

Co-op Insurance Services Limited

Financial statements

Registered number 4390

Year ended 31 December 2024

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## Directors' Report

The Board present their report and financial statements for the year ended 31 December 2024.

## Principal Activity

Co-op Insurance Services Limited (the "Society") is a UK-based insurance intermediary, operating under the Co-op Insurance brand. Throughout 2024 the Society has distributed a range of products including car, home, travel, life, pet and commercial insurance, all underwritten by third party insurers.

## Board

The Board of the Society are:

A Bowe  
C Kelly  
C Offord  
D Williams

The Society maintains appropriate Board and officers liability insurance cover through the Co-operative Group Limited ("the Group") which is the parent organisation, in respect of legal action against its Board and officers.

## General Information

The Society is a Registered Society under the Co-operative and Community Benefit Societies Act 2014 and is authorised by the Financial Conduct Authority.

## Going Concern

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 ("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 31 December 2026.

As such, an assessment of the Group was undertaken by the Group Directors to determine the appropriateness of the going concern basis of preparation for its subsidiaries, including the Society.

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 Group's financial statements.

More detail in regard to the going concern assessment is provided in note 2 of these financial statements.

## Report and Accounts

So far as the Directors are aware, there is no relevant audit information of which the auditors are unaware, and the Directors have taken all appropriate steps that they ought to have taken as a Board in order to make themselves aware of any relevant audit information and to establish that the auditors have been made aware of that information.

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

Co-operative and Community Benefit Society law, requires the Board to prepare financial statements for each financial year. Under that law the Board 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").

## Directors' report - continued

As required by law, the Directors must not approve the Report and Accounts unless they are satisfied that they give a true and fair view of the state of affairs of Co-op Insurance Services Limited, its assets, liabilities, financial position and of its profit or loss for that period. In preparing these accounts, the Board 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 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.

## Statement of Board responsibilities in respect of the Board report and the financial statements

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Society's transactions and 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 are also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

## Auditors

Ernst & Young LLP were re-appointed as auditors of the Society on 25 July 2024. A resolution will be proposed at the 2025 AGM to re-appoint Ernst & Young LLP as the Society's auditors.



Charles Offord  
27 June 2025  
1 Angel Square, Manchester, M60 0AG

## **INDEPENDENT AUDITOR'S REPORT TO CO-OP INSURANCE SERVICES LIMITED**

### **Opinion**

We have audited the financial statements of Co-op Insurance Services Limited for the year ended 31 December 2024 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 19, 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 Society's affairs as at 31 December 2024 and of its profit for the year 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, 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.

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.

### **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 Board is responsible for the other information.

Our opinion on the financial statements does not cover the other information and 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 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:

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

## **Independent auditor's report to Co-op Insurance Services Limited (continued)**

### **Responsibilities of the Board**

As explained more fully in the directors' responsibilities statement set out on page 2, the board is 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 directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

### ***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 entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Society and determined that the relevant laws and regulations related to elements of society law and tax legislation, and the financial reporting framework. Our considerations of other laws and regulations that may have a material effect on the financial statements included permissions and supervisory requirements of the Financial Conduct Authority ('FCA').

- We understood how the Society is complying with those frameworks making enquiries of management, internal audit and those responsible for legal and compliance matters. We also reviewed minutes of the board and gained an understanding of the Society's approach to governance, demonstrated by the board's approval of the Society's governance framework and its review of the Society's risk management framework and internal control processes. We reviewed specialist reports and correspondence with regulators and made enquiries of legal counsel in relation to a cyber incident.

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved making enquiry of those charged with governance and management for their awareness of non-compliance with laws or regulations, inquiring about the 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 and inspecting significant correspondence with the FCA where relevant.

- 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 Society, or that might otherwise seek to prevent, deter or detect fraud. We also considered areas of significant judgement including complex transactions, performance targets, economic or external pressures and the impact that these have on the control environment. Where the risk was higher, we performed audit procedures to address each identified fraud risk as detailed in our communication with those charged with governance. These procedures included:


- journal entry testing, with a focus on journals impacting revenue and marketing expenses and journals which indicated large or unusual transactions which we considered to be outside of expectations;

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.

**Independent auditor's report to Co-op Insurance Services Limited (continued)**

**Use of our report**

This report is made solely to the society's members, as a body, in accordance with Chapter 3 of Part 16 of the Co-operative and Community Benefit Societies Act 2014. 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:  
  
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Ernst & Young LLP  
Statutory Auditor  
Manchester  
27 June 2025

# Income statement for the year ended 31 December 2024

	Notes	For year ended 31 December 2024 £'000	For year ended 31 December 2023 £'000
<b>Revenue</b>	3	<b>28,599</b>	28,745
Operating expenses	4	(14,383)	(15,122)
<b>Operating profit</b>	5	<b>14,216</b>	13,623
Finance costs	6	(6,602)	(4,786)
Finance income	7	4,997	4,456
<b>Profit on ordinary activities before taxation</b>		<b>12,611</b>	13,293
Taxation	8	(3,074)	(3,056)
<b>Profit for the year</b>		<b>9,537</b>	10,237

All amounts relate to continuing activities.

The notes on pages 10 - 25 form part of these financial statements.

## Statement of comprehensive income for the year ended 31 December 2024

The Society has no recognised income or expenses in the current or prior period other than those included in the profit and loss account shown above.



**Statement of Financial Position as at 31 December 2024**

	Notes	As at 31 December 2024 £'000	As at 31 December 2023 £'000
<b>Non current assets</b>			
Right-of-use assets	9	39	24
Deferred tax asset	8	127	94
Trade and other receivables	10	82,181	80,893
<b>Total non current asset</b>		<b>82,347</b>	<b>81,011</b>
<b>Current assets</b>			
Trade and other receivables	10	3,771	4,185
<b>Total current assets</b>		<b>3,771</b>	<b>4,185</b>
<b>Total assets</b>		<b>86,118</b>	<b>85,196</b>
<b>Non current liabilities</b>			
Lease liabilities	9	23	10
Deferred income	11	7,110	15,327
Trade and other payables	12	4,378	245
<b>Total non current liabilities</b>		<b>11,511</b>	<b>15,582</b>
<b>Current liabilities</b>			
Current tax liability	8	3,176	5,404
Lease liabilities	9	16	15
Bank overdraft		9,911	8,273
Deferred income	11	8,165	11,258
Trade and other payables	12	2,566	3,428
<b>Total current liabilities</b>		<b>23,834</b>	<b>28,378</b>
<b>Total liabilities</b>		<b>35,345</b>	<b>43,960</b>
<b>Net assets</b>		<b>50,773</b>	<b>41,236</b>
<b>Equity</b>			
Called up share capital	13	17,100	17,100
Retained earnings	14	33,673	24,136
<b>Shareholder's funds</b>		<b>50,773</b>	<b>41,236</b>

The notes on pages 10 - 25 form part of these financial statements.

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



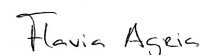
**Charles Offord**

Director



**Chris Kelly**

Director



**Flavia Agria**

Secretary

**Statement of changes in equity for the year ended 31 December 2024**

	<b>Share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total equity £'000</b>
<b>Balance at 31 December 2023</b>	<b>17,100</b>	<b>24,136</b>	<b>41,236</b>
Profit for the year	-	9,537	9,537
<b>Balance at 31 December 2024</b>	<b>17,100</b>	<b>33,673</b>	<b>50,773</b>
<b>Balance at 31 December 2022</b>	17,100	13,899	30,999
Profit for the year	-	10,237	10,237
<b>Balance at 31 December 2023</b>	<b>17,100</b>	<b>24,136</b>	<b>41,236</b>

All items are shown net of tax.

The notes on pages 10 - 25 form part of these financial statements.

## Notes to the financial statements

### 1 General Information

Co-op Insurance Services Limited is a Society registered and domiciled in England and Wales. The Society's registered office is 1 Angel Square, Manchester, M60 0AG.

The principal activity of the Society is the marketing and distribution of a range of insurance products, including car, home, travel, life, pet and commercial, all underwritten by third party insurers.

#### Accounting date

The financial statements for the period are prepared for the calendar year to 31 December 2024. The comparative period was for the calendar year to 31 December 2023.

All values have been presented rounded to the nearest £'000.

The material accounting policy information adopted by the Society is set out in note 2.

### 2 Accounting policies

#### Basis of preparation

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The Society meets the definition of a qualifying entity under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. The Society financial statements have therefore been prepared in accordance with the Co-operative and Community Benefit Societies Act 2014 and Financial Reporting Standard 101 'Reduced Disclosure Framework' and are prepared on the historical cost basis. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

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 financial statements of the Society are reported in the consolidated financial statements of the parent, the Co-operative Group Limited. The financial statements of the Co-operative Group Limited can be obtained from 1 Angel Square, Manchester, M60 0AG.

The functional and presentational currency is pound sterling with all transactions conducted in pound sterling. All amounts presented are stated in pound sterling unless stated otherwise.

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 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.

## Notes to the financial statements (continued)

### 2 Accounting policies (continued)

#### Basis of preparation (continued)

The Group's overall approach to climate change is outlined in the Task Force on Climate related Financial Disclosures (TCFD) section of the Group's 2024 Annual Report and Accounts (page 110). Climate related risks are also explained within the Principal Risks and Uncertainties (Environment and 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.

The Directors of the Society do not expect climate risk to have a significant impact on the business.

#### New and amended standards

The Society has considered the following standards and amendments that are effective for the Society for the period commencing 1 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 1 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 beginning on or after January 2025.

\*\*Applicable for reporting periods beginning on or after January 2026.

\*\*\*Applicable for reporting periods beginning on or after 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.

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, liabilities, income and expense.

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.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Information about significant areas of critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the annual report and accounts, is described within the significant accounting policies below.

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.

## Notes to the financial statements

### 2 Accounting policies (continued)

#### 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.

- A significant accounting estimate and a significant accounting judgement has been noted in the prior year, with regards to the revised 4 year Distribution Agreement with Markerstudy Limited, which was signed on 1 May 2023 and supersedes the previous 13 year contract. The future value of the Distribution Agreement was estimated using the expected number of customer insurance policy renewals and estimated notional commission per policy across the revised 4 year term. These estimates were based on actual historical data with a management overlay for forecast changes in future periods and are therefore subject to change, with the financial models used to calculate the future value reviewed on a periodic basis. During the financial period the forecast estimates were reviewed against actual performance data and the unexpired period of the revised 4 year term and as a result the financial model was updated to reflect these changes to both the actual and forecast assumptions. More details can be found below

- The loss allowance estimates related to the amounts due from group entities, includes an amount equal to 12-month ECL as defined under IFRS 9 (Financial Instruments) using a provision matrix based on the credit rating of the debtor, the remaining term of the debt, general economic conditions and an assessment of the current direction of conditions at the reporting date. See disclosures in note 11 for details of the key estimates and assumptions that are made.

- Refunds of commission occur where the insurance contract on which commission is received is cancelled part way through the policy. The refund liability reflects the expected proportion of commission received that may be refunded over the period of the contract and is estimated using historical data obtained from actual contracts which have cancelled. See disclosures in note 13 for details of the key estimates and assumptions that are made.

#### Going concern

The Society generated a profit of £9,537k in the period (2023: profit of £10,237k) and at balance sheet date holds net assets of £50,773k (2023: £41,236k).

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 ("the Group facilities"). The Society has an inter-company receivable of £77.4m as at 31 December 2024 due from its ultimate parent undertaking (The Co-operative Group Limited).

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.

## Notes to the financial statements

### 2 Accounting policies (continued)

#### Going Concern (continued)

##### *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 our Co-op 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 directors have also considered the Group's cash flow forecasts and profitability projections for the period to December 2026 ("Base Case"). Co-op'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 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 to the financial statements

### 2 Accounting policies (continued)

#### Going Concern (continued)

#### 3. Assess downside scenarios against the base case:

The 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 Co-op 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.

## Revenue

Revenue relates to brokerage commission receivable for products not underwritten by Co-op Insurance Services Limited and the recognition of income previously deferred in respect of the 4-year marketing and distribution services agreement for which consideration has been received in advance, and is derived from the Society's principal activity as an Insurance Distributor in the United Kingdom.

Revenue is recognised on the policy inception date, net of expected commission claw back. This is in line with IFRS 15, Revenue from Contracts with Customers which states that revenue should be recognised when performance obligations are met.

IFRS 15 introduced a 5 step approach to revenue recognition which states that revenue should be recognised when performance obligations are met. Co-op Insurance Services Limited receives commission for the brokerage service it provides on products underwritten by third party insurer partners. Performance obligations are satisfied at the date on which policy placement is complete and the policy is inception.

The transaction price recognised as revenue is calculated based on the contracted commission rates payable by the third party insurer which underwrites each policy and the policy premium.

Commission receivables are settled in cash on a monthly basis, with the date of payment based on contracted payment terms between Co-op Insurance Services Limited and the third party insurer. The commission receivable balance relates to those contracts where the performance obligations have been met but payment has yet to be received.

Refunds of commission occur where the insurance contract on which commission is received is cancelled part way through the policy. A refund liability is recognised to reflect that a proportion of commission received may be refunded over the period of the contract.

The refund liability is calculated based on a probability weighted expected value using historic data and assumptions. The calculation assumes that the rate of cancellations seen in the historic data will continue into future months and takes into account that cancellation rates are higher in the month after inception than in the remainder of the policy period. Cancellation rates are applied to commission earned in each month of the year with the commission repayable pro-rated based on the length of policy remaining.

## Notes to the financial statements

### 2 Accounting policies (continued)

#### Marketing Expenses

Marketing expenses are accounted for in line with the service provided, per the executory contract.

#### Taxation

##### (i) Income tax

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

Income tax is recognised in the profit or loss except to the extent that it relates to items recognised directly in reserves, in which case it is recognised in other comprehensive income. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Whilst a current tax 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 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.

#### Deferred Income

On 2 December 2020 Co-operative Group Limited, the parent of the Society, completed the sale of its insurance underwriting business CIS General Insurance Services Limited ('CISGIL') to Soteria Finance Holdings Limited. As part of the arrangement to dispose of CISGIL, Co-op Insurance Services Limited signed a 13 year agreement with Markerstudy Limited to provide marketing and distribution services for motor and home insurance products.

The consideration allocated to the marketing and distribution agreement with CISL was valued at £109,000k and was discounted back to a present value of £80,431k, which has been fully received by the Co-operative Group Limited, and is settled through intercompany accounts between Co-op Insurance Services Limited and Co-operative Group Limited, shown as an amount receivable from Group entities within the financial statements.

Co-op Insurance Services Limited are being remunerated in advance of performing the services to Markerstudy Limited and as a result a significant finance component is recognised under IFRS 15 'Revenue from Contracts with Customers'. As required by IFRS 15 in such circumstances, the difference between the consideration received and the stand alone selling price of the services is recognised as a financing charge. This is a critical accounting estimate and the accretion rate required to bring the cash selling price of the services under the distribution agreement to the discounted cash value is 8.2%. Further, the services being provided by the Society to Markerstudy Limited relate to marketing and distribution services of the existing customer portfolio at the time of the disposal of CISGIL. This portfolio was expected to wind down over the course of the 13 year distribution agreement, based upon the expected number of customer insurance policy renewals, and as a result a significant accounting judgement is present in estimating the amount of revenue to be recognised in each period.

On 1st May 2023, Co-op Insurance Services Limited renegotiated the 13 year distribution agreement with Markerstudy Limited, with new commercial terms including a reduction of the contract period to 4 years from signing. On 1st May 2023 the estimated remaining value of the 13 year distribution agreement was reviewed and reassessed as £35,781k which is recognised across the revised 4 year Distribution Agreement term. At 31 December 2024, the estimated remaining value of the deferred revenue liability was £15,275k.



## Notes to the financial statements

### 2 Accounting policies (continued)

#### 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, 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. The recognised right-of-use assets are depreciated on a straight-line basis over the lease term.

##### 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.

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. (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.

#### Finance Income/Costs

Finance income and costs are recognised in the income statement for financial assets and liabilities measured at amortised cost using the effective interest method.

All subsidiary entities that participates in the Group's cash pool arrangement are allocated an interest income or costs from Co-operative Group Limited. The Treasury team manage a process to allocate interest on an arm's length basis for each entity's memo account balances for tax purposes. Internal cash pool interest is calculated on daily on the closing bank account balances. Rates are linked to Base Rate and last Co-op RCF Margin rate provided by RCF Agent.

#### Trade and other receivables

Trade and other receivables includes amounts due to the Society for commission from third parties for products and services administered, along with related parties within the Co-operative Group Limited for goods and services provided. The Society measures the loss allowance for commission receivable at an amount equal to 12-month expected credit loss. The expected credit losses are estimated using a provision matrix based on the credit rating of the debtor, the age of the debt, general economic conditions and an assessment of the current direction of conditions at the reporting date.

Based on the Society's historic practice and future plans not to call on intercompany receivables in the short-term such balances are classified as non-current in line with IAS 1 (however such balances remain repayable on demand, and can be called upon at the sole discretion of the Society if required). 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 the impact of the probability of default of expected loss from default is immaterial, no asset impairment is recognised.

The Society has applied the expected losses model as defined under IFRS 9 (Financial Instruments) which focuses on the risk that a trade receivable (including receivables relating to supplier income) will default rather than whether a loss has been incurred. The Society has applied a simplified approach as allowed under IFRS 9 to use a provision matrix for calculating expected losses for trade receivables.

#### Trade and other payables

Trade and other payables include amounts payable by the Society to both third parties and related parties within the Co-operative Group Limited for goods and services provided. In addition, a refund liability reflects that a proportion of commission received from third parties may be refunded over the period of the contract due to the cancellation of contracts. At the point of recognising revenue, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be cancelled. The Society uses historic data to estimate the value of refunds.

## Notes to the financial statements

### 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. Cash and cash equivalents includes debit and credit card payments made by customers which are receivable from banks and clear the bank within three days of the transaction date.

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 cash pooling arrangement for its subsidiary entities. Under this arrangement each cash pooling entity has a joint MASS account (grouped cash pool account), and 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.

The Society participates in the Co-operative Group's cash pool arrangement and as such provides a cross-guarantee for all cash pool members in relation to the Co-operative Group's cash pool liability. At 31 December 2024 there was no liability on the Society from other MASS account participants. While the joint MASS account has an overall positive balance, certain individual group entities do have overdraft positions, for the which the Society is jointly and severally liable with the rest of the Group in the event of a default. As at 31 December, the Society has recognised liabilities of £nil in respect of the cross guarantees for other MASS account participants.

### Finance Income / Costs

Finance income and costs are recognised in the income statement for financial assets and liabilities measured at amortised cost using the effective interest method.

## 3 Revenue

	For period ended 31 December 2024 £'000	For period ended 31 December 2023 £'000
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### Revenue comprises the following:

Commission income	26,669	28,745
Compensation	1,930	-
	<u>28,599</u>	<u>28,745</u>

Commission income is in respect of third party commercial arrangements and is considered revenue from contracts with customers per IFRS 15. Following the updated four year Distribution Agreement with Markerstudy in prior year, revenue in the financial year for Car and Home insurance products has decreased to £23.5 m (2023: £26.0m), due in part to the one off increase from last year's contract term reduction. The Society reports commission income on a consolidated basis as all current contracts are distribution agreements, similar in nature and timing of cash flows.

The £1,930k compensation is due to two of the Society's suppliers failing to meet their contractual obligations.

## 4 Operating expenses

	For period ended 31 December 2024 £'000	For period ended 31 December 2023* £'000
Personnel management recharge	(4,841)	(4,594)
Marketing	(8,284)	(9,197)
Divisional and central administration costs	(788)	(1,314)
Other expenses	(470)	(16)
	<u>(14,383)</u>	<u>(15,121)</u>

\*Personnel management recharge, Marketing and Divisional and central administration costs have been reclassified in 2023 to be in line with 2024, for more appropriate classification. No change to the overall total.

## Notes to the financial statements

### 5 Operating Profit

All colleagues are employed through Co-operative Group Limited which provides administrative and other services and a management charge is payable to cover the costs of these services.

Co-operative Group Limited is also responsible for the remuneration of all Executive and Non-Executive Directors of Co-op Insurance Services Limited, for which a management service charge is incurred at cost. Board remuneration in respect of services provided to Co-op Insurance Services Limited was £556k (2023: £522k).

Co-operative Group Limited is responsible for the audit fees of these financial statements of £33k (2023: £61k).

### 6 Finance costs

	For period ended 31 December 2024 £'000	For period ended 31 December 2023 £'000
Accretion rate applied to deferred income from distribution agreement	(6,079)	(4,784)
Intercompany interest on cash pool balance	(520)	-
Other interest costs	(3)	(2)
	<u>(6,602)</u>	<u>(4,786)</u>

On 2 December 2020 the Society signed a 13 year Distribution Agreement with Markerstudy which was renegotiated to a 4 year term commencing 1 May 2023 (see accounting policies in Note 2 for further details). Under this agreement, consideration is received in advance of the services performed. Under IFRS 15 a 'significant financing component' is recognised whereby an accretion rate is applied to represent the difference between the consideration and the cash selling price of the services.

### 7 Finance Income

	For period ended 31 December 2024 £'000	For period ended 31 December 2023 £'000
Interest on intra-group receivables	4,997	4,456
	<u>4,997</u>	<u>4,456</u>

### 8 Taxation

*Analysis of (charge) / credit in period*

	For period ended 31 December 2024 £'000	For period ended 31 December 2023 £'000
Adjustments in respect of prior periods	69	6
Group relief charge	(3,176)	(3,123)
<b>Total current tax</b>	<u>(3,107)</u>	<u>(3,117)</u>
Deferred tax credit - current year	105	65
Deferred tax adjustments in respect of previous periods	(72)	(8)
Effect of rate change on closing balance	-	4
<b>Total deferred tax</b>	<u>33</u>	<u>61</u>
Total tax charge	<u>(3,074)</u>	<u>(3,056)</u>

## Notes to the financial statements

### 8 Taxation (continued)

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 31 December 2024 £'000	For period ended 31 December 2023 £'000
<i>Current tax reconciliation</i>		
Profit before tax	12,611	13,293
Current tax charge at 25% (2023: 23.5%)	<u>(3,153)</u>	<u>(3,124)</u>
<i>Effects of:</i>		
Transfer pricing adjustment	82	67
Current tax prior year adjustment	69	6
Deferred tax prior year adjustment	(72)	(8)
Deferred tax rate change adjustment	-	3
Total income tax charge	<u><u>(3,074)</u></u>	<u><u>(3,056)</u></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.

	For period ended 31 December 2024 £'000	For period ended 31 December 2023 £'000
<i>Analysis of current tax (liability) / asset</i>		
At the beginning of the financial year	(5,404)	(4,415)
Recognised in the period	(3,107)	(3,117)
Group relief received in the period	5,335	2,128
At the end of the financial year	<u><u>(3,176)</u></u>	<u><u>(5,404)</u></u>

Any profits chargeable to corporation tax, and resulting current tax charges / liabilities, across the group are currently extinguished via group relief claims, which are settled either by way of a cash payment or intergroup loan. This is possible due to the utilisation of brought forward tax attributes (mainly brought forward Capital Allowances and tax losses).

The current tax liability of £3,226k (2023: liability of £5,405k) is payable to the parent Co-operative Group Limited.

### Deferred Taxation

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

	£'000
<i>Deferred taxation asset</i>	
31 December 2023	94
Income statement credit in the period	33
Other comprehensive income (charge) / credit in the period	-
<b>31 December 2024</b>	<u><u>127</u></u>
Comprising:	
Tangible Fixed Assets	18
Provisions	109
<b>31 December 2024</b>	<u><u>127</u></u>

## Notes to the financial statements

### 9 Leases

#### A. As a lessee

##### Right-of-use assets

	Vehicle £'000	Total £'000
Balance at 1 January 2023	38	38
Depreciation charge for the year	(14)	(14)
Additions	-	-
<b>Balance at 31 December 2023</b>	<b>24</b>	<b>24</b>
Balance at 1 January 2024	24	<b>24</b>
Depreciation charge for the year	(20)	<b>(20)</b>
Additions	35	<b>35</b>
<b>Balance at 31 December 2024</b>	<b>39</b>	<b>39</b>

The Society leases two cars. The vehicle leases are managed centrally by Group on behalf of all subsidiary entities.

##### Lease liabilities

	As at 31 December 2024 £'000	As at 31 December 2023 £'000
Current	16	15
Non-Current	23	10
<b>Lease liabilities included in the balance sheet</b>	<b>39</b>	<b>25</b>

	As at 31 December 2024 £'000	As at 31 December 2023 £'000
Opening lease liabilities	25	39
Additions (including interest)	36	2
Payments	(22)	(16)
<b>Closing lease liabilities</b>	<b>39</b>	<b>25</b>

##### Maturity Analysis

	< 6 months £'000	6-12 months £'000	1-2 years £'000	2-5 years £'000
As at 31 December 2024	9	8	14	13
As at 31 December 2023	8	8	7	5

## Notes to the financial statements

### 10 Trade and other receivables

	For period ended 31 December 2024 £'000	For period ended 31 December 2023 £'000
<i>Non-Current Assets</i>		
Amounts receivable from Group entities	81,636	80,524
Commission receivables	545	369
	<b>82,181</b>	<b>80,893</b>
<i>Current Assets</i>		
Commission receivables	3,844	3,926
Doubtful debt provision	(200)	-
Prepayments	127	259
Loss allowance	-	-
Other Debtors	-	-
	<b>3,771</b>	<b>4,185</b>

Loss allowance is £0 in both current and prior year.

The Society measures the loss allowance at an amount equal to 12-month ECL, defined under IFRS 9 (Financial Instruments) which focusses on the risk that a receivable will default rather than whether a loss has been incurred. The expected credit losses are estimated using a provision matrix based on the credit rating of the debtor, the remaining term of the debt, general economic conditions and an assessment of the current direction of conditions at the reporting date.

Amounts owed by group entities are unsecured, have no fixed date of repayment and are repayable on demand. There is no expectation of calling the debt repayment within the year therefore the amounts are classified as non current. The Directors are satisfied that the Group has the necessary liquidity to repay the loan in full on demand if it were called upon by CISL to do so.

The following table details the risk profile of trade and other receivables based on Co-op Insurance Services Limited's provision matrix:

At 31 December 2024	0-30	30-60	60-90	90>	Not yet due	Total
<b>Trade and other receivables</b>	<b>390</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>85,633</b>	<b>86,025</b>
Estimated total carrying amount at default	-	-	-	-	-	-
At 31 December 2023	0-30	30-60	60-90	90>	Not yet due	Total
<b>Trade and other receivables</b>	<b>381</b>	<b>30</b>	<b>1</b>	<b>3</b>	<b>84,404</b>	<b>84,819</b>
Estimated total carrying amount at default	-	-	-	-	-	-

Not yet due includes £80,431k (2023: £80,431k) being the discounted consideration value of the Distribution Agreement signed with Markerstudy Limited on 2 December 2020 which is owed to Co-op insurance Services Limited by the parent company Co-operative Group Limited and repayable on demand.

## Notes to the financial statements

### 11 Deferred income

	For period ended 31 December 2024 £'000	For period ended 31 December 2023 £'000
<i>Non-Current liabilities:</i>		
Deferred income	7,110	15,327
	<u>7,110</u>	<u>15,327</u>
<i>Current liabilities:</i>		
Deferred income	8,165	11,258
	<u>8,165</u>	<u>11,258</u>

Deferred income relates to the revised 4 year distribution agreement with Markerstudy from 1 May 2023 whereby consideration was received in advance of performance obligations being delivered. The balance at 31 December 2024 of £15,275k (2023: £26,585k) reflects an opening balance on 1 January 2024 of £26,585 (2023: £40,429k) a revaluation of £0k (2023: £2,859k) and a release during the financial period of £11,310k (2023: £13,845k).

Revenue recognition and deferral accounting policy is governed by the requirements of IFRS 15 "Revenue from Contracts with Customers". As the consideration receivable in respect of the Distribution Agreement with Markerstudy was settled at the commencement of the contract, a significant financing arrangement exists. The discount rate applied in the determination of the fair value of future performance obligations requires an estimate of the return expected by the customer if entering a separate financing transaction (see note 2 for further details). Sensitivity analysis to model a reasonable possible change of plus or minus 2% in absolute terms in the discount rate estimate of 8.2% applied to the cashflow model did not result in a material change in the financing charge recognised in the year.

### 12 Trade and other payables

	For period ended 31 December 2024 £'000	For period ended 31 December 2023 £'000
<i>Non-Current liabilities:</i>		
Amounts payable to Group entities	4,071	-
Accrued expenses	307	245
	<u>4,378</u>	<u>245</u>
<i>Current liabilities:</i>		
Trade payables	728	1,498
Accrued expenses	1,568	1,587
Refund liability	270	343
	<u>2,566</u>	<u>3,428</u>

As a proportion of commission received may be returned over the period of the contract, the refund liability of £270k (2023: £344k), a net decrease of £77k (2023: £163k) reflects the expected future refunds payable where an insurance policy is cancelled during the contract term. The refund liability utilises actual historical data obtained from insurance contracts which have cancelled and where a refund is due to the customer.

## Notes to the financial statements

<b>13 Called up share capital</b>	<b>For period ended 31 December 2024 £'000</b>	<b>For period ended 31 December 2023 £'000</b>
<b>Authorised</b>		
17,100,000 ordinary shares of £1 each	17,100	17,100
<b>Issued and Paid Up</b>		
17,100,000 ordinary shares of £1 each	17,100	17,100

There is a single class of share capital. Each share has one vote and is non-redeemable

<b>14 Retained earnings</b>	<b>For period ended 31 December 2024 £'000</b>	<b>For period ended 31 December 2023 £'000</b>
At the beginning of the financial year	24,136	13,899
Profit for the financial year	9,537	10,237
At the end of the financial year	<u>33,673</u>	<u>24,136</u>

## 15 Related party transactions

	<b>Balances £'000</b>	<b>Balances £'000</b>
<b>Balances with related parties</b>		
At the beginning of the financial year	80,524	79,654
Movement	(2,959)	870
<b>At the end of the financial year</b>	<u>77,565</u>	<u>80,524</u>

In 2024, the balance includes £80.4m (2023: £80.4m) for the discounted consideration received by the parent Co-operative Group Limited in relation to the four year agreement with Markerstudy Limited to provide marketing and distribution services for motor and home insurance products (see Note 1). The remaining balance reflects day to day trading activities with the parent company including the provision of purchase and sales ledger facilities.



## Notes to the financial statements

### 16 Group Entities

#### Ultimate parent Society

Co-operative Group Limited is the parent of the Society and is incorporated as a Registered Society under the Co-operative and Community Benefit Societies Act 2014 and is registered in England and Wales. The financial statements of the parent organisation are available from 1 Angel Square, Manchester, M60 0AG.

### 17 Capital Management

#### Capital composition

Capital resources correspond to capital and reserves which can serve as a buffer against risks and absorb financial losses. For Co-op Insurance Services Limited this equates to share capital and retained earnings, less any dividends paid.

The Financial Conduct Authority requires Co-op Insurance Services Limited to calculate a capital requirement and to hold sufficient capital to meet it. The minimum capital requirement for the Society is £5k which the Society has maintained significant headroom above throughout 2024.

#### Objectives when managing capital

Co-op Insurance Services Limited's strategy in respect of capital management is to ensure that the following objectives are met:

- It has sufficient capital to meet all regulatory requirements.
- It has sufficient additional capital above the regulatory requirements to make any breach of the regulatory requirement unlikely.
- Subject to the above objectives being met, it makes the required return on equity.

There were no changes to the Society's approach to capital management in the period.

### 18 Contingencies

The Society participates in the Group's cash pool arrangement and as such provides a guarantee for all members in relation to the Group's cash pool liability. As at 31 December 2024, there was no liability arising from the Group's cash pool.

**Notes to the financial statements (continued)**

**19 Post Balance Sheet Events**

At the end of April 2025, the Society's ultimate parent undertaking The Co-operative Group (the Group) announced that the Group 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 31 December 2024.

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

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).