544
More than 15 years	27,984	35,119
Total lease liabilities	98,823	128,765
 Opening lease liabilities	84,760	100,376
Additions	1,733	9,101
Disposals	(13,102)	(13,348)
Interest expense	4,533	5,482
Payments	(11,493)	(15,959)
Transfers from Group undertakings	88	(892)
Closing lease liabilities	66,519	84,760

Extension options

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

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

As at 4 January 2025, potential future cash outflows of £8,239k (discounted) (2023: £7,804k) have not been included in the lease liability because it is not reasonably certain that the Society will exercise the extension option. Included within the lease liability are future cash outflows of £203k (discounted) (2023: £1,365k) where the Society holds termination options but it is not reasonably certain to execute those termination options.

B. As a lessor

Lease income from lease contracts in which the Group acts as a lessor is as below:

	As at 4 January 2025 £'000	As at 6 January 2024 £'000
Operating lease (i)		
Lease income	8,040	8,624
Finance lease(ii)		
Finance income on the net investment in the lease	1,478	1,982

i. Operating lease

The Society leases out its investment property. The Society classifies these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	As at 4 January 2025 £'000	As at 6 January 2024 £'000
Less than one year	4,678	5,486
One to two years	3,828	4,484
Two to three years	3,248	3,609
Three to four years	3,166	2,968
Four to five years	3,668	2,433
More than five years	24,455	30,893
Total undiscounted lease payments receivable	43,043	49,873

Notes (continued)

11 Leases (continued)

ii. Finance lease

The Society also sub-leases some of its non-occupied leased properties. The Society classifies the sub-lease as a finance lease, where the period of the sub-lease is for substantially the remaining term of the head lease.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	As at 4 January 2025 £'000	As at 6 January 2024 £'000
Less than one year	5,077	6,175
One to two years	4,665	5,599
Two to three years	4,371	5,261
Three to four years	3,638	4,648
Four to five years	3,107	3,499
More than five years	15,607	16,281
Total undiscounted lease payments receivable	36,465	41,463
Less: Unearned finance income*	(12,982)	(11,045)
Present value of minimum lease payments receivable*	23,483	30,418
Impairment loss allowance*	(7,627)	(9,543)
Finance lease receivable (net of impairment allowance)	15,856	20,875

* The comparative unearned finance income, present value of minimum lease payments receivable and impairment loss allowance as at 6 January 2024 have been restated to correct for an error included in the prior year financial statement disclosure.

The finance lease receivable is split between current and non-current receivables as shown below:

	As at 4 January 2025 £'000	As at 6 January 2024 £'000
Current	5,077	6,175
Non-Current	10,779	14,700
	15,856	20,875

* The comparative split between the current and non-current balance as at 6 January 2024 has been restated to correct for an error in the prior year.

Impairment of finance lease receivable

The Society estimates the loss allowance on finance lease receivables at an amount equal to lifetime expected credit losses. The lifetime expected credit losses are estimated based upon historical defaults on sub-leases, the credit quality of current tenants and forward looking factors. In the current year, this is £7,627k (2023: £9,543k).

12 Investment properties

	As at 4 January 2025 £'000	As at 6 January 2024 £'000
Valuation at beginning of period	29,277	32,311
Revaluation surplus recognised in income statement	10,457	4,130
Revaluation surplus upon transfer from PPE (recognised through OCI)	187	1,078
Additions	-	14
Transfers from PPE (note 10)	2,811	4,681
Disposals	(10,695)	(12,937)
Transfers to group undertakings	(550)	-
Valuation at end of period	31,487	29,277

The properties are valued individually at the end of each period, and yields vary on a property-by-property basis.

The mean Estimated Rental Value yield over the whole estate is 9.49% (2023: 10.57%)

In the case of investment properties it is assumed that uplifts on valuation principally reflect future rentals.

Investment Properties as at 4 January 2025 and 6 January 2024 are land, freehold properties and non trading leaseholds.

Rental income from investment properties in the period was £2,907k (2023: £3,095k). Direct operating expenses (including repairs and maintenance) in the year arising from investment properties that did generate rental income was £833k (2023: £741k) and direct operating expenses (including repairs and maintenance) in the year arising from investment properties that did not generate rental income was £207k (2023: £326k).

Notes (continued)

13 Derivatives

Derivatives held for non trading purposes for which hedge accounting had not been applied are as follows:

	As at 4 January 2025			As at 6 January 2024		
	Contractual/ notional amount £'000	Fair value assets £'000	Fair value liabilities £'000	Contractual/ notional amount £'000	Fair value assets £'000	Fair value liabilities £'000
Interest rate swaps	105,000	-	5,783	105,000	-	8,580

Forward exchange contracts, such as the Society's interest rate swaps, are either valued at fair value using listed market prices or by discounting the contractual forward price and deducting the current spot rate. For interest rate swaps, broker quotes are used. Those quotes are back-tested using pricing models or discounted cash flow techniques. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate for a similar instrument at the balance sheet date. Where other pricing models are used, inputs are based on market-related data at the balance sheet date. The Society's derivatives are not formally designated as hedging instruments but under IFRS 9 (Financial Instruments) they are used to match against a proportion of the Eurobond liabilities carried at fair value through the income statement, showing as an income of £2,797k in 2024 (2023: £4,045k) (see notes 7 and 8).

14 Investments

The Society holds investments of £217,225k (2023: £217,225k).

	As at 4 January 2025 £'000	As at 6 January 2024 £'000
Balance as at the start of the period	217,225	217,225
Additions	-	-
Impairments	-	-
	217,225	217,225

The Society has more than a 5% interest in the following principal companies and societies which are all incorporated in England and Wales:

	Type of company / society	Ownership
Co-operative Group Food Limited	Food retailing	93% Ordinary
Co-operative Legal Services Limited	Legal services	100% Ordinary
Funeral Services Limited	Funeral directors	67% Ordinary
Co-op Funeral Plans Limited	Funeral provider	67% Ordinary
Member A (4) Limited	Holding company	100% Ordinary
Member B (4) Limited	Holding company	100% Ordinary
Co-op Wholesale Limited	Food retailing	100% Ordinary
Coldham Windfarm Limited	Wind farming	20% Ordinary

Impairment

In accordance with IAS 36, the Society assesses its investments at the end of each reporting period for any indicators of impairment. If any such indicators exist, the Society performs impairment testing by estimating the investment's recoverable amount. The recoverable amount for subsidiaries is the greater of the fair value of the subsidiary (less costs to sell) and the value in use ('VIU') of the subsidiary. The value in use for subsidiaries has been determined using discounted cash flow calculations.

The key assumptions in the value in use calculations are as follows:

Assumption	Detail
Cash flow years / assumptions	Future cash flows derived from Board approved four-year plan cash flow assumptions. These forecasts are based on budget for FY25, four- year plan for FY26 to FY28 and taken to perpetuity. A long term growth rate of 1.9% has been applied beyond the four-year plan period (2023: 1.9%) reflecting the UK's long-term post war growth rate which is in-line with industry norms.
Discount rate	A post tax discount rate has been calculated for impairment purposes. For the investment in Nisa Retail Limited, the Group's Food segment's weighted average cost of capital (WACC) was deemed to be an appropriate rate, subsequently grossed up to a pre-tax rate of 10.3% (2023: 9.6%). The post tax discount rate has been calculated using the capital asset pricing model. Certain inputs into the capital asset pricing model are not readily available for non-listed entities. As such, certain inputs have been obtained from industry benchmarks which carries a measure of estimation uncertainty. However, as discussed in the sensitivity section below, this estimation uncertainty level is not deemed to be material.
Sensitivities	In each of the current and comparative years, sensitivity analysis has been performed in relation to our investment in subsidiaries impairment testing, testing for a 3% increase in discount rate; within which no additional impairment was calculated. The sensitivity analysis performed considers reasonably possible changes in the discount rate assumption. For the cash flows in Co-op Wholesale Limited, an additional sensitivity analysis has been performed in relation to potential loss of contracts. If the entity were to lose 3% of supply contracts by value, then this would reduce the headroom to £195m from £203m. If the entity were to lose 28% of supply contracts by value, then this would reduce the headroom to £112m from £203m.

Notes (continued)

15 Trade and other receivables

	As at 4 January 2025 £'000	As at 6 January 2024 £'000
<i>Current assets:</i>		
Trade receivables	1,880	355
Prepayments and accrued income	242	795
Other receivables	8,782	6,678
	<u>10,904</u>	<u>7,828</u>
<i>Non current assets:</i>		
Amounts owed by group undertakings	1,994,299	2,013,076
Other receivables	2,877	5,400
	<u>1,997,176</u>	<u>2,018,476</u>
	<u>2,008,080</u>	<u>2,026,304</u>

Amounts owed by group undertakings are due from the parent (Co-operative Group Limited). They are unsecured, have no fixed date of repayment, are repayable on demand and are subject to quarterly interest at the current Bank Rate increased by the Group's revolving credit facility margin.

Trade receivables are stated net of an impairment provision of £1,880k (2023: £1,710k).

Current other receivables includes £8,324k (2023: £6,314k) in relation to VAT receivable.

Expected credit loss allowance on amounts owed by group undertakings

The Society has applied the expected credit loss model to trade receivables and amounts owed by group undertakings under IFRS 9 (Financial Instruments) which focuses on whether the receivables are expected to be recoverable rather than whether an impairment loss has occurred. Amounts owed by group undertakings are repayable on demand, and based on management's assessment of credit loss, the balance is stated net of an expected credit loss allowance of £34,162k (2023: £45,288k).

	Expected credit loss allowance £'000
At 6 January 2024	45,288
Release in the period	(11,126)
At 4 January 2025	34,162

16 Loans and borrowings

	As at 4 January 2025 £'000	As at 6 January 2024 £'000
<i>Non-current liabilities:</i>		
£105m 7.5% Eurobond Notes due 2026 (fair value)	107,625	104,475
£245m 7.5% Eurobond Notes due 2026 (amortised cost)	249,735	252,574
	<u>357,360</u>	<u>357,049</u>

Terms and repayment schedule

The 2026 £350m 7.5% bond has an original value of £350m (carrying amount of £357m). This bond has been paying an additional 1.25% coupon since 8 July 2013 following the downgrade of the Group's credit rating to sub-investment grade. On maturity this bond will be repaid at par.

The bonds are listed as wholesale debt and are listed on the London Stock Exchange.

17 Provisions

	Property provisions £'000
At 6 January 2024	28,939
Charge to income statement	4,211
Credit to income statement	(7,497)
Discounting	27
Payments	(4,578)
Transfers from Group undertakings	693
At 4 January 2025	21,795
	As at 4 January 2025 £'000
Non-current	16,128
Current	5,667
	<u>21,795</u>

Notes (continued)

17 Provisions (continued)

Property provisions

Property provisions are held for running costs, excluding rental costs, of leasehold properties that are vacant or not planned to be used for ongoing operations. The Society considers that where it has entitlement to possession of a property, even if vacant, it retains a statutory obligation to pay the related business rates that have been determined to be levies as defined in IFRIC 21. Accordingly, the estimate of the least net costs of exiting from the contracts excludes future business rates which instead under IFRIC 21 are recognised when the event that triggers the payment of the levy arises (as a periodic cost).

Property provisions are expected to be utilised over the remaining periods of the leases which range from 1 to 97 years. The detailed breakdown of the expected timing of outflows is as follows:

	As at 4 January 2025 £'000
Less than one year	5,667
One to two years	5,851
Two to five years	1,799
More than five years	8,478
	<hr/> 21,795

18 Trade and other payables

	As at 4 January 2025 £'000	As at 6 January 2024 £'000
<i>Current liabilities:</i>		
Other payables	1,549	2,023
Accrued Interest	15,245	15,555
Accruals and deferred income	2,987	2,005
	<hr/> 19,781	<hr/> 19,583

19 Deferred Taxation

Deferred income taxes are calculated on all temporary differences under the liability method using the effective tax rate of 25% (2023: 25%).

	For period ended 4 January 2025 £'000	For period ended 6 January 2024 £'000
Deferred taxation asset		
At beginning of the period	2,814	2,048
Income statement credit in the period	483	766
Other comprehensive income charge in the period	(120)	-
	<hr/> 3,177	<hr/> 2,814
Comprising:		
Capital allowances on fixed assets	936	1,218
Provisions	2,631	1,503
Rollover Relief / Gains	(4,716)	(3,616)
IFRS 16 Leases	8,458	9,219
Other timing differences	(4,132)	(5,510)
	<hr/> 3,177	<hr/> 2,814

20 Called up share capital

	As at 4 January 2025 £'000	As at 6 January 2024 £'000
<i>Allotted, called up and fully paid</i>		
522,000,000 Ordinary shares of £1 each	<hr/> 522,000	<hr/> 522,000

There is a single class of share capital.

All shares rank pari passu in all respects.

Notes (continued)

21 Commitments

The Society participates in the Co-operative Group's joint account arrangement and as such provides a cross-guarantee for all participants in relation to all indebtedness owed to the bank. While the joint MASS account has an overall positive balance, certain individual group entities do have overdraft positions, for which the Society is jointly and severally liable with the rest of the Group in the event of a default. As at 5 January 2024, the Society has recognised liabilities of £nil in respect of the cross guarantees for other MASS account participants.

The Group has a revolving credit facility ('RCF') for which Co-operative Group Holdings (2011) Limited is a guarantor under the facility. On the 29 November 2024, the Group concluded an amendment and extension exercise on its Revolving Credit Facility, with a facility size of £400m and a 5 year term maturing in November 2029. The facility was undrawn as at 4 January 2025.

There is no premium charged with respect to Co-operative Group Holdings (2011) Limited being a guarantor under the facility.

Co-operative Group Holdings (2011) Limited is the issuer of a £350m bond due in July 2026. The society is also a guarantor of the Group's other loan notes, comprising a £109m final repayment subordinated notes due December 2025 and the £20m instalment repayment notes due December 2025. There is no premium charged with respect to Co-operative Group Holdings (2011) Limited being a guarantor of the loan notes.

22 Ultimate parent undertaking

The Society is a wholly owned subsidiary of Co-operative Group Limited, a Registered Society registered in England and Wales. This is the smallest and largest group of which the Society is a member and for which consolidated accounts are prepared. A copy of the group accounts can be obtained from the Secretary, Co-operative Group Limited, 1 Angel Square, Manchester, M60 0AG.

22 Post balance sheet events

Cyber Incident

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

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

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

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

New £350m term loan agreement

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